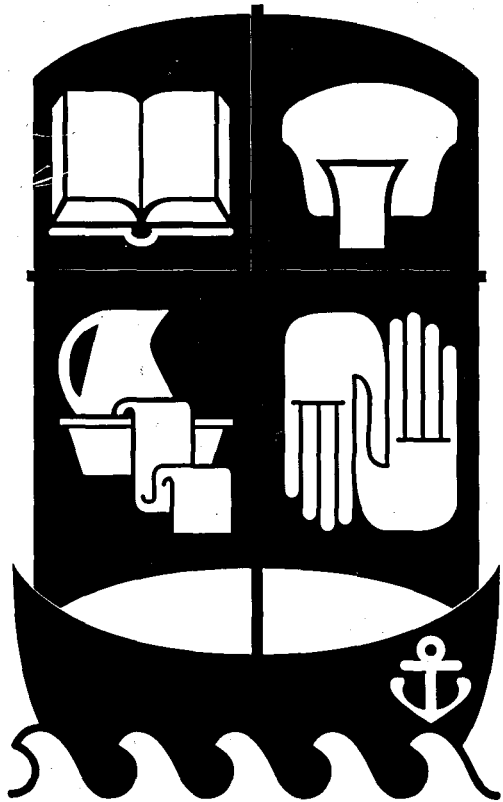


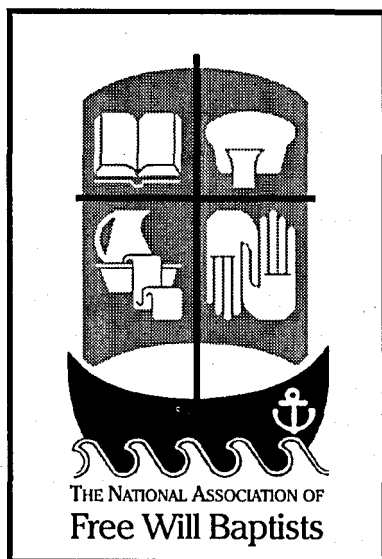
The 2000 Free Will Baptist Yearbook



THE NATIONAL ASSOCIATION OF
Free Will Baptists

2000

Free Will Baptist Yearbook



Published by
The Executive Office
National Association of Free Will Baptists, Inc.
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CHURCH DIRECTORY

Minutes
of the
Sixty-Third Annual Session
of the
National Association
of
Free Will Baptists, Inc.
when convened in
Atlanta, Georgia
July 18-12, 1999

Future Sessions to Be Held In

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
2009	Cincinnati, Ohio	July 19-23

Officers and Board Members

General Officers

Moderator Carl Cheshier
Assistant Moderator Tim York
Clerk Keith Burden
Assistant Clerk John Hibbard
Executive Secretary-Treasurer Melvin Worthington

General Board

2000

Indiana: Chris Clay
Kansas: Dale McCoy
Kentucky: James Patton
First Louisiana: Ron Parker
Mid-Atlantic: Jay Baines
Mexico: Luis Felipe Tijerina
Michigan: Gene Norris
Mississippi: J. L. Gore
Missouri: Nathan Ruble
New Jersey: William Brown
New Mexico: Tim Byers

2001

Alabama: Rick Cash
Arizona: Stephen Robinson
Arkansas: David Joslin
Atl. Canada: Dwayne Broad
California: Doice McAlister
Colorado: Mark Thomas
Florida: Millard Sasser
Georgia: William Smith
Idaho: Earl Jenkins
Illinois: Ernie Lewis

2002

North Carolina: Jim Marcum
Northeast Assoc: Jim Nason
Northwest Assoc: 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

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

Assistant Moderator: Tim York, 12708 Copley Road, Ashland, KY 41102

Clerk: Keith Burden, P. O. Box 183, Locust Grove, OK 74352

Assistant Clerk: John Hibbard, 928 Yellow Brick Road, Modesto, CA 95351-4449

2000

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

2001

David Joslin (Ark.)
Doice McAlister (Calif.)
Millard Sasser (Fla.)

2002

J. L. Gore (Miss.)
Gene Norris (Mich.)
Nathan Ruble (Mo.)

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 (Ga.)
Gene Outland (Ill.)

2004

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

Foreign Missions Board

Chairman: Bill Jones, 318 Maybrook, Houston, TX 77015

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

2000

William Reagan (Canada)

Doug Little (Ark.)

Milton Worthington (Mich.)

2002

Bill Jones (Texas)

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

2001

Richard Atwood (Md.)

Earl Hendrix (S.C.)

J. D. Norris (Va.)

2003

Ronnie Adkins (Tenn.)

Loyd Locklear (Mich.)

Jim Puckett (Okla.)

2005

Harold Blankenship (N.C.)

Ken Dodson (Mo.)

Lynn Wood (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

2001

Bobby Bowers (S.C.)

Jack Daniel (Ga.)

Waymon Fields (Ala.)

2003

William Ferguson (Mich.)

Roger Harwell (Mo.)

James Lowe (Ohio)

2005

Ron Barber (Okla.)

Henry Van Kluyve (N.C.)

Milburn Wilson (Calif.)

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

2001

Bobby Bowers (S.C.)

Jack Daniel (Ga.)

Waymon Fields (Ala.)

2003

James Lowe (Ohio)

Roger Harwell (Mo.)

William Ferguson (Mich.)

2005

Ron Barber (Okla.)

Henry Van Kluyve (N.C.)

Milburn Wilson, (Calif.)

Plus these directors of national agencies:

James Forlines, Foreign Missions Dept.

Trymon Messer, Home Missions Department

Tom Dooley, Master's Men Department

Tom Malone, Free Will Baptist Bible College

Alton Loveless, S.S. / Church Training Dept.

Marjorie Workman, WNAC

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

Billy Hanna (Ga.)
Dennis Wiggs (N.C.)
Jeff Crabtree (Canada)

2002

David Sutton (Okla.)
David Reece (Va.)
Nuel Brown (Calif.)

2004

Will Harmon (Ark.)
Brian Hampton (Tenn.)
Michael Waddell (Tenn.)

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

2001

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

2003

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

2005

Ernie Taylor (Ill.)
Don Neal (Ind.)
Mike Mounts (Ohio)

Commission for Theological Integrity

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

2000 Daryl Ellis (Ill.)

2003 Matt Pinson (Ga.)

2001 Paul Harrison (Tenn.)

2004 Jeff Manning (N.C.)

2002 Leroy Forlines (Tenn.)

Historical Commission

Chairman: Thomas Marberry, P. O. Box 1645, Weslaco, TX 78599-1645

2000 Darrell Holley (Tenn.)

2003 Paul Kennedy (Calif.)

2001 Thomas Marberry (Texas)

2004 Robert Picirilli (Tenn.)

2002 Jack Williams (Tenn.)

Media Commission

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

2000 Doug Kite (N.C.)

2003 Steve Faison (Ga.)

2001 Ron Hunter (Fla.)

2004 Mirchael Jones (S.C.)

2002 Bill Gardner (Tenn.)

Music Commission

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

2000 Vernon Whaley (Tenn.)

2003 Bill Gardner (Tenn.)

2001 Scott Bullman (Okla.)

1999 Randy Sawyer (N.C.)

2002 Douglas Little (Ark.)

Proceedings

The 63rd annual session of the National Association of Free Will Baptists met July 18-22, 1999, at the Atlanta Civic Center in Atlanta, Georgia. The theme was "All In Accord." Randy Sawyer and Lange Patrick served as music coordinators. Carol Reid served as organist, Jerry Carraway as pianist and Chris Truett as instrumental ensemble conductor.

Sunday School — July 18, 1999

Matt Pinson (GA) called the Sunday School session to order at 10:00 a.m. The congregation, directed by Chris Truett, sang "Holy, Holy, Holy" and "Great Is Thy Faithfulness." The presider welcomed attendees to Georgia and led in prayer.

Carolyn Adams sang a medley about "The Name of Jesus."

Tim Thompson (AZ) was introduced as the adult teacher. The lesson subject, "The Foundations of Justice," was taken from Exodus 21-22. The session ended at 10:45.

Sunday Morning — July 18, 1999

The worship service was called to order at 11:00 a.m. by Matt Pinson. Chris Truett led the congregation in singing "He Keeps Me Singing" and "Leaning On The Everlasting Arms." Matt Pinson gave a welcome and led in prayer. An offering was received.

The Bethel FWB Church choir (Kinston, NC), with other voices added, sang "Reach Out and Touch the Lord," a song included in the Convention Choir's recording session prior to the convention.

Clifford D. Donoho, pastor from Davenport, Iowa, was introduced as the speaker. Before the message, the Bethel choir presented another special song.

Pastor Donoho brought the message on "Scriptural Evidences of a Church In One Accord." His text was Acts 2:1.

"I Surrender All" was sung as an invitation hymn. After announcements, Matt Pinson led in the closing prayer.

Sunday Evening — July 18, 1999

The Convention Choir and the congregation sang "Just Over In The Glory Land" to open the Sunday evening service. Ron Helms (MI) presided and led in prayer.

Music Director Daron Dwyer led the congregation in singing "When We All Get To Heaven" and "When The Roll Is Called Up Yonder."

As the convention offering was received, the Convention Choir sang "Well Done, My Child."

The congregation sang "What A Day That Will Be" and "The King Is Coming."

Ron Helms introduced Danny Williams, pastor from Winfield, Alabama, to bring the message. Before he came to preach, Keith Kenemer sang "Follow Me."

The speaker read Joshua 3:1-17 and brought the message on "Doors of Opportunity." He shared three points—Essential Preparation of God's People, Exciting Promise of God's Power and Effective Progress of God's Preeminence.

"Have Thine Own Way" was sung as an invitation hymn. Jim Walker (AR) led in the benediction.

Monday Evening — July 19, 1999

The congregational song, "Great Is The Lord," opened the Monday evening worship service at 7:00 p.m. Presider Bobby Shepherd (AR) gave the welcome and called on Hoover Lewis (AR) to lead in prayer.

Clerk Waldo Young called the 63rd convention of the National Association into official session. He also introduced Moderator Carl Cheshier (OK).

The moderator appointed four committees. Credentials Committee: Glen Johnson(VA), Tim York (KY), Dale McCoy (KS), Charles Thigpen (TN) and J. L. Gore (MS).

Those appointed to the Nominating Committee, which will serve the 2000 convention: Nathan Ruble (MO), Rick Cash (AL), Doice McAlister (CA), Delmar Sparks (OH), Keith Woody (TX), Ernest Harrison, Jr. (OK) and Sherwood Lee (SC).

Those appointed to the Resolutions Committee: Jim Marcum (NC), Gene Norris (MI), Matt Pinson (GA), Will Harmon (AR) and Millard Sasser (FL).

Those appointed to the Obituary Committee: Henry Van Kluyve (NC), Herbert Waid (GA), Lester Horton (MD), Robert Rose (SC) and Cody Freeman (MO).

William Smith, Georgia executive secretary, gave the welcome to Georgia.

The Convention Choir, featuring Teresa Runion as soloist, sang "How Great Thou Art."

David Joslin (AR) received the offering and led in prayer. Ruth Slaten sang "Amazing Grace" for the offertory.

Presider Bobby Shepherd introduced Kent Barwick, pastor of Loyal Chapel FWB Church in Columbia, Tennessee, as the speaker. The Convention Choir sang "He Is." Lange Patrick led the congregation in singing "We Will Glorify."

Pastor Barwick read Acts 2:42-47 and brought the message on "Seven Signs of a Healthy Church." Those signs are: As He Brought it, Continuance, Fear, Signs and Wonders, Saints Helping Saints, All in One Accord, Praising God, and Divine Additions.

"Just As I Am" was sung as an invitation hymn. After announcements, Danny Phillips (OK) prayed the benediction.

Tuesday Evening — July 20, 1999

The Convention Choir sang "Glory To The King" to open the worship service Tuesday evening. The congregation joined the choir in singing "We Bow Down" and "He Is Exalted," after which song leader Daron Dwyer led in prayer.

Presider Mike Mounts (OH) welcomed the people. Melvin Worthington gave information on purchasing the vocal and printed music being sung by the choir.

The choir and the congregation sang "Come Into His Presence," "We Have Come Into His House," "Holy Ground" and "Oh, The Glory Of Your Presence."

Mike Mounts read scripture and called on Billy Sharpston to lead in prayer. The offering was received as the choir sang "Jesus, You're Worthy of Praise."

"Thou Art Worthy," and "O, For A thousand tongues To Sing," were sung by the congregation.

Roger L. Hogan, pastor of First FWB Church in Farmington, Missouri, was introduced as the speaker. Before he preached, Bill Gardner sang "He Has Forgiven Me."

Pastor Hogan read Acts 4:31-37 and brought the message on the subject "United We Can, Divided We Fail." He shared with the congregation on the points of The Basis of Unity, The Blight to Our Unity and The Blessings of Our Unity."

"Search Me, Oh God," was sung for an invitation. Several responded and came forward to pray.

After announcements, Duane Taylor (AL) led the benediction.

Wednesday Morning — July 21, 1999

Moderator Carl Cheshier called the meeting to order at 9:00 a.m. He introduced Herbert Richards, pastor of Bright Light FWB Church in College Station, Texas, and gave him the time allowed for the moderator's message. Pastor Richards read Isaiah 6:1, 5-8, and brought thoughts from the passage.

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

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

A motion carried to receive a partial report of the Nominating Committee for nominations to standing boards.

Executive Secretary Melvin Worthington gave the report of the Executive Office. He presented a plaque and a Gucci watch to Clerk Waldo Young in recognition and appreciation for 30 years of service as clerk of the National Association. He also presented a plaque of appreciation for Herman Hersey for work on The Together Way/Stewardship notebook. A motion carried to receive the Executive Office report and adopt the budgets contained in the report.

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

Foreign Missions Director James Forlines gave the report of that department. Treasurer Rob Conley gave the financial report. A motion carried to receive the report and adopt the budget.

Director William Evans gave the report of the Board of Retirement. Ray Lewis gave the financial report. Director Evans presented a plaque and gift to outgoing board member Robert Morgan for serving two full terms on the board. A motion carried to receive the report and adopt the budgets.

The clerk read a partial report of the Nominating Committee. Milburn Wilson (CA), Ron Barber (OK) and Henry Van Kluyve (NC) were elected to six-year terms on the Board of Retirement.

President Tom Malone gave the report of Free Will Baptist Bible College. Treasurer Tom Sass presented the financial report. A motion carried to receive the report and adopt the budget.

Ron Hunter and Steve Faison gave the report of the Media Commission. A motion carried to receive the report and adopt the budget. Mirchael Jones (SC) was elected to a five-year term on the Media Commission.

Director Tom Dooley gave the report of the Master's Men Department. A motion carried to receive the report and adopt the budget. Ernie Taylor (IL), Don Neal (IN) and Mike Mounts (OH) were elected to six-year terms on the Master's Men Board.

The moderator declared a lunch break at 11:45 a.m.

Wednesday Afternoon — July 21, 1999

Assistant Moderator Tim York called the meeting to order at 1:30 p.m. He read I John 3:23-24 and led in prayer. He then turned the business meeting to the moderator.

Director Trymon Messer gave the report of the Home Missions

Department. Korean pastor Paul Parks introduced 10 Korean pastors present for the convention. Chaplain Robert Cooper and Chaplain Richard Anderson brought greetings to the convention. Plaques were presented to Wendell Wally and Curtis Alligood. A motion carried to receive the report and adopt the budget.

A partial report of the Nominating Committee was read. Lynn Wood (OK), Ken Dodson (MO) and Harold Blankenship (NC) were elected to six-year terms on the Home Missions Board.

Director William Evans gave the report of the Free Will Baptist Foundation. Bookkeeper David Brown gave the financial report. A motion carried to receive the report and adopt the budget.

Chairman Leroy Forlines gave the report of the Commission for Theological Integrity. Matt Pinson explained the future publication of a theological journal. A motion carried to receive the report and adopt the budget. Jeff Manning (NC) was elected to a five-year term on the Commission for Theological Integrity.

Bill Gardner gave the report of the Music Commission. A motion carried to receive the report and adopt the budget. The clerk read a partial report of the Nominating Committee. Scott Bullman (OK) was elected to serve the unexpired 2001 term on the Music Commission, resulting from a resignation. Randy Sawyer (NC) was elected to serve a five-year term on the Music commission.

Thomas Marberry gave the Historical Commission report. A motion carried to receive the report and adopt the budget. Robert Picirilli (TN) was elected to a five-year term on this commission.

The remainder of the General Board report was considered. The clerk read Item #2 which called for expanding the Executive Committee to 13 members, thus requiring a constitutional change. A motion carried to table the item until Thursday.

Item #3 was read pertaining to a study committee on Christian higher education. A motion carried to adopt the item.

The clerk read Item #4 which called for an increase in the representation fee from \$25 to \$50 per church. A motion carried that Item #4 be tabled until Thursday.

Item #5 which called for Cincinnati, Ohio, to be the convention city for the 2009 session was adopted.

A partial report of the Nominating Committee for General Board members, was read. The following men were elected to the General Board:

Rick Cash (AL), Stephen Robinson (AZ), David Joslin (AR), Fred Hanson (Atlantic Canada), Doice McAlister (CA), Mark Thomas (CO), Millard Sasser (FL), William Smith (GA), Earl Jenkins (ID), Ernie Lewis (IL), Chris Clay (IN), Dale McCoy (KS), James Patton (KY), Ron Parker (First Louisiana), Jay Baines (MD), Luis Felipe Tijerina (MX), Gene Norris (MI)

and Nathan Ruble (MO).

William Brown (NJ) and Tim Byers (NM) were elected to one-year terms on the General Board.

A motion carried that the committee for the study of higher education be composed of the executive secretary (who will chair the committee), the five college presidents and five academic deans, plus five at-large members to be appointed by the moderator.

Oklahoma executive director Ernest Harrison, Jr., presented a plaque expressing Oklahoma's appreciation to those who provided assistance and prayer support for victims of the May 3, 1999, tornado that ravaged parts of Oklahoma.

The moderator declared a recess until Thursday morning.

Wednesday Evening — July 21, 1999

Sherwood Lee (SC) presided at the Wednesday evening missions service. Scott Bullman led the congregation in singing "Jesus Saves" to open the service. Bobby Bowers (SC) led in prayer.

The Convention Choir sang "Carrying The Cross together."

James Forlines introduced all foreign missionaries present for the service as they marched across the platform, some carrying the flag of the country where they serve. David Crowe introduced home missionaries present for the service.

As the missions offering was received, Luis Felipe Tijerina from Mexico sang "How Great Thou Art" in Spanish.

The Convention Choir sang "Here I Am," "In My Life, Be Glorified" and "I Surrender All" with some congregational participation. Scott Bullman led the congregation in singing "I'd Rather Have Jesus," joined with "He's All I Need."

Robert Morgan, pastor of Donelson FWB Church in Nashville, Tennessee, was introduced as the speaker. The Randy Riggs family sang "A Hill Called Mount Calvary."

Pastor Morgan read Jonah 1:1-2, plus other passages from that book, and brought the message on "How To Get That Jonah Out Of You." His points were A Story of Weeping, A Story of Sleeping, and A Story of Reaping.

"Wherever He Leads, I'll Go," was sung as an invitation hymn. Several people came forward to pray.

After announcements, Todd Parrish (SC) prayed the benediction.

Thursday Morning — July 22, 1999

The meeting was called to order at 9:00 a.m. Assistant Clerk Keith Burden read Psalm 133:1-3 and led in prayer.

NYC director Dean Jones gave the report of the National Youth

Conference. A motion carried to receive the report as information
WNAC executive secretary-treasurer Marjorie Workman gave the report of the Women Nationally Active for Christ. A motion carried to receive the report as information.

A motion carried to remove Item #2 of the General Board report from the table. The clerk read the item. A motion carried that Item #2 be adopted.

The clerk read a partial report of the Nominating Committee nominating persons to the Executive Committee. David Joslin (AR), Doice McAlister (CA) and Millard Sasser (FL) were elected to two-year terms on the Executive Committee. Gene Norris (MI), Nathan Ruble (MO) and J. L. Gore (MS) were elected to three-year terms on this committee.

A motion carried to take Item #4 of the General Board Report from the table. A motion to amend Item #4 to read \$100 instead of \$50 was made and seconded. The motion failed. Item #4 was adopted, raising representation fees from \$25 to \$50.

Leroy Forlines gave the report of the Ministerial Family Life Committee. A motion carried to receive the report.

The clerk read the report of the Registration Committee. A motion carried to receive the report as information.

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

The clerk read the report of the Obituary Committee. A motion carried to receive the report. Herbert Waid led the convention 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 Resolution #1, thus referring it to the Executive Committee.

Item #2, dealing with higher education study committee, had already been handled.

A motion carried to adopt Item #3. It referred to remaining aware of the "Areas of Concern" adopted in 1997.

Resolution #4 commending the Georgia State Association for hosting the convention was adopted.

The clerk read the final report of the Nominating Committee. A motion carried to receive the report and elect the officers.

Carl Cheshier (OK) was elected moderator.

Tim York (KY) was elected assistant moderator.

Keith Burden (OK) was elected clerk.

John Hibbard (CA) was elected assistant clerk.

A motion carried to give Waldo Young a rising vote of thanks for his 30 years of service as clerk of the National Association.

A motion carried to adjourn.

The Executive Secretary's Report 1998

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

The 1998 **Free Will Baptist Leadership Conference** met December 7-8, in Nashville, Tennessee. The theme for the conference was *Our Chief Business*. Speakers included Bob Sjogren and Melvin Worthington. Presiders included Carl Cheshier and Tim York. The 1999 conference will meet December 6-7, 1999, at the Regal Maxwell House Hotel in Nashville, Tennessee.

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

The **International Fellowship of Free Will Baptist Churches, Inc.**, met October 12-16, 1998, in Uruguay. Member countries represented included USA, Japan, Mexico, Uruguay, Brazil, Panama, Spain, France and Cuba. Côte d'Ivoire, India and Canada were not represented. General Assembly delegates elected the following officers: John Poole (Brazil) President, Daniel Dorati (Panama) Vice-President and Melvin Worthington (USA) Secretary-Treasurer. The next IFOFWBC General Assembly is scheduled to met October 8-12, 2001, in the United States.

The Free Will Baptist Hymn Book: Rejoice may be ordered from Randall House Publications. It is in three colors in round or shaped note editions. *The Rejoice Hymnal for the Church at Worship*, in both shaped and round note editions in two colors, is distributed by Tempo Music Publications, Inc. *The Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, may be ordered from Randall House Publications. The Together Way stewardship notebook and brochure, *Stewards on Task*, may be ordered at no charge from the Executive Office.

A companion for the two hymnals, *The Free Will Baptist Hymn Book, Rejoice* 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 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), exploratory trip to Korea to determine possibility of beginning a Free Will Baptist work, The International Fellowship of Free Will Baptist Churches, Inc., General Assembly (Uruguay) and 22 state/district meetings.

The 1998 convention in Tulsa, Oklahoma, went well. We commend the Oklahoma State Association of Free Will Baptists for their excellent job in hosting the convention. Registration totaled 7,106. The music, meetings and messages were outstanding. Preparation for the 1999 convention in Atlanta, Georgia, went according to schedule. Site inspection visits for the 2009 convention will be made in the spring of 1999.

Speakers and a theme for the 1999 national convention were selected by the Executive Committee during its December 1998 meeting in Nashville, Tennessee. The theme chosen was *All in Accord*. The speakers include Cliff

Donoho (IA), Danny Williams (AL), John Maxwell (GA), Kent Barwick (TN), Roger Hogan (MO), Robert Morgan (TN) and Tim Thompson (AZ).

Capital Stewardship/Victory Campaign gifts through December 31, 1998, stand at \$305,967.94. The indebtedness on the national office building as of December 31, 1998, was \$188,005.80.

Gifts to the Executive Office ministry through *The Together Way Plan* in 1998 totaled \$310,413.68. Of this amount \$273,733.63 was *Cooperative* and \$36,680.05 *Designated*. The office had a budget shortfall of \$59,586.32 in 1998. Thank you for your systematic and sacrificial support of the Executive Office ministry.

Contact magazine provides information, insight, and inspiration regarding denominational life. Subscriptions are \$12 per year. We offer a life-time subscription for \$500. Life-time subscribers receive a leather-bound copy of *The Free Will Baptist Hymn Book, Rejoice (1988)*. We encourage churches to subscribe for their pastor or minister of music. Specify round or shaped note edition. Complimentary copies of *Contact* are provided during the school year for students at Free Will Baptist Bible College, Hillsdale Free Will Baptist College, California Christian College and Southeastern Free Will Baptist College.

The Rest of the Family Offering totaled \$8,919.52 in 1998. After expenses, the balance was disbursed to participating national agencies. September 26, 1999, has been designated as *Rest of the Family Sunday*.

Gifts for national ministries in 1998 totaled \$11,279,076.53. *The Together Way Plan* gifts through the Executive Office totaled \$3,612,933.92 in 1998. Of this amount, \$608,297.49 was *Cooperative*, and \$3,004,636.43 *Designated*. Per capita giving was \$56.08; our goal was \$51.67. Thank you for your generous gifts for national ministries in 1998.

The Together Way Totals

1989	\$6,428,621.22	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
1993	\$7,864,572.01	1998	\$11,279,076.53

Tracking the Together Way Totals (Through the Executive Office)

<i>Designated</i>		<i>Co-op</i>		<i>Total</i>
1989				
\$1,009,688.56	(+6.85%)	\$319,483.14	(-1.18%)	\$1,329,171.70 (+4.80%)
76%		24%		
1990				
1,035,463.36	(+2.55%)	330,567.40	(+3.47%)	1,366,030.76 (+2.77%)
76%		24%		
1991				
1,129,064.33	(+9.04%)	329,050.08	(-0.46%)	1,458,114.41 (+6.74%)
77%		23%		
1992				
1,480,847.51	(+31.16%)	243,195.98	(-26.09%)	1,724,043.49 (+18.24%)
86%		14%		
1993				
1,786,527.81	(+20.64%)	278,925.67	(+14.69%)	2,065,453.48 (+19.80%)
86%		14%		

1994				
2,071,808.59	(+15.97%)	313,198.40	(+12.29%)	2,385,006.99 (+15.47%)
87%		13%		
1995				
2,128,315.33	(+2.73%)	362,694.52	(+15.80%)	2,491,009.85 (+4.44%)
85%		15%		
1996				
2,110,182.97	(-0.85%)	375,760.11	(+3.60%)	2,485,943.08 (-0.20%)
85%		15%		
1997				
2,775,292.31	(+31.52%)	442,453.17	(+17.75%)	3,217,745.48 (+29.44%)
86%		14%		
1998				
3,004,636.43	(+8.26%)	608,297.49	(+37.48%)	3,612,933.92 (+12.28%)
83%		17%		

The Together Way Totals increase/decrease from 1989-1998:
 Designated 197.58% CO-OP 90.40%

Executive Office

	Designated	Co-op	Total
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
1998	36,680.05	273,733.63	310,413.68

Foreign Missions

	Designated	Co-op	Total
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
1998	1,758,589.14	76,949.58	1,835,538.72

Free Will Baptist Bible College

	Designated	Co-op	Total
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
1998	245,940.89	76,949.58	322,890.47

Home Missions

	Designated	Co-op	Total
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
1998	824,074.15	60,221.42	884,295.57

Retirement & Insurance

	Designated	Co-op	Total
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
1998	6,654.14	46,838.93	53,493.07

Master's Men

	Designated	Co-op	Total
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
1998	8,734.39	46,838.93	55,573.32

Free Will Baptist Foundation

	Designated	Co-op	Total
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**
1998	5,254.24	20,073.90	25,328.14**

* 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
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
1998	374.95	1,672.88	2,047.83

Commission for Theological Integrity

	Designated	Co-op	Total
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
1998	635.44	1,672.88	2,308.32

Media Commission

	Designated	Co-op	Total
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
1998	3,073.57	1,672.88	4,746.45

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
1998	378.07	1,672.88	2,050.95

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

Statistical Summary

Code	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	Total
BMT	204,382	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	255,883	261,169	
Bap.	7,910	8,678	7,946	8,703	9,283	8,828	7,804	8,089	8,436	8,971	10,169	94,817
MA	12,436	12,726	12,537	12,931	12,123	12,246	12,393	12,701	12,155	11,946	14,089	138,283
ML	6,454	7,511	6,583	7,240	7,223	6,011	7,508	6,232	5,985	6,660	6,345	73,752
NI	5,982	5,215	5,954	5,691	4,900	6,235	4,885	6,469	6,170	5,286	7,744	64,531
EMT	210,364	215,579	221,533	227,224	232,124	238,359	243,244	249,713	255,883	261,169	268,913	

Codes

BMT = Beginning Membership Totals
 Bap. = Baptisms
 MA = Members Added
 ML = Members Lost
 NI = Net Increase
 EMT = Ending Membership Totals

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

**Financial Statements
December 31, 1998 and 1997
(With Independent Auditors' Report Thereon)**

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

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

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 206
Brentwood, TN 37027
TEL: 615/377-3465

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, 1998 and 1997 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, 1998 and 1997, and its changes in net assets for the years then ended in conformity with generally accepted accounting principles.

Hill, Harper & Associates, P.C.

May 11, 1999

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

**Statements of Financial Position
December 31, 1998 and 1997**

<u>Assets</u>	<u>1998</u>	<u>1997</u>
Current assets:		
Cash and cash equivalents	\$ 207,455	239,334
Funds held by Free Will Baptist Foundation	9,000	5,500
Receivables:		
Hymnal sales	61,580	75,906
Other departmental and agency charges	638	7,617
Total receivables	<u>62,218</u>	<u>83,523</u>
Inventory, at lower of cost (first-in, first-out method) or market	212,635	251,967
Prepaid expenses	37,924	38,832
Total current assets	<u>529,232</u>	<u>619,156</u>
Office equipment and furniture	113,695	110,764
Less accumulated depreciation	<u>91,380</u>	<u>81,471</u>
	<u>22,315</u>	<u>29,293</u>
	<u>\$ 551,547</u>	<u>648,449</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued expenses	\$ 48,993	62,353
Note payable	67,022	144,107
Deferred host state fee	30,000	30,000
Deferred subscription revenues	23,295	20,662
Total current liabilities	<u>169,310</u>	<u>257,122</u>

Net assets:		
Executive Office	207,502	199,438
Net investment in equipment	22,315	29,293
Contact Magazine	(7,757)	(863)
Special Projects	129,100	118,878
Convention Fund	31,077	44,581
Total net assets	<u>382,237</u>	<u>391,327</u>
	<u>\$ 551,547</u>	<u>648,449</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, 1998 and 1997**

Revenues:	<u>1998</u>	<u>1997</u>
The Together Way Plan receipts	\$ 3,612,933	3,217,745
Disbursed to departments and agencies	<u>(3,302,519)</u>	<u>(2,895,593)</u>
Executive Office Together Way Plan receipts	310,414	322,152
Subscriptions to Contact Magazine	57,730	57,624
Sales of hymnals	95,892	75,236
Gifts and offerings	20,262	15,590
Interest income	11,447	9,591
Convention fees	119,839	109,425
Recovery of doubtful accounts	—	3,634
Other income	<u>18,055</u>	<u>30,170</u>
Total revenues	<u>633,639</u>	<u>623,422</u>
Cost of sales and expenses:		
Cost of hymnal sales	<u>61,224</u>	<u>51,126</u>
Expenses of operations:		
Executive Office	334,613	324,404
Contact Magazine	77,746	59,684
Special Projects	35,679	36,563
Convention Fund	<u>133,467</u>	<u>130,837</u>
Total expenses of operations	<u>581,505</u>	<u>551,488</u>
Total costs and expenses	<u>642,729</u>	<u>602,614</u>
Increase (decrease) in net assets	(9,090)	20,808
Net assets, beginning of year	<u>391,327</u>	<u>370,519</u>
Net assets, end of year as restated	<u><u>\$ 382,237</u></u>	<u><u>391,327</u></u>

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, 1998 and 1997**

	Executive Office	Contact Magazine	Special Projects	Convention Fund	1998 Totals	1997 Totals
Cost of hymnal sales:						
Beginning inventory	\$ —	—	251,967	—	251,967	279,191
Costs of production	—	—	21,892	—	21,892	23,902
Total cost of inventory	—	—	273,859	—	273,859	303,093
Less ending inventory	—	—	212,635	—	212,635	251,967
Cost of hymnal sales	—	—	61,224	—	61,224	51,126
Expenses of operations:						
Salaries	129,849	—	10,361	1,340	141,550	139,103
Housing allowance	40,000	—	—	—	40,000	35,000
Employee fringe benefits and general insurance	29,937	—	—	185	30,122	33,797
Payroll taxes	20,684	—	545	12	21,241	20,330
Travel	30,958	1,089	296	28,040	60,383	45,156
Executive Committee	482	—	—	4,824	5,306	3,317
Occupancy costs	29,892	—	—	—	29,892	29,892
Depreciation	9,909	—	—	—	9,909	11,028
Legal and audit	2,132	2,056	931	1,253	6,372	4,749
Equipment maintenance	1,858	—	—	—	1,858	2,204
Supplies, office expense	8,900	3,729	77	7,444	20,150	18,874
Printing and promotion	3,185	52,911	—	32,850	88,946	64,992
Postage / mail services	739	12,885	36	597	14,257	19,610
Telephone	1,509	43	10	208	1,770	2,534
Writer's fees	—	3,365	—	—	3,365	3,125
Interest expense	—	—	13,265	—	13,265	15,620
Auditorium	—	—	—	43,469	43,469	49,700
Meal functions	—	—	—	1,498	1,498	4,829
Music	—	—	—	1,106	1,106	911
Leadership Conference	250	—	—	—	250	—
International Fellowship	4,691	—	—	—	4,691	1,028
Rest of the Family	—	—	8,769	—	8,769	9,778
Ministerial Family Life	—	—	—	—	—	990
Doctrinal Survey	—	—	799	—	799	1,138
The Together Way Plan	920	—	—	—	920	1,170
Auto and copier leases	13,809	—	—	—	13,809	15,464
Other	4,909	1,668	590	10,641	17,808	17,149
Total expenses	334,613	77,746	35,679	133,467	581,505	551,488
Total costs and expenses	\$ 334,613	77,746	96,903	133,467	642,729	602,614

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, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
<u>Cash Flows from Operating Activities</u>		
Increase (decrease) in net assets	\$ (9,090)	20,808
Adjustments to reconcile increase in net assets to net cash provided by operating activities.		
Depreciation and amortization	9,909	11,028
Recovery of doubtful accounts	—	(3,634)
(Increase) decrease in:		
Receivables	21,305	(37,344)
Inventories	39,332	27,224
Prepaid expenses	908	(8,629)
Increase (decrease) in:		
Accounts payable and accrued expenses	(13,360)	18,249
Deferred state host fee	—	30,000
Deferred subscription revenue	2,633	(46)
Net operating activities	<u>51,637</u>	<u>57,656</u>
<u>Cash Flows from Investing Activities</u>		
Funds held by Free Will Baptist Foundation	(3,500)	(1,000)
Purchase of equipment	(2,931)	(6,033)
Net investing activities	<u>(6,431)</u>	<u>(7,033)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from notes payable	—	41,090
Prepayments of notes payable	(77,085)	(48,237)
Net financing activities	<u>(77,085)</u>	<u>(7,147)</u>
Net increase in cash	(31,879)	43,476
Cash and cash equivalents at beginning of year	<u>239,334</u>	<u>195,858</u>
Cash and cash equivalents at end of year	<u>\$207,455</u>	<u>239,334</u>
Supplemental disclosures:		
Interest paid	<u>\$ 14,053</u>	<u>14,329</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements December 31, 1998 and 1997

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, 1998 as compared to 1997 totals.

<u>Receipts:</u>	<u>Designated</u>	<u>Cooperative</u>	<u>1998 Total</u>	<u>1997 Total</u>
Alabama	\$ 6,233	—	6,233	5,809
Arizona	4,164	811	4,975	5,147
Arkansas	201,644	180,968	382,612	314,187
California	—	13,841	13,841	12,050
Florida	669	20,000	20,669	24,675
Georgia	242,003	24,323	266,326	260,406
Illinois	101,515	26,536	128,051	154,016
Indiana	12,679	2,958	15,637	13,212
Iowa	624	2,897	3,521	2,749
Kentucky	13,022	6,099	19,121	19,757
Maryland	—	3,092	3,092	3,244
Michigan	251,646	33,059	284,705	220,797
Mississippi	179,957	6,568	186,525	9,154
Missouri	474,828	103,830	578,658	538,372
New Mexico	10,360	504	10,864	12,281
North Carolina	17,636	14,226	31,862	26,994
Ohio	127,051	31,632	158,683	214,526
Oklahoma	591,141	109,499	700,640	696,625
South Carolina	498,001	1,006	499,007	383,466
Tennessee	134,667	19,370	154,037	149,607
Texas	77,914	5,246	83,160	81,362
Virginia	8,560	175	8,735	9,347
West Virginia	34,358	1,116	35,474	57,019
Africa	12,960	—	12,960	—
Canada	2,434	91	2,525	1,655
Contributions totaling \$1,000 or less	570	450	1,020	1,288
Total receipts	<u>\$ 3,004,636</u>	<u>608,297</u>	<u>3,612,933</u>	<u>3,217,745</u>

Disbursements:

Executive Office	\$ 36,680	273,734	310,414	322,152
Foreign Missions	1,758,589	76,950	1,835,539	1,703,523
Free Will Baptist Bible College	245,941	76,949	322,890	208,405
Home Missions	824,074	60,221	884,295	763,115
Retirement & Insurance	6,654	46,839	53,493	44,607
Master's Men	8,734	46,839	55,573	51,499
Commission for Theological Integrity	635	1,673	2,308	2,184
Foundation	5,254	20,073	25,327	26,435
Historical Commission	375	1,673	2,048	1,974
Music Commission	378	1,673	2,051	1,914
Radio & Television Commission	3,074	1,673	4,747	1,991
Hillsdale Free Will Baptist College	17,627	—	17,627	15,066
Other, including the Capital				
Stewardship Campaign	96,621	—	96,621	74,880
Total disbursements	<u>\$ 3,004,636</u>	<u>608,297</u>	<u>3,612,933</u>	<u>3,217,745</u>

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 \$13,809 for 1998 and \$15,464 for 1997. The following schedules the required payments under these lease arrangements.

1999	\$ 14,088
2000	12,800
2001	7,248

(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 approximately \$5.00 for each "generic" hymnal sold, at which time Randall House is paid an amount equal to 5% of the sales price for shipping and handling.

Randall House, as of December 31, 1998, warehoused hymnals valued at a cost of \$148,000. Further, the printer is warehousing inventory in process valued at a cost of approximately \$65,000.

The leather hymnals remaining from the first printing (approximately 480) 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 \$5,492 in 1998 and \$6,045 in 1997. 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 \$67,022 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) Accounts Receivable and Allowance for Master's Men Outstanding Balance

In prior years an allowance for doubtful collection of amounts owed by the Master's Men was recorded in the financial statements for services provided, such as monthly rent, insurance and other costs of operations. In 1998 Master's Men paid their obligation to the Fund in full, accordingly the remaining allowance was reversed as of December 31, 1997 and taken into revenues. No additional allowance for potential uncollectible accounts is considered necessary.

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

(8) Correction of Accounting Error

In 1997, the host state, Georgia, for the 1999 National Convention paid its host state fees in advance. The fee, amounting to \$30,000, was inadvertently recorded as and reported on as revenues in the 1997 financial statements in error. This fee should have been recorded as deferred revenue and recognized as revenue in the year of the Convention which is 1999. Accordingly, the financial statements as issued as of and for the year ended December 31, 1997 have been restated to correct this error.

The effect of the restatement is as follows:

	As Originally Reported	Restate- ment	As Restated
Statements of Activities and Changes in Net Assets			
Convention fees	\$ 139,425	(30,000)	109,425
Total revenues	\$ 653,422	(30,000)	623,422
Increase (decrease) in net assets	\$ 50,808	(30,000)	20,808
Net assets at end of year	\$ 421,327	(30,000)	391,327

Statements of Financial Position

Deferred host state fee	\$ —	30,000	30,000
Total liabilities	\$ 227,122	30,000	257,122
Net assets - convention fund	\$ 74,581	(30,000)	44,581
Total net assets	\$ 421,327	(30,000)	391,327

(9) Presentation of Financial Statements

Certain amounts as reported in the 1997 financial statements have been reclassified to conform to current year presentation.

**2000
Executive Office Budget**

	1998	1999	2000
Administrative	\$ 370,000.00	\$ 379,000.00	\$372,000.00
Convention	139,466.84*	138,358.15**	179,326.88***
Contact	88,000.00	87,000.00	90,400.00
Totals	\$ 597,466.84	\$ 604,358.15	\$641,726.88
* 1997			
** 1998			
*** 1999			

**2000
Administrative Budget**

Projected Expenses	1998	1999	2000
Salaries	\$ 152,499.96	\$ 153,999.95	\$ 145,242.39
Housing	35,000.00	41,000.00	42,000.00
Social Security	21,350.53	22,204.54	23,000.00
Retirement	7,288.88	7,350.42	6,898.57
Employees Insurance (Dental, Hospital, Life, Travel)	26,684.91	26,684.91	24,410.47
Auditing/Legal	4,000.00	5,000.00	5,000.00
Automobile Lease (2 Cars)	10,178.76	11,536.15	10,237.56
Computer Supplies	6,000.00	5,000.00	7,000.00
Copier Lease	3,864.00	3,928.40	3,843.71
Double In A Decode	500.00	.00	.00
Equipment Maintenance	3,000.00	3,000.00	3,000.00
Equipment Purchase/Computer	4,500.00	4,000.00	4,000.00
Executive Committee	10,000.00	10,000.00	8,000.00
General Insurance	4,000.00	4,000.00	4,000.00
International Fellowship of Free Will Baptist Churches	1,200.00	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	7,500.00	7,000.00	7,000.00
Other	2,040.96	1,703.63	2,000.00
Postage	3,000.00	2,000.00	1,500.00
Printing	4,000.00	3,000.00	3,000.00
Promotion	2,000.00	4,000.00	3,000.00
Subscriptions/Dues/Registrations	3,000.00	2,000.00	3,000.00
Telephone	3,000.00	3,000.00	3,000.00
Together Way Plan/Stewardship Education	1,500.00	1,500.00	1,500.00
Travel	22,000.00	24,000.00	25,000.00
Christmas Bonus/Extra Week's Salary	.00	.00	1,695.71
Extra Week Retirement in lieu of 4th week vacation beginning with the 16th year of service.	.00	.00	1,579.59
Totals	\$ 370,000.00	\$ 379,000.00	\$ 372,000.00
Projected Income			
The Together Way Plan			
Cooperative Gifts	\$ 228,000.00	\$ 239,000.00	\$ 272,000.00
Designated Gifts	142,000.00	140,000.00	100,000.00
Totals	\$ 370,000.00	\$ 379,000.00	\$ 372,000.00

Salary Breakdown

Executive Secretary

	1998	1999	2000
Salary	\$31,913.05 (4%)	\$27,949.57 (4%)	\$29,067.55 (4%)
Housing and Utilities	19,000.00 (4%)	25,000.00 (4%)	26,000.00 (4%)
Social Security	7,789.70 (15.30%)	8,101.28 (15.30%)	8,425.34 (15.30%)
Retirement	1,595.65 (5%)	1,397.48 (5%)	1,453.38 (5%)
Insurance	3,585.68	3,585.68	3,585.68
Travel/Life/Disability	\$ 815.56	\$ 815.56	\$ 815.56
Hospital	2,547.50	2,547.50	2,547.50
Dental	222.62	222.62	222.62

Note: Office car furnished.

\$63,884.08	\$66,034.01	\$68,531.95
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Administrative Assistant/Contact Editor

Salary	\$24,678.70 (4%)	\$26,305.85 (4%)	\$27,998.08 (4%)
Housing and Utilities	16,000.00 (4%)	16,000.00 (4%)	16,000.00 (4%)
Social Security	6,223.84 (15.30%)	6,472.80 (15.30%)	6,731.71 (15.30%)
Retirement	1,233.94 (5%)	1,315.29 (5%)	1,399.90 (5%)
Insurance	6,303.60	6,303.60	6,303.60
Travel/Life/Disability	\$ 762.48	\$ 762.48	\$ 762.48
Hospital	5,132.88	5,132.88	5,132.88
Dental	408.24	408.24	408.24

Note: Office car furnished.

\$54,440.08	\$56,397.54	\$58,433.29
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Bookkeeper

Salary	\$ 25,311.22 (4%)	\$26,323.67 (4%)	\$27,376.62 (4%)
Social Security	1,936.31 (7.65%)	2,013.76 (7.65%)	2,094.31 (7.65%)
Retirement	1,265.56 (5%)	1,316.18 (5%)	1,368.83 (5%)
Insurance	5,633.64	5,633.64	5,633.64
Life/Disability	\$ 381.12	\$ 381.12	\$ 381.12
Hospital	4,844.28	4,844.28	4,844.28
Dental	408.24	408.24	408.24

\$34,146.73	\$35,287.25	\$36,473.40
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Editorial Assistant/Secretary

Salary	\$24,745.30 (4%)	\$25,735.11 (4%)	\$26,764.51 (4%)
Social Security	1,893.02 (7.65%)	1,968.74 (7.65%)	2,047.49 (7.65%)
Retirement	1,237.27 (5%)	1,286.76 (5%)	1,338.23 (5%)
Insurance	3,283.92	3,283.92	3,283.92
Life/Disability	\$ 362.04	\$ 362.04	\$ 362.04
Hospital	2,699.28	2,699.28	2,699.28
Dental	222.60	222.60	222.60

\$31,159.51	\$32,274.53	\$33,434.15
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Yearbook Coordinator/Secretary

Salary	\$24,282.32 (4%)	\$25,253.61 (4%)	\$0.00 (4%)
Social Security	1,857.60 (7.65%)	1,931.90 (7.65%)	.00 (7.65%)
Retirement	1,214.12 (5%)	1,262.68 (5%)	.00 (5%)
Insurance	3,084.96	3,084.96	.00
Life/Disability	\$ 314.88	\$ 314.88	\$0.00
Hospital	2,547.48	2,547.48	.00
Dental	222.60	222.60	.00

\$30,439.00	\$31,533.15	\$0.00
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	1998	1999	2000
Contact Circulation Manager/ Yearbook Coordinator			
	60%	60%	
Salary	\$14,846.81 (4%)	\$15,440.68 (4%)	\$26,764.51 (4%)
Social Security	1,135.78 (7.65%)	1,181.21 (7.65%)	2,047.49 (7.65%)
Retirement	742.34 (5%)	772.03 (5%)	1,338.23 (5%)
Insurance (60%)	4,793.11	4,793.11	5,603.63
Life/Disability	\$ 226.73	\$ 226.73	\$ 351.11
Hospital	4,214.59	4,214.59	4,844.28
Dental	351.79	351.79	408.24
	<u>\$21,518.04</u>	<u>\$22,187.03</u>	<u>\$35,753.86</u>
Part-time Worker			
Salary (104 days)	\$6,722.56 (\$8.08 hr.)	\$6,991.46 (\$8.40 hr.)	\$7,271.12 (\$8.74 hr.)
Social Security	514.28 (7.65%)	534.85 (7.65%)	556.24 (7.65%)
	<u>\$7,236.84</u>	<u>\$7,526.31</u>	<u>\$7,827.36</u>

Convention Budget
National Association of Free Will Baptists, Inc.
July 18-22, 1999
Atlanta, Georgia

Projected Expenditures	1997 Cincinnati	1998 Tulsa	1999 Atlanta
Auditorium	\$47,580.00	\$47,550.00	\$59,500.00
Printing and Promotion	28,075.00	28,139.70	29,332.75
Convention Office	16,570.00	18,074.00	19,891.00
Convention Personnel	12,698.34	10,789.89	10,038.85
Meals	2,079.00	2,280.00	2,376.00
Travel	2,372.88	3,421.50	2,682.00
Lodging	8,246.46	5,088.39	4,980.85
Convention Officials	11,805.82	7,619.81	12,492.28
Honorariums	1,000.00	1,350.00	2,900.00
Decorator Services	6,364.00	6,176.00	22,147.00
Meal Functions	2,073.68	1,858.75	2,925.00
Executive Committee (Meal and Motel Expenses)	1,800.00	1,800.00	2,100.00
Pre-Convention Expenses	11,500.00	15,000.00	18,000.00
Total	<u>\$139,466.84</u>	<u>\$138,358.15</u>	<u>\$179,326.88</u>
Projected Receipts			
Booth Fees	\$14,925.00	\$17,650.00	\$24,075.00
State Assoc. Representation Fees (\$25 per church)	62,225.00	62,350.00	56,050.00
Local Church Delegate Fees (\$25.00 per delegate)	2,500.00	1,600.00	1,700.00
Host State (Georgia)	20,000.00	12,000.00	30,000.00
Offerings	39,816.84	44,758.15	67,501.88
Total	<u>\$139,466.84</u>	<u>\$138,358.15</u>	<u>\$179,326.88</u>

Convention Budget
National Association of Free Will Baptists, Inc.
July 18-22, 1999
Atlanta, Georgia

Projected Receipts	1997	1998	1999
Booth Fees	\$ 14,925.00	\$ 17,650.00	\$ 24,075.00
State Assoc. Representation Fees (\$25 per church)	62,225.00	62,350.00	56,050.00
Local Church Delegate Fees (\$25.00)	2,500.00	1,600.00	1,700.00
Host State (Georgia)	20,000.00	12,000.00	30,000.00
Offerings	39,816.84	44,758.15	67,501.88
Total	\$139,466.84	\$138,358.15	\$ 179,326.88

Projected Expenditures

Auditorium			
Rental	\$19,000.00	\$15,400.00	\$ 26,500.00
Meeting Rooms	.00	4,600.00	.00
Convention Banner	300.00	300.00	.00
Flowers	150.00	150.00	150.00
Police Security	4,260.00	3,500.00	5,000.00
Convention Tapes	250.00	250.00	250.00
Other	23,620.00	23,350.00	27,600.00
Music Stand Rental(Decorator)	270.00	350.00	1,800.00
Sound System/AV Equipment	20,000.00	20,000.00	24,000.00
Usher Badges	200.00	200.00	200.00
Liab.,ASCAP,BMI,Ins.	800.00	800.00	1,000.00
First Aid Staff	1,500.00	1,500.00	.00
Courtesy Car	150.00	150.00	150.00
Offering Buckets	300.00	100.00	200.00
Signs	400.00	250.00	250.00
Total	\$47,580.00	\$47,550.00	\$ 59,500.00

Printing and Promotion

Publicity and Art Work	\$13,000.00	\$13,000.00	\$14,000.00
Photos	700.00	700.00	500.00
Convention Materials	10,375.00	11,439.70	11,332.75
Programs	3,156.25	3,625.00	2,800.25
Song Sheets/CCJ License	.00	502.20	1,000.00
Digest of Reports	7,218.75	7,312.50	7,532.50
Pre-Convention Printing (Sunday C.News pre-printed, copier reimb.)	4,000.00	3,000.00	3,500.00

Total	\$28,075.00	\$28,139.70	\$ 29,332.75
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Convention Office

Registration/Pre-Reg. (Supplies, Salaries, Pstg.)	\$4,500.00	\$ 3,000.00	\$5,000.00
Registration Computers/Printers	1,000.00	3,000.00	3,000.00
Paper and Printing Supplies	1,000.00	2,000.00	1,000.00
Equipment Rentals	4,210.00	3,524.00	4,216.00
Copiers (2)/Paper	3,500.00	2,000.00	1,700.00
Typewriters (2)	100.00	100.00	200.00
Computers, Printers—Office/Registration	250.00	1,000.00	1,000.00
Tables/Chairs/Trash Cans, etc. (Office)	360.00	424.00	1,316.00
Telephone	460.00	600.00	800.00
During Convention (Office)	160.00	300.00	500.00
Pre/Post Convention	300.00	300.00	300.00
Office Expense/Supplies	2,500.00	2,500.00	3,500.00
Postage	800.00	800.00	800.00
Musical Instruments Rental and Service	2,100.00	2,650.00	1,575.00

	1997	1998	1999
Piano/Tuning	750.00	1,600.00	425.00
Forklift	150.00	150.00	150.00
Organ Shipping	900.00	600.00	.00
Music	300.00	300.00	1,000.00
Total	\$16,570.00	\$18,074.00	\$19,891.00

Convention Personnel

Meals

Dan Goodfellow (24 meals @ \$11.00 each)	\$216.00	\$270.00	\$264.00
Melody Hood (30 meals @ \$11.00 each)	270.00	300.00	330.00
Steve Pate (18 meals @ \$11.00 each)	189.00	210.00	198.00
Marilyn Pritchard (27 meals @ \$11.00 each)	270.00	300.00	297.00
Deanna Hollifield (18 meals @ \$11.00 each)	216.00	180.00	198.00
Jack Williams (36 meals @ \$11.00 each)	324.00	360.00	396.00
Anne Worthington (27 meals @ \$11.00 each)	270.00	300.00	297.00
Melvin Worthington (36 meals @ \$11.00 each)	324.00	360.00	396.00
Total	\$2,079.00	\$2,280.00	\$2,376.00

Travel

Dan Goodfellow	\$186.48	\$396.50	\$186.00
Melody Hood	186.48	193.00	186.00
Marilyn Pritchard	186.48	193.00	186.00
Deanna Hollifield	186.48	.00	.00
Steve Pate(Trans.Coord.,rental)	1,200.00	2,000.00	1,500.00
Motel/Meals on road (6 meals @ \$11.00 each)	54.00	60.00	66.00
Jack Williams	186.48	193.00	186.00
Anne Worthington	.00	193.00	186.00
Melvin Worthington	186.48	193.00	186.00
Total	\$2,372.88	\$3,421.50	\$2,682.00

Lodging

Dan Goodfellow (9 nights @ \$141.89)	\$980.56	\$803.43	\$1,277.01
Melody Hood (10 nights @ \$141.89)	1,260.72	803.43	1,418.90
Steve Pate (7 nights @ \$143.99)	838.24	714.16	1,007.93
Marilyn Pritchard (9 nights @ \$141.89)	1,260.72	803.43	1,277.01
Deanna Hollifield	824.46	.00	.00
Jack Williams	1,540.88	981.97	.00
Melvin Worthington	1,540.88	981.97	.00
Total(Includes applicable tax and parking)	\$8,246.46	\$5,088.39	\$4,980.85

Convention Officials

	1997	1998	1999
Moderator - Carl Cheshier	\$1,915.06	\$1,216.00	\$2,252.94
Travel (from Oklahoma City, OK to Atlanta, GA—2,000 miles @ \$5.31 per mile)	409.50	97.50	620.00
Meals (27 meals @ \$11.00 each)	216.00	210.00	297.00
Lodging (6 nights @ \$155.99)	889.56	508.50	935.94
Honorarium	400.00	400.00	400.00
Clerk - Waldo Young	2,393.64	1,216.00	2,252.94
Travel (from Prague, OK to Atlanta, GA—2,000 miles @ \$5.31 per mile)	630.00	97.50	620.00
Meals (27 meals @ \$11.00 each)	243.00	210.00	297.00
Lodging (6 nights @ \$155.99)	1,120.64	508.50	935.94
Honorarium	400.00	400.00	400.00

Assistant Moderator - Tim York	868.68	789.96	1,133.94
Meals (18 meals @ \$11.00 each)	162.00	180.00	198.00
Lodging (6 nights @ \$155.99)	706.68	609.96	935.94
Assistant Clerk - Keith Burden	750.90	641.04	1,133.94
Meals (18 meals @ \$11.00 each)	162.00	180.00	198.00
Lodging (6 nights @ \$155.99)	588.90	461.04	935.94
Moderator (Ex-Officio) - Ralph Hampton	1,102.74	.00	.00
Travel	186.48	.00	.00
Meals	162.00	.00	.00
Lodging	754.26	.00	.00
Honorarium	.00	.00	.00
Usher Coordinator - Raymond Lee	754.26	535.62	923.94
Lodging (6 nights @ \$153.99)			
Music Coordinator - Randy Sawyer	840.48	593.25	461.97
Lodging (3 nights @ \$153.99)			
Pianist-Jerry Carraway	588.90	609.96	923.94
Lodging (6 nights @ \$153.99)			
Organist-Carol Reid	588.90	508.30	769.95
Lodging (5 nights @ \$153.99)			
Registration Coordinator - George Harvey	706.68	624.89	1,077.93
Lodging (7 nights @ \$153.99)			
Press Officer - Thomas Marberry	706.68	461.04	851.34
Lodging (6 nights @ \$141.89)			
Photographer - Eddie Payne	588.90	423.75	709.45
Lodging (5 nights @ \$141.89)			
Tape Coordinator	.00	.00	.00
Total (Includes applicable tax and parking)	\$11,805.82	\$7,619.81	\$12,492.28

Honorariums

Bill Sawyer	\$125.00	Gary Ritchie	\$150.00	John Maxwell	\$2,000.00
Robert Prichard	125.00	Loyd Lacklear	150.00	Tim Thompson	150.00
Matthew Upton	125.00	Randy Wilson	150.00	Cliff Donoho	150.00
Earl Hendrix	125.00	David Taylor	150.00	Danny Williams	150.00
Melvin Worthington	.00	Edwin Hayes	150.00	Kent Barwick	150.00
Jerry Norris	125.00	Eugene Waddell	150.00	Roger Hogan	150.00
Richard Atwood	125.00	George Lynn	150.00	Rob Morgan	150.00
Ronnie Adkins	125.00	J. L. Gore	150.00		
Connie Cariker	125.00	Thurmon Murphy	150.00		
	\$1,000.00		\$1,350.00		\$2,900.00

Decorator Services

	1997	1998	1999
Booths (81) Installation/Drape Tables/Exhibit Hall Rental	\$2,100.00	\$2,059.00	\$14,455.00
Stage	2,994.00	2,056.00	2,248.00
Skirting/Draping/Stage Set-Up/Carpet	1,490.00	974.00	1,600.00
Skirted Tables/Chairs	114.00	94.00	148.00
Carpet	1,390.00	667.00	.00
Hanging Banner	.00	.00	500.00
Usher Room Rental	.00	321.00	.00
Exhibitor Badges	300.00	300.00	300.00
Convention Office (Two-way radio)	.00	.00	1,344.00
Registration	970.00	1,761.00	3,800.00
Desks	.00	175.00	1,920.00
Skirted Tables	280.00	390.00	880.00
Chairs	190.00	600.00	500.00
Electricity/Masking Drape	300.00	300.00	300.00
Easels/Trash Cans/Carpet	200.00	296.00	200.00
Total	\$6,364.00	\$6,176.00	\$22,147.00

Meal Functions			
Executive Committee	\$649.08	\$580.00	\$838.50
Coffee Breaks (2)	250.00	250.00	250.00
Luncheon (22 people @ \$26.75)	399.08	330.00	588.50
General Board Breakfast (55 people @ \$16.05)	627.55	536.25	882.75
State Leaders Breakfast (45 people @ \$16.05)	447.75	438.75	722.25
State Exec.Sec./Promo.Directors' Breakfast (25 people @ \$16.05)	248.75	243.75	401.25
Presidents' Breakfast(5 people @ \$16.05)	100.55	60.00	80.25
Total	\$2,073.68	\$1,858.75	\$2,925.00

Executive Committee

Meal And Motel Expenses (For the Executive Committee Meeting prior to the 1999 National Convention)

Gene Norris	\$300.00	Gene Norris	\$300.00	Gene Norris	\$350.00
Nathan Ruble	300.00	Nathan Ruble	300.00	Nathan Ruble	350.00
Jack Richey	300.00	Jack Richey	300.00	Jack Richey	350.00
Glen Johnson	300.00	Glen Johnson	300.00	Delmar Sparks	350.00
David Joslin	300.00	David Joslin	300.00	David Joslin	350.00
Charles Thiigpen	300.00	Charles Thiigpen	300.00	Charles Thiigpen	350.00
Total	\$1,800.00	\$1,800.00	\$2,100.00		
Pre-Convention Expenses	\$11,500.00	\$15,000.00	\$18,000.00		

2000 Contact Budget

Projected Expenses	1998	1999	2000
Printing	\$42,000.00	\$42,000.00	\$50,000.00
Postage	17,000.00	17,000.00	13,000.00
Art	2,000.00	1,500.00	2,000.00
Writers' Fees and Photos	4,500.00	4,000.00	4,000.00
Promotion	4,000.00	3,500.00	3,500.00
Computer/Services	3,000.00	3,500.00	3,500.00
Mail Services	5,700.00	6,000.00	5,000.00
Telephone	200.00	200.00	200.00
Office Supplies	3,000.00	3,600.00	3,000.00
Travel	2,500.00	2,500.00	2,000.00
Bound Copies	600.00	.00	.00
Books/Dues/Registrations/Bound Copies	1,000.00	1,000.00	2,000.00
Audit	1,000.00	1,000.00	1,000.00
Other	1,500.00	1,200.00	1,200.00
Total Expenses	\$88,000.00	\$87,000.00	\$90,400.00
Projected Income			
Convention coverage	\$12,000.00	\$12,000.00	\$ 13,000.00*
Subscriptions	76,000.00	75,000.00	77,400.00**
Total Income	\$88,000.00	\$87,000.00	\$90,400.00

* Three issues

** Based on 6,450 subscriptions @ \$12.00 per year

1999 **Gift Goals for Executive Office**

States	Membership	Gift Goals
Alabama	18,479	\$ 33,277.14
Arizona	247	444.80
Arkansas	19,701	35,477.73
California	3,209	5,778.80
Canada	259	466.41
Colorado	143	257.52
Florida	5,730	10,318.63
Georgia	9,906	17,838.81
Hawaii	40	72.03
Idaho	256	461.01
Illinois	3,606	6,493.72
Indiana	1,697	3,055.97
Iowa	0	.00
Kansas	135	243.11
Kentucky	16,648	29,979.86
Louisiana	106	190.89
Maryland	1,768	3,183.83
Mexico	0	.00
Michigan	3,544	6,382.07
Mississippi	3,934	7,084.38
Missouri	14,813	26,675.38
Montana	10	18.01
Nebraska	0	.00
New Jersey	110	198.09
New Mexico	84	151.27
North Carolina	23,341	42,032.68
Northeast Assoc.	238	428.59
Northwest Assoc.	328	590.67
Ohio	10,194	18,357.44
Oklahoma	23,369	42,083.09
Pennsylvania	0	.00
Puerto Rico	0	.00
South Carolina	8,987	16,183.87
South Dakota	0	.00
Tennessee	19,461	35,045.54
Texas	2,590	4,664.09
Virgin Islands	201	361.96
Virginia	5,779	10,406.87
West Virginia	11,523	20,750.72
Wisconsin	25	45.02
Totals	210,461	\$379,000.00

Gift Goals Per Person

\$1.80

**1998 The Together Way Plan Gifts/Executive Office
Cooperative**

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00	\$.00
Arizona	.00	.00	65.03	.00	.00	116.42	.00	.00	86.00	.00	.00	97.34	364.79
Arkansas	8,291.64	6,222.92	3,915.77	6,283.04	7,032.86	5,087.76	10,743.30	7,329.89	6,196.77	5,025.30	9,719.22	5,587.25	81,435.72
California	411.74	507.41	438.30	538.31	606.55	548.27	444.51	523.02	512.27	498.22	645.12	554.89	6,228.61
Canada	1.92	2.32	6.62	.00	3.62	4.17	3.58	3.37	4.81	3.09	7.65	.00	41.15
Florida	1,499.99	.00	.00	.00	.00	3,000.00	.00	.00	2,250.00	.00	.00	2,250.00	8,999.99
Georgia	988.68	318.30	793.82	1,066.24	843.73	912.33	1,396.90	759.18	1,064.26	905.15	741.71	1,155.22	10,945.52
Illinois	1,241.97	868.45	985.41	1,039.58	996.24	1,077.83	947.70	768.75	1,216.85	802.98	863.89	1,131.76	11,941.41
Indiana	267.24	.00	205.72	.00	257.49	66.46	91.61	.00	246.96	45.59	43.56	106.36	1,330.99
Iowa	118.46	.00	83.70	.00	275.99	.00	.00	350.37	255.20	.00	219.85	.00	1,303.57
Kansas	.00	.00	15.61	2.69	1.63	.00	.00	7.13	.00	.00	6.52	.00	33.58
Kentucky	254.04	274.07	282.77	105.23	344.25	238.27	151.03	224.88	330.40	140.11	186.30	213.02	2,744.37
Louisiana	.00	.00	.00	4.50	.00	.00	.00	.00	.00	.00	.00	.00	4.50
Maryland	244.58	.00	475.34	.00	.00	.00	327.60	.00	.00	293.38	.00	50.63	1,391.53
Michigan	849.47	567.60	645.75	1,989.67	452.40	1,481.44	1,603.32	1,290.29	2,111.13	1,044.46	1,590.12	1,250.91	14,876.56
Mississippi	61.43	331.38	220.35	307.93	342.97	146.00	.00	213.64	550.08	.00	551.33	230.41	2,955.52
Missouri	.00	.00	.00	5,703.23	4,256.67	5,810.41	5,905.35	4,582.64	5,425.63	5,824.68	4,236.66	4,978.41	46,723.68
New Mexico	36.81	22.39	.00	31.46	38.43	13.62	13.70	17.75	12.33	18.86	13.03	8.33	226.71
North Carolina	587.37	499.50	745.94	605.70	572.29	811.35	432.00	744.94	330.19	632.05	157.50	282.73	6,401.56
Northeast Assoc.	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	45.00	.00	45.00
Northwest Assoc.	.00	.00	.00	.00	.00	.00	118.86	.00	.00	.00	.00	.00	118.86
Ohio	921.47	1,103.63	994.17	1,820.07	1,040.29	931.28	.00	2,865.03	819.01	1,350.64	1,173.36	1,215.61	14,234.56
Oklahoma	4,136.31	3,911.24	4,421.05	3,388.58	5,439.26	4,147.84	3,746.27	3,921.45	3,984.05	4,525.32	4,173.82	3,479.51	49,274.70
South Carolina	51.57	53.14	70.02	48.06	66.64	50.70	56.27	.00	.00	47.25	9.00	.00	452.65
Tennessee	2,006.71	224.95	380.02	614.10	641.11	416.49	912.37	1,124.18	234.45	1,070.60	496.97	594.62	8,716.57
Texas	177.89	254.33	239.79	148.99	261.91	182.22	169.45	483.70	.00	30.48	211.99	199.78	2,360.53
Virginia	22.50	11.25	11.25	11.25	11.25	11.25	.00	.00	.00	.00	.00	.00	78.75
West Virginia	.00	45.40	43.10	.00	172.65	.00	37.51	52.70	64.59	50.88	.00	35.42	502.25
Totals	\$22,171.79	\$15,218.28	\$15,039.53	\$23,708.63	\$23,658.23	\$25,054.11	\$27,101.33	\$25,262.91	\$25,694.98	\$22,309.04	\$25,092.60	\$23,422.20	\$273,733.63

**1998 The Together Way Plan Gifts/Executive Office
Designated**

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$ 81.18	\$ 135.97	\$ 149.49	\$ 225.14	\$ 548.77	\$ 119.60	\$ 89.60	\$ 191.76	\$ 162.71	\$ 112.26	\$ 102.69	\$ 236.62	\$ 2,155.79
Arizona	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Arkansas	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
California	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Canada	.00	.00	.00	.00	.00	.00	.00	.00	.00	9.43	9.52	.00	18.95
Florida	.00	.00	81.78	.00	.00	75.43	.00	.00	40.00	.00	.00	.00	197.21
Georgia	26.49	21.21	20.58	29.49	25.13	32.66	19.15	22.56	30.69	23.46	22.72	31.76	305.90
Illinois	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Indiana	76.70	92.97	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	169.67
Iowa	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Kansas	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Kentucky	25.00	25.00	25.00	25.00	.00	100.00	.00	.00	.00	25.00	.00	.00	225.00
Louisiana	10.00	.00	20.00	.00	10.00	.00	20.00	10.00	10.00	10.00	.00	20.00	110.00
Maryland	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Michigan	.00	.00	21.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	21.00
Mississippi	.00	225.10	.00	.00	90.00	92.15	.00	.00	100.00	.00	25.00	25.00	557.25
Missouri	6,439.42	4,687.54	5,225.74	.00	.00	.00	.00	.00	.00	.00	.00	.00	16,352.70
New Mexico	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
North Carolina	558.19	135.00	70.00	113.81	185.00	409.76	177.83	562.86	160.66	301.78	124.55	185.00	2,984.44
Northeast Assoc.	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Assoc.	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	35.00	10.00	10.00	10.00	10.00	35.00	.00	20.00	35.00	35.00	35.00	35.00	270.00
Oklahoma	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	300.00
South Carolina	376.47	85.63	343.73	179.52	324.46	154.18	127.33	376.44	500.07	257.58	325.31	363.33	3,414.05
Tennessee	639.25	557.74	313.44	1,461.77	772.20	917.33	504.03	971.91	369.85	800.75	726.62	387.62	8,422.51
Texas	27.13	105.57	20.83	48.17	55.84	33.10	46.75	36.89	.00	29.68	35.48	126.15	565.59
Virginia	.00	.00	44.99	.00	68.84	.00	.00	59.42	89.55	.00	.00	.00	262.80
West Virginia	30.97	30.97	30.97	30.97	.00	30.97	30.97	30.97	32.60	32.60	32.60	32.60	347.19
Totals	\$8,350.80	\$6,137.70	\$6,402.55	\$2,148.87	\$2,115.24	\$2,025.18	\$1,040.66	\$2,307.81	\$1,556.13	\$1,662.54	\$1,464.49	\$1,468.08	\$36,680.05

The Together Way Gift Goals — 1999

States	Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	FWB Foundation	Theological Integrity	Historical Commission	Music Commission	Media Commission	WNAC	NYC	Totals	%
1998 Budgets		\$379,000.00	\$5,565,821.00	\$1,200,000.00	\$3,500,000.00	\$361,014.00	\$150,150.00	\$119,325.00	\$2,800.00	\$4,375.00	\$7,100.00	\$18,675.00	\$238,375.00	\$50,000.00	\$11,596,635.00	100.00%
Alabama	18,479	33,277.14	488,692.95	105,362.99	307,308.72	31,697.93	13,183.54	10,477.03	245.85	384.14	623.40	1,639.71	20,929.92	4,390.12	1,018,213.44	8.78%
Arizona	247	444.80	6,532.13	1,408.34	4,233.69	423.69	176.22	140.04	3.29	5.13	8.33	21.92	279.76	58.68	13,609.98	.12%
Arkansas	19,701	35,477.73	521,009.78	112,330.55	327,630.77	33,794.08	14,055.36	11,169.87	262.10	409.54	664.62	1,748.14	22,314.00	4,680.44	1,085,546.98	9.36%
California	3,209	5,778.80	84,864.75	18,296.98	53,366.18	5,504.55	2,289.41	1,819.41	42.69	66.71	108.26	284.75	3,634.62	762.37	176,819.48	1.52%
Canada	259	466.41	6,849.48	1,476.76	4,307.21	444.28	184.78	146.85	3.45	5.38	8.74	22.98	293.35	61.53	14,271.20	.12%
Colorado	143	257.52	3,781.76	815.35	2,378.11	245.29	102.02	81.08	1.90	2.97	4.82	12.69	161.97	33.97	7,879.45	.07%
Florida	5,730	10,318.63	151,534.75	32,671.14	95,290.81	9,828.95	4,087.98	3,248.74	76.23	119.11	193.30	508.44	6,489.99	1,361.30	315,729.37	2.72%
Georgia	9,906	17,838.81	261,972.64	56,481.72	164,738.36	16,992.24	7,067.28	5,616.40	131.79	205.92	334.18	879.00	11,219.86	2,353.41	545,831.61	4.71%
Hawaii	40	72.03	1,057.83	228.07	665.21	68.61	28.54	22.68	.53	.83	1.35	3.55	45.31	9.50	2,204.04	.02%
Idaho	256	461.01	6,770.14	1,459.65	4,257.32	439.13	182.64	145.14	3.41	5.32	8.64	22.72	289.95	60.82	14,105.89	.12%
Illinois	3,606	6,493.72	95,363.75	20,560.58	59,968.36	6,185.55	2,572.64	2,044.49	47.97	74.96	121.65	319.97	4,084.27	856.69	198,694.60	1.71%
Indiana	1,697	3,055.97	44,878.62	9,675.90	28,221.38	2,910.95	1,210.70	962.15	22.58	35.28	57.25	150.58	1,922.08	403.16	93,506.60	.81%
Iowa	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Kansas	135	243.11	3,570.19	769.74	2,245.07	231.57	96.31	76.54	1.80	2.81	4.55	11.98	152.91	32.07	7,438.65	.06%
Kentucky	16,648	29,719.86	440,270.57	94,923.05	276,858.90	28,557.12	11,877.25	9,438.91	221.49	346.07	561.63	1,477.24	18,856.07	3,955.13	917,323.31	7.91%
Louisiana	106	190.89	2,803.26	604.39	1,762.80	181.83	75.62	60.10	1.41	2.20	3.58	9.41	120.06	25.18	5,840.73	.05%
Maryland	1,768	3,183.83	46,754.27	10,080.73	29,402.12	3,032.74	1,261.35	1,002.40	23.52	36.75	59.64	156.88	2,002.49	420.03	97,418.75	.84%
Mexico	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Michigan	3,544	6,382.07	93,724.11	20,207.07	58,937.29	6,079.20	2,528.41	2,009.34	47.15	73.67	119.56	314.47	4,014.05	841.96	195,278.35	1.68%
Mississippi	3,934	7,084.38	104,037.99	22,430.76	65,423.05	6,748.18	2,806.65	2,230.46	52.34	81.78	132.72	349.08	4,455.78	934.61	216,767.78	1.87%
Missouri	14,813	26,675.38	391,742.44	84,460.30	246,342.55	25,409.46	10,568.10	8,398.52	197.07	307.93	499.72	1,314.41	16,777.69	3,519.18	816,212.75	7.04%
Montana	0	18.01	264.46	57.02	166.30	17.15	7.13	5.67	.13	.21	.34	.89	11.33	2.38	551.02	.00%
Nebraska	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
New Jersey	110	198.09	2,909.04	627.19	1,829.32	188.69	78.48	62.37	1.46	2.29	3.71	9.76	124.59	26.13	6,061.12	.05%
New Mexico	84	151.27	2,221.45	478.95	1,396.73	144.09	59.93	47.63	1.12	1.75	2.83	7.45	95.14	19.96	4,628.50	.04%
North Carolina	23,341	42,032.68	617,272.69	133,084.99	388,184.55	40,037.95	16,652.26	13,233.64	310.53	485.21	787.42	2,071.14	26,436.78	5,545.21	1,286,115.05	11.09%
Northwest Assoc.	238	428.59	6,294.11	1,357.02	3,957.98	408.25	169.80	134.94	3.17	4.95	8.03	21.12	269.57	54.54	13,114.07	.11%
Ohio	10,194	18,357.44	269,580.04	58,123.33	169,527.85	17,484.65	7,577.49	6,331.42	135.42	211.91	343.90	904.55	11,546.06	2,421.83	281,773.72	2.43%
Oklahoma	23,369	42,083.09	618,013.16	133,744.64	388,630.21	40,068.01	16,672.22	13,249.49	310.93	485.78	788.37	2,074.62	26,468.46	5,551.88	1,287,657.86	11.10%
Pennsylvania	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Puerto Rico	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
South Carolina	8,987	16,183.87	237,668.90	51,241.80	149,455.24	15,415.84	6,411.63	5,095.36	119.54	186.82	303.18	797.45	10,178.97	2,135.07	495,193.69	4.27%
South Dakota	0	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00%
Tennessee	19,461	35,045.54	514,662.78	110,962.13	323,639.53	33,382.40	13,884.14	11,033.80	258.91	404.55	656.53	1,728.85	22,042.16	4,623.42	1,072,322.74	9.25%
Texas	2,590	4,664.09	68,494.76	14,767.58	43,072.11	4,442.75	1,847.79	1,468.45	34.46	53.84	87.37	229.82	2,933.52	613.82	142,711.86	1.23%
Virgin Islands	201	361.96	5,315.62	1,146.06	3,342.66	344.79	143.40	113.96	2.67	4.18	6.78	17.84	227.66	47.75	11,075.33	.10%
Virginia	5,779	10,406.87	152,830.59	32,950.52	96,105.69	9,913.00	4,122.93	3,276.52	76.88	120.13	194.94	512.79	6,545.48	1,372.94	318,429.30	2.75%
West Virginia	11,523	20,750.72	304,735.58	65,701.48	191,629.33	19,765.96	8,220.90	6,533.19	153.30	239.54	388.73	1,022.48	13,051.33	2,737.56	634,930.10	5.48%
Wisconsin	25	45.02	661.15	142.54	415.75	42.88	17.84	14.17	.33	.52	.84	2.22	28.32	5.94	1,377.52	.01%
Totals	210,461	\$379,000.00	\$5,565,821.00	\$1,200,000.00	\$3,500,000.00	\$361,014.00	\$150,150.00	\$119,325.00	\$2,800.00	\$4,375.00	\$7,100.00	\$18,675.00	\$238,375.00	\$50,000.00	\$11,596,635.00	100.00%
Gift Goals Per Person		1.80	26.45	5.70	16.63	1.72	.71	.57	.01	.02	.03	.09	1.13	.24	55.10	

The Together Way Gift Goals — 1998

States	Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	FWB 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	\$355,665.00	\$143,000.00	\$108,450.00	\$2,400.00	\$4,375.00	\$11,700.00	\$9,850.00	\$225,516.00	\$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	1,225.18	3,341.41	396.14	159.27	120.79	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	10,724.05	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	2,098.29	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	7,026.53	5,328.86	117.93	214.97	574.90	484.00	11,081.08	2,456.83	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	122.30	92.75	2.05	3.74	10.01	8.42	192.87	42.76	8,887.10	0.09%
Illinois	4,085	7,515.43	101,771.08	22,343.16	60,935.89	7,224.25	2,904.61	2,202.83	48.75	88.86	237.65	200.07	4,580.67	1,015.60	211,068.85	2.03%
Indiana	1,300	2,391.69	32,387.37	7,110.43	19,392.08	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	58.31	12.93	2,686.80	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	8,473.74	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	850,682.45	8.19%
Louisiana	49	90.15	1,220.75	268.01	730.93	86.64	34.84	26.42	0.58	1.07	2.85	2.40	54.95	12.18	2,531.79	0.02%
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	83,084.17	0.80%
Mexico	2,363	4,347.36	58,870.27	12,924.57	35,248.84	4,178.93	1,680.19	1,274.25	28.20	51.40	137.47	115.73	2,649.73	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	2,269.65	1,721.28	38.09	69.44	185.70	156.34	3,579.32	793.58	164,928.23	1.59%
Mississippi	3,317	6,102.49	82,637.62	18,142.54	49,479.65	5,866.06	2,358.53	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	213,907.59	25,360.05	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
New Jersey	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
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%
Northwest Assoc.	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Northwest Assoc.	299	550.09	7,449.10	1,635.40	4,460.18	528.78	212.60	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	56,992.83	155,435.00	18,427.60	7,409.07	5,618.98	124.35	226.48	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Puerto Rico	45	82.79	1,121.10	246.13	671.26	79.58	32.00	24.27	0.54	0.98	2.62	2.20	50.46	11.19	2,325.12	0.02%
South Carolina	4,998	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	4,030.19	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	12,662.04	34,532.82	4,094.04	1,646.06	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	10,415.43	143,550.10	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	560,301.31	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	62.80	13.92	2,893.50	0.03%
Totals	201,113	\$370,000.00	\$5,010,401.00	\$1,100,000.00	\$3,000,000.00	\$355,665.00	\$143,000.00	\$108,450.00	\$2,400.00	\$4,375.00	\$11,700.00	\$9,850.00	\$225,516.00	\$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	

The Together Way Totals — 1998

*FM—Other includes miscellaneous sources, states and interest income.
EMERG—Other includes gifts to Rehabilitation Commission. Alumni claim the Land Commission. Warbling Gits and gifts from foreign countries.

*FM—Other includes miscellaneous sources, states and interest income.
EMERG—Other includes gifts to Rehabilitation Commission. Alumni claim the Land Commission. Maritime Gifts and gifts from foreign countries.

FWB88—Other includes gifts to Kaeccation Campaign, Alumni, estate gifts, Warm the Living Campaign, warming tents and gifts from foreign countries.

*HAW—Other includes interest, miscellaneous sources and states. Total include \$189,877.74 given in state but does not include value Conference or Tournament fees. Dinner ticket sales or restricted Endowment contributions

*Norser's Men—total includes \$188,872.76 given in stock, but 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.

[illegible][illegible]

1. *Journal of the American Medical Association*, 1997; 277: 1001-1005.

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

Financial Statements

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

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

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, 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 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, 1998 and 1997, and its changes in net assets for the years then ended in conformity with generally accepted accounting principles.

Hill, Harper & Associates, P.C.

May 11, 1999

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

**Statements of Financial Position
December 31, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
<u>Assets</u>		
Cash and interest bearing deposits	\$ 617	28,367
Accounts receivable:		
Master's Men (rent, interest and other charges)	93,304	97,552
Other departments and unbilled items	27,650	28,574
Total accounts receivable	120,954	126,126
Allowance for Master's Men outstanding balance	—	97,500
Net accounts receivable	120,954	28,626
Prepaid expenses	1,623	1,623
Property and equipment:		
Land and land improvements	209,671	209,671
Building	1,309,865	1,300,928
Building services equipment	69,441	47,520
Departmental workstations	64,135	64,135
Departmental van	13,769	13,769
	1,666,881	1,636,023
Less accumulated depreciation	507,230	456,043
Net property and equipment	1,159,651	1,179,980
Loan costs, net of amortization	2,889	3,214
	<u>\$1,285,734</u>	<u>1,241,810</u>
<u>Liabilities and Net Assets</u>		
Notes payable and long-term debt	\$229,619	282,169
Accounts payable and accrued expenses	5,971	2,661
Rents collected in advance	—	6,114
Total liabilities	235,590	290,944
Net assets:		
Operations	117,223	49,841
Net investment in property, plant and equipment	932,921	901,025
Total net assets	1,050,144	950,866
	<u>\$1,285,734</u>	<u>1,241,810</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, 1998 and 1997**

	<u>Unrestricted Funds</u>		<u>Capital</u>		
	<u>Operations</u>	<u>Services for</u>	<u>Stewardship</u>	<u>1998</u>	<u>1997</u>
Revenues:	Departments	Campaign	Totals	Totals	
Building rental and other revenues	\$243,948	—	—	243,948	240,566
Sale of property: (note 3)					
Interest income	—	—	—	—	15,450
Gain recognized	—	—	—	—	319,421
Contributions, net of campaign expenses	—	—	11,430	11,430	14,525
Reimbursement from departments	—	334,055	—	334,055	326,584
Other	4,924	—	—	4,924	619
Recovery of doubtful accounts	97,500	—	—	97,500	12,500
Net assets released from restrictions and departmental reimbursements	345,485	(334,055)	(11,430)	—	—
Net revenues	691,857	—	—	691,857	929,665
Expenses:					
Expenses incurred for departments:					
Employee benefits	181,269	—	—	181,269	171,363
The Together Way Plan	23,855	—	—	23,855	25,614
Leadership Conference	23,397	—	—	23,397	22,199
Property and liability insurance	32,449	—	—	32,449	12,725
Telephone	16,427	—	—	16,427	19,791
Mailroom and other	68,552	—	—	68,552	63,253
Interest expense - telephone	1,392	—	—	1,392	—
	347,341	—	—	347,341	314,945
Building operating expenses:					
Salaries	37,010	—	—	37,010	30,818
Payroll taxes	2,831	—	—	2,831	2,122
Employee benefits	12,544	—	—	12,544	10,489
Janitorial services	24,139	—	—	24,139	19,819
Depreciation	73,100	—	—	73,100	67,938
Amortization of loan costs	325	—	—	325	325
Audit and legal	5,853	—	—	5,853	4,876
General insurance	12,210	—	—	12,210	12,512
Interest expense	18,092	—	—	18,092	48,679
Supplies and office expense	5,973	—	—	5,973	12,294
Utilities / telephone	25,313	—	—	25,313	26,836
Repairs and maintenance	16,623	—	—	16,623	11,865
Mailroom and other	11,226	—	—	11,226	6,646
	245,239	—	—	245,239	255,219
Total expenses	592,580	—	—	592,580	570,164
Increase in net assets	99,277	—	—	99,277	359,501
Net assets at beginning of year	950,867	—	—	950,867	591,365
Net assets at end of year	\$1,050,144	—	—	1,050,144	950,866

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, 1998 and 1997**

	<u>1998</u>	<u>1997</u>
<u>Cash Flows from Operating Activities</u>		
Net increase in net assets	\$ 99,277	359,501
Adjustments to reconcile net increase in net assets to net cash provided (used) by operating activities :		
Depreciation and amortization	73,100	67,938
Amortization of loan costs	325	325
Gain recognized on property sale	—	(319,421)
Recovery of doubtful accounts	(97,500)	(12,500)
(Increase) decrease in:		
Receivables	5,172	4,508
Increase (decrease) in:		
Accounts payable and accruals	3,310	(3,569)
Rents collected in advance	(6,114)	6,114
Accrued realtor fee	—	(27,718)
Net operating activities	<u>77,570</u>	<u>75,178</u>
<u>Cash Flows from Investing Activities</u>		
Collections from notes receivable	—	446,510
Purchase of equipment	<u>(52,770)</u>	<u>(6,922)</u>
Net investing activities	<u>(52,770)</u>	<u>439,588</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from debt related to telephone system	44,003	—
Repayment of debt	<u>(96,553)</u>	<u>(516,135)</u>
Net financing activities	<u>(52,550)</u>	<u>(516,135)</u>
Net decrease in cash	<u>(27,750)</u>	<u>(1,369)</u>
Cash and cash equivalents, at beginning of year	<u>28,367</u>	<u>29,736</u>
Cash and cash equivalents, at end of year	<u>\$ 617</u>	<u>28,367</u>
Supplemental disclosures:		
Interest paid	<u>\$20,230</u>	<u>52,335</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, 1998 and 1997**

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 and Long-term Debt

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

	<u>1998</u>	<u>1997</u>
Notes payable and long-term debt consist of the following:		
8.5% mortgage note to the Free Will Baptists Home Missions Church Extension Loan Fund, Inc secured by a first mortgage on the National Office Facility, 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 June 2000. The Fund makes additional principal payments as cash flow permits. Further, the note provides for revision of the interest rate annually.	\$188,006	282,169
8.5% installment note to the Free Will Baptist Foundation secured by telephone system. This installment obligation requires monthly payments of \$903 including principal and interest, with final payment scheduled for August 2003.	41,613	—
	<u>229,619</u>	<u>282,169</u>
Less scheduled current maturities of notes payable,		
long-term debt	<u>135,563</u>	<u>124,429</u>
Long-term portion	\$ 94,056	157,740
The following is a schedule, by years, of maturities of long term debt as of December 31, 1998.		

	<u>Long-Term Debt</u>
1999	\$135,563
2000	68,288
2001	8,988
2002	9,781
2003	6,999
Total maturities of long-term debt	\$229,619

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	15,450	446,510	—	—
Gain recognized based on collections		—	319,421	—
Realtor fee paid based on collections		—	—	27,718
Balance December 31, 1997		\$ —	—	—

(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 \$1,591 in 1998 and \$1,372 in 1997. 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) Accounts Receivable and Allowance for Master's Men Outstanding Balance

In prior years an allowance for doubtful collection of amounts owed by the Master's Men was recorded in the financial statements for services provided, such as monthly rent, insurance and other costs of operations. In April of 1999 Master's Men paid their obligation to the Fund in full, accordingly the remaining allowance has been reversed as of December 31, 1998 and taken into revenues. No additional allowance for potential uncollectible accounts is considered necessary.

(6) Presentation of Financial Statements

Certain amounts as reported in the 1997 financial statements have been reclassified to conform to current year presentation.

2000 Projected Building Services Budget

PROJECTED INCOME	1998	1999	2000
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	\$243,948.00	\$ 243,948.00	\$243,948.00
Total Income	\$243,948.00	\$243,948.00	\$243,948.00
PROJECTED EXPENSES			
Audit & Legal	\$7,000.00	\$6,000.00	\$ 10,000.00
General Supplies	3,500.00	3,500.00	3,500.00
Insurance (Plant)	11,000.00	13,000.00	18,000.00
Janitorial Services	21,000.00	21,000.00	25,000.00
Janitorial Supplies	2,500.00	2,500.00	2,500.00
Mail Room	7,000.00	6,500.00	6,500.00
Mail Truck	4,000.00	3,500.00	3,000.00
Maintenance (General/Emergency)	25,000.00	15,000.00	30,000.00
Payroll Taxes (Employer's S.S.)	2,948.82	3,066.55	3,813.25
Postage Meter/UPS	2,000.00	1,000.00	1,000.00
Retirement	1,591.19	1,654.85	1,946.94
Salaries	38,546.51	40,085.70	49,846.36
Telephone	5,000.00	4,500.00	4,500.00
Utilities	28,739.06	25,000.00	28,797.27
Home Missions' Note Payable (34,225.85)			
Principal & Interest Payments	72,955.27	86,473.75	36,963.92
Principal	60,745.05	70,549.97	34,225.85
Interest (8.0%)	12,210.22	15,923.78	2,738.07
Insurance (Employee)	11,167.15	11,167.15	11,259.55
Network Expense	.00	.00	4,000.00
Christmas Bonus/Extra Week's Salary	.00	.00	900.00
Other	.00	.00	2,420.71
Total Expenses	\$243,948.00	\$243,948.00	\$ 243,948.00

BUILDING SERVICES SALARY BREAKDOWN

	1998	1999	2000
Maintenance Superintendent			
Salary	\$21,926.08 (4%)	\$22,803.12 (4%)	\$23,715.24 (4%)
Social Security	1,677.35 (7.65%)	1,744.44 (7.65%)	1,814.22 (7.65%)
Insurance	7,971.74	7,971.74	7,971.74
Dental	586.22	586.22	586.22
Health	7,024.32	7,024.32	7,024.32
Life/Disability	361.20	361.20	361.20
Retirement	1,096.30 (5%)	1,140.16 (5%)	1,185.76 (5%)
	<u>\$32,671.47</u>	<u>\$33,659.46</u>	<u>\$34,686.96</u>

Receptionist			
(4 days a week)	40%	40%	
Salary	\$9,897.87 (4%)	\$10,293.78 (4%)	\$15,223.60 (4%)
Social Security	757.19 (7.65%)	787.47 (7.65%)	1,164.61 (7.65%)
Insurance	3,195.41	3,195.41	3,287.81
Dental	234.53	234.53	222.42
Health	2,809.73	2,809.73	2,777.28
Life/Disability	151.15	151.15	288.11
Retirement	494.89 (5%)	514.69 (5%)	761.18 (5%)
	<u>\$14,345.36</u>	<u>\$14,791.35</u>	<u>\$20,437.20</u>

Receptionist			
(1 day a week)			52 days
Salary (52 days)	\$.00 (4%/8.08hr.)	\$.00 (4%/8.40hr.)	\$3,635.84 (4%/8.74hr.)
Social Security	.00 (7.65%)	.00 (7.65%)	278.14 (7.65%)
	<u>\$.00</u>	<u>\$.00</u>	<u>\$3,913.98</u>

Part-time Worker			
(4% increase)			
Salary (104 days)	\$6,722.56 (4%/8.08hr.)	\$6,988.80 (4%/8.40hr.)	\$7,271.68 (4%/8.74hr.)
Social Security	514.28 (7.65%)	534.64 (7.65%)	556.28 (7.65%)
	<u>\$7,236.84</u>	<u>\$7,523.44</u>	<u>\$7,827.96</u>

2000 The Stewardship Office Budget

	1998	1999	2000
Honorariums	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Salary	6,900.00	6,900.00	7,000.00
Office Rent	3,600.00	3,600.00	1,000.00
Health Insurance	2,612.00	2,612.00	0.00
Travel & Promotion	8,000.00	8,000.00	7,250.00
Office Expense (Postage, phone)	4,138.00	4,138.00	10,000.00
Educational Materials	1,750.00	1,750.00	1,750.00
Totals	\$30,000.00	\$30,000.00	\$30,000.00

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

	2000 Budgets	Percent of Total Denominational Giving Budget	2000 Share
Foreign Missions	\$ 6,177,685.04	48.17%	\$14,451.00
Home Missions	4,100,000.00	31.97%	9,591.00
Bible College	1,200,000.00	9.36%	2,808.00
Retirement & Insurance	382,134.00	2.98%	894.00
Executive Office	372,000.00	2.90%	870.00
WNAC	240,561.00	1.87%	561.00
Master's Men	220,842.00	1.72%	516.00
Foundation	132,200.00	1.03%	309.00
Totals	\$12,825,422.04	100.00%	\$30,000.00
Randall House - Furnish Printing			

Sunday School and Church Training Report

This year has had many milestones and these will help the future of Randall House. To name a few, one would certainly have to mention first, *the elimination of all our long-term debts and unit sales show some increase*. Our product cost has increased requiring a price adjustment.

We have:

- (2) *Paved our parking areas* and installed new parking stops.
- (3) *Replaced the parapet under braces* on our building.
- (4) *Remodeled* some of our workers' offices.
- (5) *Purchased three G3 Mac* computers.
- (6) *Installed a new telephone and voice mail system* that will be 2000 year compliant. The new phone system will use a T1 line which will save us on both local and long distance calls and is estimated to save us about \$16,000.00 over a three year period.
- (7) *Purchased a new 2-color printing press*.

Likewise:

- (8) Our Shipping Department has *added a computer* that will enable Randall House to charge shipping costs at the time of weighing and send the information back to the Order Department. This will save paper work and having to manually do the shipping labels. UPS will furnish and maintain this system as well as furnish the label and paper products.
- (9) Home Missions and Randall House will be *promoting regional Sunday School and Church Growth seminars* led by Dr. Stan Toler under his Model Church program.
- (10) *We continue to work closely* with all other departments in an effort to help facilitate our pledges to serve our denomination and the Lord's Great Commission.
- (11) We have *replaced a ten ton air conditioner* to meet code due to leakage of freon.
- (12) At our *annual awards banquet*, we *celebrated 137 years* of combined service by 13 employees. I am grateful for our employees. They have a real desire to serve the Lord and are extremely capable. (At the present time, our total employee staff has over 450 years of combined yearly service.)
- (13) We have *changed from a fiscal year to a calendar year* beginning January 1, 1999.
- (14) The *Randall House Commentary* committee *may assign writers* to do Luke, Revelation, 1,2,3 John and Matthew. We are waiting for their writing samples. Mark is the last of the commentaries unassigned.

Randall House Publications goes into more Free Will Baptist homes than any other Christian agency; therefore, we are conscious of our responsibility. As we improve our products we are aware of the financial strain put on us, but we believe our churches and people deserve the best. Changing lives is our pledge. Please pray for our department as we continue to maintain the biblical and evangelistic base in our literature enabling more people to be won to Christ and creating an interest in their becoming missionaries for Him.

Sincerely,
Alton Loveless, General Director

**1998-1999 Minutes Summary
of the
Sunday School and Church Training Board
of the
National Association of Free Will Baptists**

The Sunday School and Church Training Board met three times this past year. Our first meeting was in Tulsa, Oklahoma during the meeting of the National Association of FWB. Board officers and standing committee members were elected for the coming year. The Board voted to send letters of appreciation to Edwin Hayes and Larry Clyatt for their years of faithful service on this Board.

Our second meeting took place in Nashville, TN following the Leadership Conference. We heard reports from our General Director, Editor-in-Chief, Treasurer and NYC Director. The Board approved the use of digital imaging instead of photographs for cover pictures. Several individuals were approved as writers. Speakers for the 1999 NYC were approved and a "Y2K" New Year's Eve activity was approved.

Our third meeting took place April 26 & 27, 1999 at RHP in Nashville, Tennessee. The Board heard and approved the auditor's report. The Board received the General Director's report and commended him for a job well done.

NYC Director Dean Jones reported concerning the work of the NYC and noted that due to the inadequate size of the Atlanta Convention Center the Wednesday evening service for the youth would not be held with the adult service this year. The theme for the 2000 NYC was approved. A three-year salary cap revision and schedule was approved. The Budget for 2000 was approved. The Board voted to approve an *Extended Care Bank* plan for employees of RHP. One new writer was approved. The Spring meeting of the Board will be at Hillsdale Free Will Baptist College, April 17, 18, 2000. The Board met and had prayer with individual departments of RHP. In keeping with current policy, the Board voted that each Board member would receive one of each item RHP publishes.

Jeff Crabtree,
Clerk

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

Financial Statements

December 31, 1998

(With Independent Auditors' Report Thereon)

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

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

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 206
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the balance sheet of Sunday School and Church Training Board and Randall House Publications as of December 31, 1998, and the related statements of activity and changes in net assets and cash flows for the thirteen month period from December 1, 1997 to December 31, 1998. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 December 31, 1998, and changes in net assets and cash flows for the thirteen month period from December 1, 1997 to December 31, 1998, in conformity with generally accepted accounting principles.

Hill, Harper & Associates, P.C.

March 30, 1999

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Balance Sheet

December 31, 1998

Assets

Current assets:

Cash and interest bearing deposits	\$ 106,013
Certificates of deposit	100,000
Cash invested with the Free Will Baptist Foundation	100,000
Accounts receivable:	
Trade, net of allowance for doubtful accounts of \$7,000	164,293
Employees and other	4,685
Total receivables	168,978
Inventory, at lower of cost (first-in, first-out method) or market	557,843
Deferred charges and prepaid expenses	13,674
Total current assets	1,046,508

Property, plant and equipment and capitalized leases, at cost:

Land	110,341
Building	709,320
Printing service equipment	471,336
Office and administrative equipment	520,108
Automobiles and trucks	51,698
	1,862,803
Less accumulated depreciation and amortization	1,225,506
Net property, plant and equipment and capitalized leases	637,297

Other assets:

Inventory, at lower of cost (first-in, first-out method) or market	351,937
Total other assets	351,937

\$ 2,035,742

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 97,481
Accrued expenses	51,264
Due to affiliated organization	429
Total current liabilities	149,174

Unrestricted net assets

1,886,568

\$ 2,035,742

Commitments

See accompanying notes to financial statements.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Statement of Activity and Changes in Net Assets

For the Thirteen Month Period from December 1, 1997 to December 31, 1998

Revenues:

Net sales:

Curriculum	\$ 1,903,975
Randall House books	91,995
Merchandise	47,724
Vacation Bible School	30,921
Bookstore	359,355
Printing	167,243
Other sales	<u>57,063</u>
Net sales	<u>2,658,276</u>
Freight and handling	116,825
Other income	55,173
Youth income from conferences and related services	164,422
Interest income	11,817
Commission income on hymnal sales	<u>54,047</u>
	<u>3,060,560</u>

Expenses:

Cost of sales:

Inventory at beginning of year	818,437
Merchandise purchases	467,916
Depreciation	53,647
Editorial	408,038
Printing production	780,644
Spanish department	<u>32,116</u>
	2,560,798
Less inventory at end of year	<u>909,780</u>
	<u>1,651,018</u>

Selling, general and administrative:

Administrative	144,792
Bookstore	119,791
Bookkeeping	252,864
Building	171,309
Sales and promotion	240,393
Shipping	227,436
General	79,649
Youth department:	
Conferences and related services	135,411
General and administrative	129,887
Depreciation	61,954
Interest expense, including finance charges	<u>4,240</u>
	<u>1,567,726</u>

Total expenses

3,218,744

Decrease in net assets from operations

176,499

Increase in net assets

18,315

Net assets, beginning of year

1,868,253

Net assets, end of year

\$ 1,886,568

See accompanying notes to financial statements.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Statement of Cash Flows

For the Thirteen Month Period from December 1, 1997 to December 31, 1998

Cash Flows from Operating Activities

Increase in net assets	\$ 18,315
Adjustments to reconcile increase in assets to net cash used by operating activities:	
Depreciation and amortization	115,601
Gain on sale of land	(176,499)
(Increase) decrease in:	
Receivables	113,557
Inventories	(91,343)
Deferred charges and prepaid expenses	20,605
Increase (decrease) in:	
Accounts payable	12,231
Accrued expenses	(13,500)
Due to affiliated organization	(2,422)
Net cash used by operating activities	<u>(3,455)</u>

Cash Flows from Investing Activities

Cash invested with Free Will Baptists Foundation	(100,000)
Proceeds from sale of land	206,499
Purchase of equipment	<u>(104,809)</u>
Net cash provided by investing activities	<u>1,690</u>

Cash Flows from Financing Activities

Repayments of debt	<u>(149,824)</u>
Net cash used by financing activities	<u>(149,824)</u>
Net decrease in cash	(151,589)

Cash at beginning of year	<u>257,602</u>
Cash at end of year	\$ <u><u>106,013</u></u>

Supplemental disclosures:	
Interest, including finance charges paid	\$ <u><u>4,240</u></u>

See accompanying notes to financial statements.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements

December 31, 1998

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

The Board adopted Statement of Financial 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.

Change in year end

In 1998, the Board changed its year end from November 30 to December 31 in order to better conform to the other organizations of the National Association of Free Will Baptists. As a result these financial statements are for a thirteen month period.

Accrual Basis

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

Inventories

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

Property, Plant and Equipment

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

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

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 the instruments. The carrying values of liabilities are not materially different from the estimated fair value of these instruments.

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.

(2) 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. Further, funds invested with the Free Will Baptist Foundation in the amount of \$100,000 are subject to risk of accounting loss. Cash and certificates of deposit deposited in a local bank are insured by the F.D.I.C. up to a maximum of \$100,000.

(3) 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 Baptists. There are two types of hymnals being warehoused and distributed by the Board; The Free Will Baptist Hymn Book, Rejoice, and The Rejoice Hymn Book for the Church at Worship.

The Free Will Baptist Hymn Book, Rejoice

The Board will invoice the customer, collect funds and remit \$6.32 to the Executive Board. As of December 31, 1998 the Board was warehousing approximately 23,000 hymnals with an estimated replacement value of \$299,000. The following summarizes the transactions under this agreement as of December 31, 1998.

	<u>1998</u>	<u>Since Inception</u>
Amount due to Executive Office at beginning of period	\$ 2,851	—
Total sales of hymnals	93,792	408,514
Less total fees earned	(49,766)	(201,987)
Less remittances made to the Executive Office	(46,448)	(206,098)
Amount due to (from) Executive Office at end of period	\$ <u>429</u>	<u>429</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 December 31, 1998 the Board was Warehousing approximately 17,000 hymnals with an estimated replacement value of \$170,000. During the thirteen month period from December 1, 1997 to December 31, 1998 the Board received \$4,281 in commissions.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(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 expense amounted to \$32,812 for the thirteen month period from December 1, 1997 to December 31, 1998. 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) 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 December 31, 1998.

	Current <u>Asset</u>	Long-term <u>Asset</u>
Bookstore merchandise	\$ 130,629	—
Printing production and preparation raw materials	68,659	—
Work in process	112,116	—
Finished literature:		
Curriculum	32,722	—
Shipping	108,717	—
Randall House Books and merchandise	65,000	25,554
Spanish curriculum	40,000	453,883
	557,843	479,437
Allowance for obsolescence	—	127,500
Total inventory	<u>\$ 557,843</u>	<u>351,937</u>

Budget 2000

Revenues

Total Sales	\$3,027,512.10
Other Income	
Freight & Handling	130,000.00
Commission on Hymnals	75,000.00
Youth Division	174,500.00
Miscellaneous Income	<u>20,000.00</u>
Total Revenues	\$3,427,012.10

Cost of Sales

Cost of Outside Purchases	\$ 475,000.00
Editorial/Graphic Arts	398,730.00
Printing Production	746,630.00
Spanish	<u>32,900.00</u>
Total Cost of Sales Expenses	\$1,653,260.00

General Expenses

Youth Division	\$ 280,467.00
Sales Division	241,730.00
Bookstore	119,400.00
Denominational Ministries	101,000.00
Administration	137,650.00
Accounting	236,550.00
Shipping	252,430.00
Building	166,130.00
General Expenses	<u>196,600.00</u>
Total General Expenses	\$1,731,957.00
Grand Total of all Expenses	<u>\$3,385,217.00</u>
Total Revenues	\$3,427,012.10
Working Capital	\$ 41,795.10

Budget 2000 Sunday School Literature

Quantity	Description	Cost	Revenue
4,421	Nursery Teacher	\$ 4.00	\$ 17,684.00
18,428	Make N Do	2.35	43,305.80
14,452	My Bible Lesson Cards	2.35	33,962.20
4,642	Nursery-Preschool Flannelgraph	9.99	46,373.58
2,701	Nursery-Preschool Teaching Pictures	9.99	26,982.99
8,529	Preschool Teacher	4.00	34,116.00
22,783	Preschool Student	2.35	53,540.05
37,052	Preschool Companion	2.35	87,072.20
23,417	Picture Lesson Cards	2.35	55,029.95
6,598	Bible Times	2.59	17,088.82
10,374	Primary Teacher	4.00	41,496.00
37,524	Primary Student	2.35	88,181.40
49,006	Primary Companion	2.35	115,164.10
3,170	Memory Verse Packet	9.50	30,115.00
8,661	Primary Days	2.59	22,431.99
3,562	Primary-Junior Flannelgraph	9.99	35,584.38
3,942	Primary-Junior Teaching Pictures	9.99	39,380.58
12,076	Junior Teacher	4.00	48,304.00
54,897	Junior Student	2.35	129,007.95
52,226	Junior Companion	2.35	122,731.10
8,477	Junior Counselor	2.59	21,955.43
5,546	Turning Point Teacher	4.00	22,184.00
2,138	Turning Point Packet	9.99	21,358.62
26,231	Turning Point Student	2.45	64,265.95
12,380	Teen Power	2.59	32,064.20
7,299	Horizon Teacher	4.00	29,196.00
2,296	Horizon Packet	9.99	22,937.04
37,346	Horizon Student	2.45	91,497.70
39,017	Bible Teacher	4.00	156,068.00
14,443	Bible Challenge	2.35	33,941.05
18,026	Visitor's Lesson Leaflets	2.35	42,361.10
4,881	Power For Living	2.59	12,641.79
16,623	Depth	2.35	39,064.05
105,521	Bible Scholar	2.35	247,974.35
225,067	Bible Scholar LP	2.50	562,667.50
302	Bible Teacher Cassette	19.99	6,036.98

Total Sunday School Literature Sales

\$2,493,765.85

C.T.S. Literature

Quantity	Description	Cost	Revenue
462	Helpers Leader's Guide	4.00	1,848.00
1,225	Helpers Packet	4.00	4,900.00
671	Discovers Leader's Guide	4.00	2,684.00
2,351	Discovers Packet	5.30	12,460.30
558	Learners Leader's Guide	4.00	2,232.00
2,653	Learners Student	2.35	6,234.55
763	Adventurers Leader's Guide	4.00	3,052.00
3,079	Adventurers Student	2.35	7,235.65
277	LifeQuest Leader's Guide	17.95	4,972.15
1,507	LifeQuest Student Handouts	2.35	3,541.45
8,824	Focus Student	2.50	22,060.00
8,309	Lifeline Student	2.35	19,526.15
	Total C.T.S. Literature Sales		\$ 90,746.25

Total Sunday School & C.T.S. Sales	\$2,584,512.10
Less Discounts to Bookstores	\$ (395,000.00)

Grand Total Literature Sales	\$2,189,512.10
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Other Sales & Income

Spanish Curriculum	\$ 36,000.00	
RHP Books	85,000.00	
Merchandise	50,000.00	
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		<u>\$ 838,000.00</u>
Total All Sales		\$3,027,512.10

Other Income

Freight & Handling	\$130,000.00	
Commission on Hymnals	75,000.00	
Youth Division	174,500.00	
Miscellaneous Income	20,000.00	
Total Other Income		399,500.00
Total Revenue		\$3,427,012.10

Expenses

Cost of Outside Purchases

Curriculum	\$ 30,000.00
Merchandise	175,000.00
Bookstore	160,000.00
Depreciation	110,000.00
	<u>\$475,000.00</u>

Editorial/Graphic Arts

Salaries	\$240,000.00
Housing	33,000.00
Travel	1,500.00
Supplies	17,000.00
Curriculum Development	1,000.00
Writer's Fees	30,000.00
Equipment Maintenance	1,000.00
Color Separations	10,000.00
Freelance Artwork	7,500.00
Conventions & Seminars	500.00
Dues & Subscriptions	300.00
Postage	600.00
Telephone	830.00
FICA	14,000.00
Retirement	9,200.00
Insurance	32,000.00
Miscellaneous	300.00
	<u>\$398,730.00</u>

Printing Production

Salaries	\$210,000.00
Travel	1,000.00
Supplies	2,500.00
Equipment Maintenance	8,000.00
Dues & Subscriptions	300.00
Stock	125,000.00
Parts	4,000.00
Ink	12,000.00
Outside Printing	430,000.00
Telephone	830.00
FICA	14,600.00
Retirement	6,000.00
Insurance	17,000.00
Camera Supplies	2,300.00
Camera Maintenance	1,200.00
Camera Film-Negatives	4,600.00
Plates	10,000.00
In House printing	(103,000.00)
Miscellaneous	300.00
	<u>\$746,630.00</u>

Spanish

Salaries	\$8,500.00
Travel	700.00
Supplies	300.00
Equipment Maintenance	300.00
In House Printing	9,000.00

Translation	4,000.00
Postage	1,600.00
Telephone	2,900.00
FICA	1,400.00
Retirement	800.00
Insurance	3,000.00
Dues & Subscriptions	200.00
Miscellaneous	200.00
	<u>\$32,900.00</u>

Total Cost of Sales

\$1,653,260.00

General Expenses

Youth Division

Salaries	\$70,300.00
Housing Allowance	14,400.00
Entertainment	500.00
Travel	10,000.00
Supplies	10,000.00
In House Printing	2,600.00
NYC '99	85,000.00
Truth & Peace '99	29,000.00
NYET '99	5,000.00
Fund Raising Expense	3,500.00
National Youth Workers' Retreats '99	17,250.00
Conventions & Seminars	300.00
Dues & Subscriptions	650.00
Postage	3,500.00
Telephone	2,500.00
FICA	5,867.00
Retirement	2,600.00
Insurance	11,000.00
Miscellaneous	500.00
Truth & Peace2 '99	6,000.00
	<u>\$ 280,467.00</u>

Sales Division

Salaries	\$ 48,000.00
Housing	11,000.00
Entertainment	500.00
Travel	7,000.00
Supplies	7,000.00
Advertising & Promotion	40,000.00
Printing & Color Separations	10,000.00
In House Printing	70,000.00
Dues & Subscriptions	300.00
Postage	31,000.00
Telephone	830.00
FICA	2,200.00
Retirement	1,600.00
Insurance	7,500.00
Conventions & Seminars	4,500.00
Miscellaneous	300.00
	<u>\$ 241,730.00</u>

Bookstore

Salaries	\$ 80,000.00
Entertainment	200.00
Travel	2,500.00
Supplies	4,000.00
In House Printing	1,000.00
Equipment Rental	2,000.00
Postage	5,500.00
Telephone	2,600.00
FICA	5,100.00
Retirement	2,000.00
Insurance	9,400.00
Advertising & Promotion	4,500.00
Dues & Subscriptions	400.00
Miscellaneous	200.00
	<u>\$ 119,400.00</u>

Denominational Ministries

Outreach Magazine	\$ 30,000.00
Church Directory	25,000.00
Spanish Literature Gifts	20,000.00
Stewardship Lessons	15,000.00
Together Way Printing	7,000.00
Korean Printing	2,000.00
Russian Printing	2,000.00
	<u>\$ 101,000.00</u>

Administrative

Salaries	\$ 72,000.00
Housing Allowance	24,000.00
In House Printing	2,200.00
Entertainment	2,000.00
Travel	12,000.00
Auto Expense	1,000.00
Auto Lease	5,600.00
Supplies	2,000.00
Equipment Maintenance	100.00
Equipment Rental	1,750.00
Conventions & Seminars	500.00
Dues & Subscriptions	300.00
Postage	400.00
Telephone	800.00
FICA	1,900.00
Retirement	4,600.00
Insurance	6,200.00
Miscellaneous	300.00
	<u>\$ 137,650.00</u>

Accounting

Salaries	\$ 140,000.00
Royalties	10,000.00
Equipment Rental	400.00
Supplies	11,000.00
Equipment Maintenance	7,500.00
Dues & Subscriptions	150.00
Postage	5,400.00
Telephone	22,000.00

FICA	10,300.00
Retirement	3,500.00
Insurance	22,000.00
Travel	1,500.00
In House Printing	2,500.00
Miscellaneous	300.00
	<u>\$ 236,550.00</u>

Shipping

Salaries	\$ 105,000.00
Supplies	18,000.00
Equipment Maintenance	2,000.00
Equipment Rental	6,000.00
Freight	90,000.00
Postage	6,000.00
Telephone	830.00
FICA	7,300.00
Retirement	2,000.00
Insurance	15,000.00
Miscellaneous	300.00
	<u>\$ 252,430.00</u>

Building

Salaries	\$ 62,000.00
Housing	0.00
Supplies	13,000.00
Equipment Maintenance	4,000.00
Building Maintenance	6,600.00
Utilities	43,000.00
Insurance (Building)	20,000.00
Telephone	830.00
FICA	4,000.00
Retirement	2,400.00
Insurance	10,000.00
Miscellaneous	300.00
	<u>\$ 166,130.00</u>

General Expenses

Auto Expense	\$ 6,900.00
Supplies	1,000.00
Equipment Maintenance	10,500.00
Equipment Rental	14,000.00
Equipment/Lease/Purchase	50,000.00
Employees' Insurance	1,200.00
Board Travel & Expense	16,000.00
Legal & Auditing	10,000.00
Taxes	13,000.00
Payroll Services	6,000.00
Interest Expense	5,000.00
Debt Retirement	50,000.00
Service Charge Expense	2,000.00
Miscellaneous	21,000.00
	<u>\$ 196,600.00</u>

Total General Expenses

\$1,731,957.00

Salaries

General Director	1998	1999	2000
Salary	\$35,283.18	\$36,341.63	\$37,795.34
Housing and Utilities	21,849.39	22,504.87	23,405.06
Social Security	4,378.68	4,499.46	4,681.83
Retirement	3,117.40	3,117.40	3,117.40
Insurance:			
Medical	4,927.91	5,805.00	6,140.70
Dental	440.76	581.88	765.36
Disability			375.12
	<u>\$69,997.32</u>	<u>\$72,820.29</u>	<u>\$78,280.81</u>

(The Board either pays mileage or furnishes a travel car.)

Editor-in-Chief			
Salary	\$23,664.68	\$24,374.62	\$25,186.29
Housing Allowance	16,640.00	\$17,139.20	17,709.93
Social Security	3,083.00	3,175.81	3,281.56
Retirement	2,015.00	2,015.00	2,015.00
Insurance:			
Life	164.76	164.76	164.76
Medical	5,278.00	5,805.00	6,140.70
Dental	582.00	581.88	765.36
Disability	213.00	213.00	270.24
	<u>\$51,640.44</u>	<u>\$53,469.27</u>	<u>\$55,533.84</u>

Youth Division Director			
Salary	\$31,200.00	\$17,736.00	\$18,806.12
Housing Allowance		14,400.00	14,400.00
Social Security	2,387.00	2,458.40	2,540.26
Retirement	1,560.00	1,560.00	1,560.00
Insurance:			
Life	85.20	85.20	85.20
Medical	5,278.00	5,805.00	6,140.70
Dental	582.00	581.00	765.36
Long-term Care	18.00	18.00	18.00
Disability	165.00	165.00	217.92
	<u>\$41,275.20</u>	<u>\$42,808.60</u>	<u>\$44,533.56</u>

Cost Comparisons 1999

	SP	GL	ST	**UGP	AY	DCC	RHP
Nursery Teacher	4.79	4.79	4.59	1.45	4.79	4.79	3.80
Teacher's Resource Packet	9.99	10.99	10.99	6.25	10.99	10.99	9.50
Pupil's Handwork	2.69	2.69	2.59	1.45	2.69	2.69	2.15
Bible Lesson Cards	2.49	.00	.00	.85	2.69	.00	2.15
Preschool Teacher	4.79	4.79	4.59	1.45	4.79	4.79	3.80
Teacher's Resource Packet	9.99	10.99	10.99	6.25	10.99	10.99	9.50
Preschool Student	2.69	.00	.00	1.45	.00	2.69	2.15
Preschool Workbook	2.69	2.69	2.59	.00	2.69	2.69	2.15
Picture Lesson Cards	.00	.00	1.99	.85	2.69	.00	2.15
Primary Teacher	4.79	4.79	4.59	1.45	4.79	4.79	3.80
Visual Packet	9.99	10.99	10.99	6.25	10.99	10.99	9.50
Primary Student	2.69	.00	.00	1.45	2.69	2.69	2.15
Primary Workbook	.00	2.69	2.59	1.35	2.69	2.69	2.15
*Memory Verse Packet	.00	.00	.00	.00	.00	.00	8.95
Junior Teacher	4.79	4.79	4.59	1.45	3.79	4.79	3.80
Visual Packet	9.99	10.99	10.99	6.25	.00	10.99	9.50
Junior Student	2.69	.00	.00	1.65	2.99	2.69	2.15
Junior Workbook	.00	2.69	2.59	1.65	2.89	.00	2.15
Teen Teacher	4.79	16.99	4.59	1.55	4.69	4.79	3.80
Visual Packet	9.99	.00	10.99	.00	.00	10.99	9.50
Teen Student	2.69	.00	3.09	1.65	2.99	2.69	2.30
Teen Workbook	.00	.00	.00	.00	.00	.00	***.00
High Teen Teacher	4.79	16.99	4.59	1.75	4.69	4.79	3.80
Visual Packet	9.99	.00	10.99	.00	.00	10.99	9.50
High Teen Student	3.99	.00	3.09	1.65	2.99	2.69	2.30
High Teen Workbook	.00	.00	.00	.00	.00	.00	***.00
Lifeline (Teen Devotional)	.00	.00	.00	.00	.00	.00	*2.15
Bible Teacher (Young Adult)	.00	.00	.00	1.75	4.69	.00	3.80
Bible Challenge	.00	.00	.00	1.65	.00	.00	2.15
Bible Teacher	4.79	19.99	4.59	3.75	4.69	4.79	3.80
Bible Scholar	2.69	6.99	2.59	1.85	3.29	2.79	2.15
Bible Scholar Large Print	3.79	.00	3.49	.00	3.99	2.99	2.35
Depth (Adult Devotional)	.00	.00	2.99	.00	.00	2.69	*2.15
Visual Packet	.00	.00	10.99	.00	.00	10.99	.00
Visitor's Lesson Leaflet	.00	.00	.00	.00	2.79	2.69	2.15

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.

Free Will Baptist Foreign Missions

Digest of Reports – 1999

By James Forlines, General Director

In the entire history of the Church, it never has been more exciting to be involved in world evangelism than it is today. The possibilities and opportunities at this moment in time were not even thought of a few years ago. People groups—kept from a gospel witness by laws, decrees, geographic, religious and cultural isolation—are now reachable. Roadblocks which once stymied efforts are now viewed as challenges which can be overcome. Free Will Baptists are poised for such a time as this.

We all owe a debt of gratitude to Brother R. Eugene Waddell. His keen insight and wisdom have been invaluable over the four decades he had affiliation with the department. We are positioned in such an advantageous way because of his foresight. On December 31, 1998, Mr. Waddell officially retired. He will be sorely missed.

1998-99 — A Year to Remember

In Revelation 5 we get a glimpse of what occurs in the throne room of Heaven. The Lion of the tribe of Judah prevails to open the seven-sealed book. The 24 living creatures fall down before the Lamb and they sing a new song. The song declares the glory of the Lamb because He opens the book with the seals. He is worthy of praise because He "... redeemed us to God by [His] blood out of every kindred, and tongue, and people, and nation" (v.9). It is exciting to think that some of those "nations" (people groups) will be in Heaven as a result of the work of Free Will Baptists.

I'm sure great joy is expressed in Heaven over the 1,703 people in 13 countries who made professions of faith in Christ last year through the efforts of Free Will Baptist Foreign Missions. We can now report 102 organized churches and 259 mission works with a combined average attendance of 11,236 (15% gain over the 9,769 of the previous year). Reports show we now have 43 ordained national pastors and 322 licensed and lay preachers. Six Bible institutes are training 146 students to join in the cause of world evangelism.

Our older fields have reported significant gains during 1998. India recorded 509 conversions with an average attendance of over 4,000. The north Indian church crossed over the border into Nepal and has established seven Nepalese Free Will Baptist churches in this Hindu kingdom. Sherwood Lee, board member, and I attended the annual conference in February on the Sonapur compound with around 2,000 in attendance. The joy was tempered by the wreath-laying ceremony on Marie Hanna's grave and the reminder of the cost we must pay if we intend to reach the world. Continue to pray for Brother Carlisle as he continues to labor in this fruitful vineyard which has not always been so responsive.

In the midst of poverty the Cuban church continues to reach out with fervor. Over 500 people gathered in February of this year for their annual convention. They reported 384 conversions with an average attendance of 2,292 (up from 1,783 last year).

A few years ago Free Will Baptists in Japan found themselves with only one national pastor. Today four ordained Free Will Baptist pastors (all supported by their churches) are active, and several other prospects appear on the horizon. Though it continues to be a difficult field, we rejoice with missionaries and nationals for the 20 souls who accepted Christ in 1998.

The church in Ivory Coast continues its path toward maturity and autonomy. The Bible institute continues to yield results as seven ordained pastors and 25 licensed preachers labor for the harvest. In 1998 alone 383 people prayed to receive Christ as Savior.

Brazil reported 99 conversions in their churches and attendance ballooned to 948, up 265 over the 683 reported the year before.

France and Uruguay have been very challenging and discouraging fields. The spiritual darkness in these countries is powerful. But the light of the glorious gospel is shining and people are getting saved – 57 in these two countries. Optimism is growing in Spain as three missionary couples continue their language training. Even during their language training they are piercing the darkness with the message of Christ.

Exciting things are happening in Panama. We are receiving very good reports of the contact Eddie and LaRhonda Bowerman are having with the Kuna Indians. We still pray for a people movement there.

In the midst of the total economic collapse in Russia, Free Will Baptists are giving hope. The Russian Baptist churches we support saw 157 conversions in 1998. In the spring of this year Mike and Cathy Corley from Alabama moved to Chelyabinsk, Russia, to become the first American Free Will Baptist missionaries to that country.

The Lord has proven true on His promise that He would build His Church and that the gates of Hell could not prevail against it.

New Opportunities, Open Doors, and Adversity

Since the last National Association other advances have been made. Free Will Baptists sent our first missionaries into a restricted access country. God is honoring their sacrifice. Though we cannot share public information because of security issues, we do trust that their efforts are supported by much prayer.

Free Will Baptists also employed our first Asian missionary, Dr. Young Chool (John) Chang. His desire is to plant a Free Will Baptist movement in South Korea, including a Bible institute. The ultimate goal is to be a missions sender to the unreached areas of Asia.

We can expect the response of the forces of darkness when we shine the Light, and such has been the case. Our missionaries live in a very dangerous world. Jerry Pinkerton was car-jacked at gunpoint in Abidjan, Ivory Coast, and freed half an hour later. Curt Holland in Brazil has been robbed twice, once at gunpoint. Traffic accidents have seriously affected the ministries of Mike Cousineau (Ivory Coast) and Eddie Bowerman (Panama). But greater is He that is in us than he that is in the world.

We grieve with the families over the deaths of two outstanding men on our fields: Gilberto Diaz (Cuba) and Kontin Paul (Ivory Coast). Both of these men sacrificed significantly for the Lord's cause.

Board Meetings and Actions

National Association Meeting

A breakfast meeting of the board was held at the National Association in Tulsa, Oklahoma, on June 16, 1998. Three new board members (Terry Eagleton, Sherwood Lee, and Doug Little) were welcomed to the board. The only action taken during the meeting was the acceptance of the resignation of Mark and Kathy Paschall. They expressed appreciation for the Paschalls' service in Côte d'Ivoire.

Missions Retreat Meeting

The board met July 27-29, 1998, at Free Will Baptist Bible College in conjunction with the annual Foreign Missions Retreat. Members present were Bill Jones, chairman; Milton Worthington, vice-chairman; William Reagan, Terry Eagleton, Sherwood

Lee, Bill Van Winkle, and David Williford. The following actions were taken:

The board decided to accept and receipt monies through the department for disaster relief in New Guinea and distribute the money through appropriate agencies working there.

The board granted affiliate status for one year to Craig Portell to work with ELI in Mongolia.

Semi-Annual Meeting

The semi-annual meeting of the board was held at the National Offices building on December 7-10, 1998. All board members were present.

The board granted Paul and Rhoda Creech a leave of absence for one year to begin on June 1, 1999.

The board approved 12 college students to serve in France with Team Renaissance in the summer of 1999. Also approved to short-term assignments in France were Matthew and Cristina Price, Jeremy Maxwell, and Adam Morgan. Nine other students were appointed as overseas apprentices for the summer. Eleven teenagers were selected to serve with TEAM Spain '99 in the Madrid area of Spain.

The board appointed Dr. Young Chool (John) Chang to serve as Missions Consultant/Coordinator to Korea. To clarify the direction the board stated, "It is our vision that Dr. Chang will develop a program to establish a Free Will Baptist church in Korea, and set up a program for the purpose of training missionaries who will carry the gospel, beginning in Korea and expanding into other Pacific Rim countries."

The board granted affiliate status to Jeff and Melissa Lunsford to work with ELI in Mongolia.

The board voted to continue using the auditing firm of Hinton, Warren, Denney and Wallace.

The board accepted the recommendation that we phase out the present educational funding in Russia and support a correspondence school program at a cost of \$10,000 annually. They also agreed to supply teachers for all Bible and theology classes.

The board voted to give R. Eugene Waddell an automobile and a monetary gift upon his retirement. Mr. Waddell served as general director for 12 years, associate director for five years, and as a board member for 22 years.

The board granted the request of the Ivory Coast Field Council to transfer the deeds on the properties for the youth centers at Bondoukou and Bouna to the Ivorian Free Will Baptist church.

The board directed the administrative staff to develop a plan that will lead to a comprehensive program of member care for our missionaries, such as family needs, single adults, marriage enrichment, MK needs and crisis responses.

The board appointed the following missionaries to serve as field council chairmen: Brazil-Jim Cowart; France-Jerry Gibbs; India-Carlisle Hanna; Ivory Coast-Clint Morgan; Japan-Ken Bailey; Panama-Stan Bunch; Spain-Jeff Turnbough; and Uruguay-Dennis Owen.

Annual Meeting

The annual meeting of the board was held at the National Offices building on April 20-22, 1999. Bill Van Winkle was absent due to a back injury. The following actions were taken:

The board granted affiliate status to Alyssa Hampton and Wes Holland to work with ELI in China.

The board granted Jalayn Martens a leave of absence for one year to begin on March 1, 1999.

The board authorized the staff to continue pursuing the feasibility of opening a work in Nepal.

The board accepted the proposed structure of staff reorganization as recommended by the general director. This will increase the staff to six directors.

The board approved \$40,000 for Korean pastors' support in 1999 and \$5,000 for the Korean pastors' conference in October 1999. They extended an invitation to four representatives from Korea to attend the U.S. National Association in Atlanta. They also approved Dr. Chang's 1999 ministry budget of \$128,124.48 for the field of Korea. The general director was directed to continue the investigation of missions opportunities in North Korea and research the feasibility of purchasing a building in Seoul, Korea, for starting a Bible institute.

The board adopted a year 2000 budget of \$6,177,685.04 with VISION projects of \$2,040,500.00 for a total budget of \$8,218,185.04.

The board voted that the Foreign Missions office be officially closed during the National Association.

The board approved the recommendation of the Brazilian Field Council to sell the apartment in Campinas.

A \$40,000 VISION project was approved to assist the Panama National Association in building an associational headquarters building.

They authorized a \$7,000 VISION project to repair and repave the road to the seminary property in Cuba and a \$30,000 VISION project to repair and improve the Willey property in Cuba.

The board voted to change the policy of reappointing missionaries during the last board meeting prior to their return to the field. They will be reappointed during the first board meeting after the missionary's return to the States.

The board accepted the general director's report concerning the joint sponsorship with the Home Missions Department of the "United in Vision through Prayer" conference at the National Association in Atlanta.

The following officers were elected:

Chairman – Bill Jones

Vice-Chairman – Milton Worthington

Secretary – David Shores

A Record Year in Giving

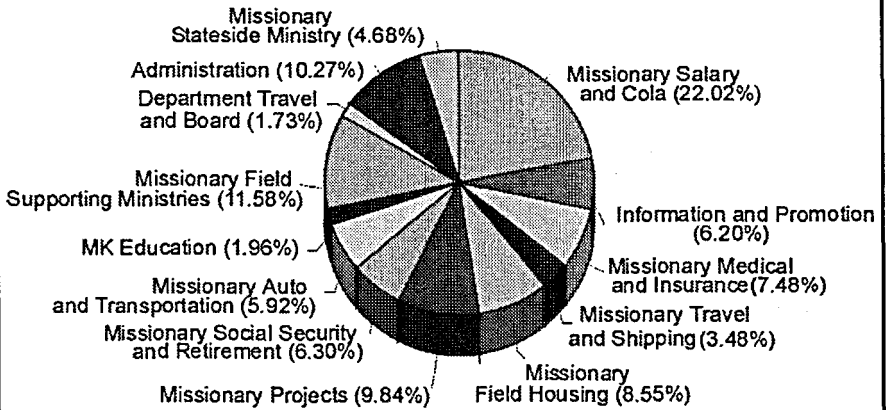
We are grateful for 74 churches who gave over \$10,000 in 1998.

Please note the graphs which show our expenditures and the way the missionary's dollar was spent.

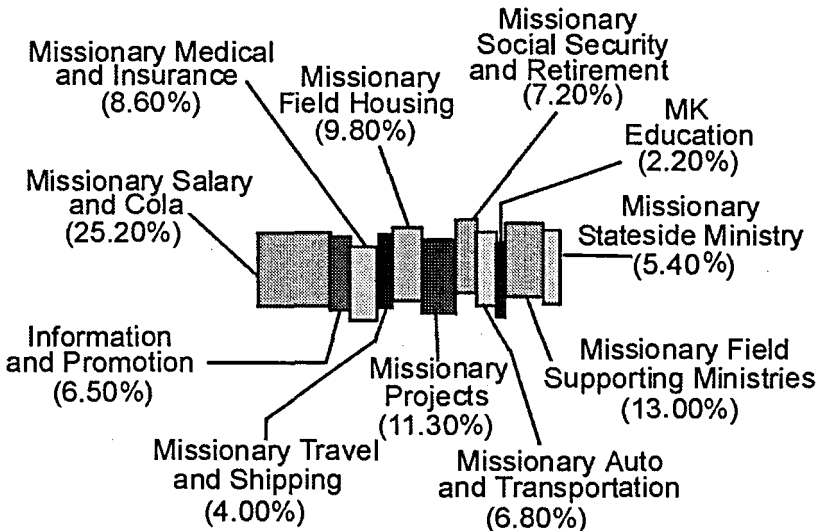
I want to offer special recognition to the top 10 states in giving during 1998:

1. Tennessee\$828,496
2. North Carolina626,372
3. Oklahoma473,973
4. Missouri439,173
5. Arkansas426,401
6. South Carolina379,401
7. Alabama295,161
8. Mississippi256,417
9. Georgia227,236
10. Michigan205,918

Total Expenditures for 1998



The Missionary Dollar And How It Was Spent



Endowments at Foundation to the benefit of Foreign Missions

Year	Endowed Amount	Earnings Received
1998	\$287,091.86	\$21,180.00
1997	282,753.65	28,888.54

Amount of Future Endowments upon death of donor

Total planned Gifts	\$261,000.00
Amount of direct gifts	<u>25,000.00</u>
Amount towards endowments	\$236,000.00

These states are to be commended for reaching or surpassing their suggested goals in 1998:

- | | | |
|-------------|---------------------|--------------------|
| 1. Alabama | 7. Louisiana | 13. Oklahoma |
| 2. Arkansas | 8. Maryland | 14. South Carolina |
| 3. Colorado | 9. Michigan | 15. Tennessee |
| 4. Florida | 10. Missouri | 16. New Mexico |
| 5. Georgia | 11. Mississippi | |
| 6. Idaho | 12. Northeast Assn. | |

Tribute to a Dedicated Staff

Soldiers on the front line need people working behind the lines in logistics and support. Leading men and ladies in the theatre count on their supporting cast. Nascar drivers will never win a race without an efficient pit crew. Ask any pastor how many people must be working behind the scenes for things to go smoothly.

That is the role of the board and home office staff of Free Will Baptist Foreign Missions. Our role is two-fold and very simple: (1) take care of as many details as possible to allow our front-line missionaries to concentrate on reaching people for Christ; and (2) mobilize a denomination to take seriously the call of Christ to take His gospel to the ends of the earth. Your board and home office staff take these responsibilities seriously. They exist to serve you as a denomination, as well as our missionaries.

No one could ever have a better staff than we have in the Department of Foreign Missions. We are 100 percent dedicated to being a part of that worldwide evangelistic team which is making a difference for Christ.

Respectfully submitted,

James F. Forlines
General Director

Foreign Missions Church Giving 1998

Rank	ChurchName	City	State	1998
1	Donelson FWB Church	Nashville	TN	\$81,293.62
2	First FWB Church	Russellville	AR	\$67,794.48
3	Limestone FWB Church	Limestone	TN	\$57,994.83
4	Central FWB Church	Royal Oak	MI	\$54,052.69
5	Bethany FWB Church	Broken Arrow	OK	\$52,053.00
6	Unity FWB Church	Greenville	NC	\$50,083.92
7	Parkers Chapel FWB Church	Greenville	NC	\$36,578.41
8	First FWB Church of Petal	Richton	MS	\$35,000.00
9	Norman First FWB Church	Norman	OK	\$34,624.86
10	Cofers Chapel FWB Church	Nashville	TN	\$34,577.58
11	First FWB Church	Albany	GA	\$31,057.83
12	Cross Timbers FWB Church	Nashville	TN	\$29,717.65
13	Fellowship FWB Church	Kingsport	TN	\$25,374.74
14	Horse Branch FWB Church	Turbeville	SC	\$23,102.63
15	Ina FWB Church	Ina	IL	\$22,250.00
16	First FWB Church	Beaufort	NC	\$21,745.39
17	Trinity FWB Church	Warren	MI	\$21,623.10
18	First FWB Church	Jacksonville	NC	\$21,387.68
19	Immanuel FWB Church	Durham	NC	\$21,157.25
20	Macedonia FWB Church	Purdy	MO	\$20,150.00
21	Piney Grove FWB Church	Guin	AL	\$19,829.80
22	New Hope FWB Church	Joelton	TN	\$19,020.95
23	Bethel FWB Church	Kinston	NC	\$18,434.00
24	Bethany FWB Church	Timmons ville	SC	\$18,133.58
25	Bethlehem FWB Church	Ashland City	TN	\$17,881.30
26	Hannon FWB Church	Liberal	MO	\$17,801.48
27	Peace FWB Church	Florence	SC	\$17,436.61
28	Allen Chapel FWB Church	Batesville	AR	\$17,406.62
29	North Warren FWB Church	Warren	MI	\$16,815.20
30	First FWB Church	Mtn Grove	MO	\$16,811.73
31	Fellowship FWB Church	Park Hills	MO	\$16,744.37
32	First FWB Church	No Little Rock	AR	\$16,401.53
33	Verdella FWB Church	Liberal	MO	\$16,331.20
34	Sand Hill FWB Church	Coward	SC	\$16,053.76
35	Oak Grove FWB Church	Greeneville	TN	\$15,663.03
36	Westside FWB Church	Johnsonville	SC	\$15,172.50
37	Free Will Baptist Church	Townsend	DE	\$14,916.67
38	Peace FWB Church	Wilson	NC	\$14,885.91
39	First FWB Church	Star City	AR	\$14,021.31
40	First FWB Church	Gastonia	NC	\$14,017.00
41	Garner FWB Church	Garner	NC	\$13,997.51
42	Calvary Fellowship FWB Church	Fenton	MO	\$13,807.31
43	Mt. Zion FWB Church	Pell City	AL	\$13,706.29
44	East Nashville FWB Church	Nashville	TN	\$13,562.00
45	First FWB Church	Tuckerman	AR	\$13,211.50

Foreign Missions Church Giving 1998 (continued)

Rank	Church Name	City	State	1998
46	Sherwood Forest FWB Church	New Bern	NC	\$13,168.18
47	First FWB Church	Farmington	MO	\$12,783.50
48	First FWB Church	Florence	SC	\$12,401.11
49	Trinity FWB Church	Bridgeton	MO	\$12,386.09
50	Winfield First FWB Church	Winfield	AL	\$12,266.96
51	Sherwood Forest FWB Church	El Sobrante	CA	\$12,266.33
52	Madison FWB Church	Madison	AL	\$12,208.03
53	First FWB Church	Northport	AL	\$12,098.83
54	First FWB Church	Vernon	AL	\$11,941.08
55	Temple FWB Church	Darlington	SC	\$11,925.00
56	Trinity FWB Church	Greenville	NC	\$11,777.68
57	Mt Olive FWB Church	Guin	AL	\$11,627.72
58	Faith FWB Church	Goldsboro	NC	\$11,485.22
59	Fulton FWB Church	Fulton	MS	\$11,481.21
60	Oak Park FWB Church	Pine Bluff	AR	\$11,401.85
61	Red Bay FWB Church	Red Bay	AL	\$11,395.64
62	Bellview FWB Church	Colquitt	GA	\$11,359.29
63	Westerville FWB Church	Westerville	OH	\$11,098.78
64	Lebanon FWB Church	Effingham	SC	\$11,039.11
65	Ruth's Chapel FWB Church	New Bern	NC	\$10,932.92
66	Campbell FWB Church	Campbell	CA	\$10,880.40
67	First FWB Church	Darlington	SC	\$10,867.00
68	Poplar Spring FWB Church	Iuka	MS	\$10,719.21
69	Harrison FWB Church	Minford	OH	\$10,494.33
70	Calvary Chapel FWB Church	Hollywood	FL	\$10,491.30
71	Mt Bethel FWB Church	Weaverville	NC	\$10,320.00
72	New Hope FWB Church	Ina	IL	\$10,211.73
73	Tippetts Chapel FWB Church	Clayton	NC	\$10,199.75
74	Statesboro FWB Church	Statesboro	GA	\$10,173.74

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

December 31, 1998 and 1997

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 1998 and 1997, 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, 1998 and 1997 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 31, 1999

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Financial Position
December 31, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Cash and cash equivalents - Notes 1 & 2	\$1,031,179	\$1,163,727
Investments in trusts - Notes 1 & 2	1,089,814	885,541
Investments - Notes 2 & 10	91,596	
Accounts receivable from employees and missionaries - Note 2	199,458	65,406
Other receivables, net of allowance for doubtful accounts of \$33,738 (\$29,000 in 1997)	4,091	14,000
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 3	205,051	151,567
Prepaid expenses	<u>6,674</u>	<u>4,415</u>
Total assets	<u>\$2,627,863</u>	<u>\$2,284,656</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 309,357	\$ 256,631
Supplemental retirement insurance payable	260,504	228,041
Accrued severance pay payable	<u>152,692</u>	<u>152,142</u>
Total liabilities	<u>722,553</u>	<u>636,814</u>

Commitments - Notes 7 & 8

Net assets (deficit):

Unrestricted	(174,457)	(94,749)
Temporarily restricted - Note 4	2,078,557	1,742,591
Permanently restricted - Note 4	<u>1,210</u>	<u></u>
Total	<u>1,905,310</u>	<u>1,647,842</u>
Total liabilities and net assets	<u>\$2,627,863</u>	<u>\$2,284,656</u>

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Activities
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Unrestricted</u>		
Revenue:		
Contributions - Notes 1 & 5	\$ 786,195	\$ 764,431
Investment income	102,083	85,998
Gain on investments	31,099	
Gain on disposal of property & equipment	5,355	10,324
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>4,222,880</u>	<u>3,782,132</u>
Total revenue	<u>5,147,612</u>	<u>4,642,885</u>
Expenses:		
Informational and promotional	149,246	153,475
Travel and board	90,524	88,296
Administrative	764,670	663,081
Missionaries	3,969,324	3,712,604
VISION campaign	<u>253,556</u>	<u>69,528</u>
Total expenses	<u>5,227,320</u>	<u>4,686,984</u>
Decrease in unrestricted net assets	(<u>79,708</u>)	(<u>44,099</u>)
<u>Temporarily restricted</u>		
Revenue:		
Contributions - Notes 1 & 5	4,558,846	4,115,256
Net assets released from restrictions:		
Restrictions satisfied by payments	(<u>4,222,880</u>)	(<u>3,782,132</u>)
Increase in temporarily restricted net assets	<u>335,966</u>	<u>333,124</u>
<u>Permanently restricted</u>		
Revenue:		
Contributions - Notes 1 & 4	<u>1,210</u>	<u>-0-</u>
Increase in permanently restricted net assets	<u>1,210</u>	<u>-0-</u>
Total increase in net assets	257,468	289,025
Net assets - beginning of year	<u>1,647,842</u>	<u>1,358,817</u>
Net assets - end of year	<u>\$1,905,310</u>	<u>\$1,647,842</u>

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Cash Flows
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Operating activities</u>		
Increase in net assets	\$ 257,468	\$ 289,025
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	53,469	54,279
Bad debts	7,738	14,667
Gain on investments	(31,099)	
Gain on disposal of property and equipment	(5,355)	(10,324)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(131,881)	14,608
Decrease (increase) in prepaid expenses	(2,259)	(596)
Increase (decrease) in accounts payable and accrued expenses	<u>85,739</u>	<u>138,360</u>
Net cash provided by operating activities	<u>233,820</u>	<u>500,019</u>
<u>Investing activities</u>		
Purchases of equipment	(128,098)	(136,992)
Proceeds from sale of equipment	26,500	114,837
Purchases of investment	(334,588)	(193,084)
Proceeds of investment redeemed	<u>69,818</u>	
Net cash used in investing activities	<u>(366,368)</u>	<u>(215,239)</u>
<u>Financing activities</u>		
Net cash provided by financing activities	<u>-0-</u>	<u>-0-</u>
Increase (decrease) in cash and cash equivalents	(132,548)	284,780
Cash and cash equivalents at beginning of year	<u>1,163,727</u>	<u>878,947</u>
Cash and cash equivalents at end of year	<u>\$1,031,179</u>	<u>\$1,163,727</u>
<u>Supplemental noncash investing and financing information</u>		
Sale of equipment	\$ 26,500	\$ 114,837
Less: Loan receivable	<u>-0-</u>	<u>-0-</u>
	<u>\$ 26,500</u>	<u>\$ 114,837</u>

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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1998 and 1997

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 1998 and 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 FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1998 and 1997

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 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:

Automobiles	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, 1998 and 1997.

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, 1998 and 1997

Note 2 - Summary of significant concentrations of financial instruments

As of December 31, 1998, 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 Antioch, 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 a summary of those deposits, accounts receivable and the corresponding risk of accounting loss:

	<u>Account Balance</u>	<u>Amount Insured/ Secured</u>	<u>Amount of Accounting Risk of Loss</u>
Interest bearing deposit accounts with financial institution	\$1,031,179	\$100,000	\$ 931,179
Total cash and cash equivalents	<u>1,031,179</u>	<u>100,000</u>	<u>931,179</u>
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,089,814		1,089,814
Common stock	<u>91,596</u>		<u>91,596</u>
Total investments	<u>1,181,410</u>		<u>1,181,410</u>
Accounts receivable from employees and missionaries	199,458		199,458
Other receivables	<u>4,091</u>		<u>4,091</u>
	<u>203,549</u>		<u>203,549</u>
Total	<u>\$2,416,138</u>	<u>\$100,000</u>	<u>\$2,316,138</u>

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1998 and 1997

Note 3 - Property and equipment

A summary of property and equipment is as follows:

	<u>1998</u>	<u>1997</u>
Office furniture and equipment	\$ 55,951	\$ 48,142
Cameras and projectors	94,464	86,460
Automobiles	150,200	76,500
Computer equipment	<u>105,990</u>	<u>93,905</u>
	406,605	305,007
<u>Less: Accumulated depreciation</u>	(<u>201,554</u>)	(<u>153,440</u>)
	<u>\$ 205,051</u>	<u>\$ 151,567</u>

Depreciation expense, computed utilizing the straight line method amounted to \$53,469 (\$54,279 in 1997).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>1998</u>	<u>1997</u>
Missionaries	\$1,907,513	\$1,562,779
VISION campaign	<u>171,044</u>	<u>179,812</u>
	<u>\$2,078,557</u>	<u>\$1,742,591</u>

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

Permanently restricted assets are restricted to:

MK Scholarship Endowment	<u>\$ 1,210</u>	<u>\$ -0-</u>
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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.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1998 and 1997

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 \$81,958 (\$81,028 in 1997). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

Note 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 nine years. The rent expense for the year was \$74,988 (\$74,988 in 1997).

The future minimum lease payments are as follows:

1999	\$ 74,988
2000	74,988
2001	74,988
2002	74,988
2003	74,988
Thereafter (estimated)	<u>306,201</u>
	<u>\$681,141</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 88 (93 in 1997) 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 \$233,221 (\$154,946 in 1997) in benefit payments and \$67,209 (\$65,769 in 1997) in stop loss premiums.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 1998 and 1997

Note 8 - Commitments (Continued)

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.

Note 9 - 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 in trusts, receivables and payables: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Investments: The fair value of investments is based on quoted market price for those investments.

Note 10 - Investments

Investments are stated at fair value and consist of equity securities:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	<u>\$ 65,775</u>	<u>\$ 91,596</u>	<u>\$ 25,821</u>

Investment return is summarized as follows:

Net realized and unrealized income	<u>\$ 31,099</u>
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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 1998 and 1997 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 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

March 31, 1999

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Informational and promotional expenses:		
Video and audio visual	\$ 5,768	\$ 8,599
Heartbeat	40,776	33,751
Postage	36,569	36,659
Data processing		(12)
Publicity	32,934	50,597
Telephone	7,012	7,314
Dues	282	28
Paper and supplies	1,518	1,993
Retreat	7,826	5,965
Tracts and books	6,643	2,428
Seminar and training	5,335	3,108
Convention expense	<u>4,583</u>	<u>3,045</u>
Total informational and promotional expenses	<u>149,246</u>	<u>153,475</u>
Travel and board expenses:		
Department auto	21,083	15,139
Board members	15,294	14,773
Administrative - overseas travel		539
Department insurance	2,169	2,683
Department travel	45,164	47,301
Travel insurance	372	
Honorariums	891	400
Missions promotion	1,453	2,805
Recruiting and candidate expense	<u>4,098</u>	<u>4,656</u>
Total travel and board expenses	<u>90,524</u>	<u>88,296</u>
Administrative expenses:		
Salaries	345,738	299,287
Housing	84,000	66,000
Social Security	20,758	18,135
Employer payroll taxes	13,590	17,414
Retirement	20,069	17,940
Hospitalization	42,217	32,043
Legal and professional	7,346	27,113
Office rent	74,988	74,988
Computer software expense	5,608	3,087
Office equipment	4,337	2,475
Maintenance of office equipment	1,920	2,082
Office supplies	10,740	2,675
Estate expenses	3,810	
Bank service charges	1,077	350
Office help	485	200
Miscellaneous	28,247	37,358
Depreciation	53,469	54,279
Bad debts	7,738	14,667
Info-promo transfers	5,483	
Project expenses	<u>33,050</u>	<u>(7,012)</u>
Total administrative expense	<u>764,670</u>	<u>663,081</u>

See accountants' report on supplementary information.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Missionary expenses:		
Ivory Coast	\$1,053,485	\$1,029,539
France	374,384	364,029
India	176,002	147,206
Brazil	695,747	724,673
Japan	443,085	488,595
Panama	257,603	295,100
Spain	364,392	218,146
Uruguay	283,023	303,962
Commonwealth of Independent States	82,835	83,735
Unreached people	47,783	
Summer missionaries	117,379	85,419
Other projects	64,695	63,484
Missionary medical	<u>8,911</u>	<u>(91,284)</u>
Total missionary expenses	<u>3,969,324</u>	<u>3,712,604</u>
VISION campaign expenses:		
Project expenses	<u>253,556</u>	<u>69,528</u>
Total VISION campaign expenses	<u>253,556</u>	<u>69,528</u>
 Total expenses	 <u>\$5,227,320</u>	 <u>\$4,686,984</u>

See accountants' report on supplementary information.

Free Will Baptist Foreign Missions 2000 Budget

Foreign Fields

Ivory Coast	\$ 1,260,825.17
Brazil	820,165.53
France	406,637.30
India	186,596.44
Japan	585,415.24
Korea	411,269.92
C.I.S.	106,765.42
Unreached Peoples	121,276.06
Panama	385,488.72
Spain	391,354.31
Uruguay	362,605.25
Cuba	26,750.00
Other Fields	126,300.00
Projected missionary appointments	200,000.00
	<u>\$ 5,391,449.36</u>

Other

Retired missionaries	<u>\$ 2,400.00</u>
----------------------	--------------------

Information and Promotion

Heartbeat and other publications	\$ 71,300.00
Promotional materials	19,500.00
Informational services materials	29,500.00
Foreign Missions Month	10,000.00
Other	5,000.00
Film and art supplies	8,200.00
Audio-visual supplies	15,800.00
Video and computer equipment	7,450.00
Books and subscriptions	3,000.00
Retreat and debriefing sessions	7,500.00
Equipment and vehicle depreciation	20,000.00
Personnel	172,987.41
	<u>\$ 370,237.41</u>

Less: Transfer of 7% info/promo charges from miss. budgets	(323,664.91)
	<u>\$ 46,572.50</u>

Travel and Board Expenses

Department auto expenses	\$ 33,000.00
Board members' expenses	19,000.00
Board members' overseas travel	2,500.00
Honorariums	1,000.00
Department travel/auto expenses	35,000.00
Travelers' Insurance	800.00
	<u>\$ 91,300.00</u>

Administrative

Salaries	\$275,937.58
Administrative housing	69,000.00
Administrative social security	43,837.54
Health insurance	41,324.30
Retirement	15,463.77
Benevolent insurance fund	2,100.00
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	7,500.00
Candidate, recruiting and promotion	6,500.00
Seminars, training and educational	4,500.00
Books and subscriptions	5,000.00
COLA Indexes	4,000.00
Miscellaneous expenses	20,000.00
Professional services	1,000.00
Field Project Assistance	5,000.00
Payroll taxes	12,000.00
	<u>\$ 645,963.18</u>

Total Operational Budget

\$ 6,177,685.04

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 - Ribeirao Preto 2nd (Marincek)	25,000.00
Brazil - Uberlandia 2nd Church	30,000.00
Brazil - Conselheiro Lafaiete camp facilities	30,000.00
Korea - Special Projects	1,270,000.00
Ivory Coast - Abidjan	100,000.00
Anticipated opportunities	50,000.00
	<u>\$ 2,040,500.00</u>

Total VISION

\$ 2,040,500.00

Total Budget

\$8,218,185.04

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

Foreign Missions Salary Breakdown — 2000

General Director - Vehicle Provided

Salary	31,576
Housing and Utilities	24,000
Social Security	8,962
Retirement	2,779
Insurance	5,974

Total Dept. Expense to Employ 73,291

Director of Public Relations - Vehicle Provided

Salary	32,076
Housing and Utilities	12,000
Social Security	7,108
Retirement	2,204
Insurance	8,099

Total Dept. Expense to Employ 61,487

Director of Field Operations - Vehicle Provided

Salary	29,077
Housing and Utilities	15,000
Social Security	7,108
Retirement	2,204
Insurance	5,974

Total Dept. Expense to Employ 59,362

Director of Resource Development - Vehicle Provided

Salary	29,077
Housing and Utilities	15,000
Social Security	7,108
Retirement	2,204
Insurance	5,974

Total Dept. Expense to Employ 59,362

Director of Finance - Vehicle Provided

Salary	44,081
Social Security	7,024
Retirement	2,204
Insurance	8,099

Total Dept. Expense to Employ 61,408

Director of Recruitment - Vehicle Provided

Salary	29,076
Housing and Utilities	15,000
Social Security	7,108
Retirement	2,204
Insurance	3,110

Total Dept. Expense to Employ 56,498

Director of Member Care - Vehicle Provided

Salary	29,076
Housing and Utilities	15,000
Social Security	7,108
Retirement	2,204
Insurance	5,974

Total Dept. Expense to Employ 59,362

Editorial Assistant

Salary	20,132
Social Security	1,540
Retirement	1,007
Insurance	3,110

Total Dept. Expense to Employ 25,789

Bookkeeper

Salary	24,630
Social Security	1,884
Retirement	1,232
Insurance	3,110

Total Dept. Expense to Employ 30,856

Accounting Clerk

Salary	19,737
Social Security	1,510
Retirement	987
Insurance	3,110

Total Dept. Expense to Employ 25,343

Secretary to the General Director

Salary	33,021
Social Security	2,526
Retirement	1,651
Insurance	3,110

Total Dept. Expense to Employ 40,308

Secretary

Salary	23,173
Social Security	1,773
Retirement	1,159
Insurance	3,110

Total Dept. Expense to Employ 29,214

Part-Time Accounting Clerk

Salary	7,946
Social Security	608
Retirement	0
Insurance	0

Total Dept. Expense to Employ 8,553

Part-Time Office Staff

Salary	10,000
Social Security	0
Retirement	0
Insurance	0

Total Dept. Expense to Employ 10,000

Computer Services/Associate Support Coordinator

Salary	17,717
Social Security	0
Retirement	0
Insurance	1

Total Dept. Expense to Employ 17,718

2000 State Goals With 1998 Comparisons

State/Source	1998 Goals	1998 Gifts	2000 Goals
Alabama	250,000	295,161.30	325,000
Arkansas	367,000	426,401.45	455,000
Arizona	8,000	6,692.03	12,000
California	72,000	58,030.35	70,000
Canada	9,000	6,239.46	10,000
Colorado	6,000	6,205.63	10,000
Florida	85,000	117,522.87	145,000
Georgia	227,000	227,235.95	265,000
Idaho	1,000	5,929.42	10,000
Iowa	3,000	1,941.44	5,000
Illinois	152,000	132,927.77	170,000
Indiana	59,000	46,956.88	60,000
Hawaii	750	.00	1,000
Kansas	10,000	5,483.71	7,000
Kentucky	76,000	68,707.08	95,000
Louisiana	2,500	7,530.27	10,000
Maryland	46,000	63,002.88	80,000
Michigan	185,000	205,917.65	240,000
Missouri	378,000	439,173.46	485,000
Mississippi	76,000	256,417.46	150,000
Montana	2,500	2,212.85	5,000
North Carolina	656,000	626,371.84	700,000
Nebraska	2,000	713.65	3,000
New Mexico	4,000	3,380.72	6,000
Northeast Assoc	2,000	2,810.00	5,000
Northwest Assoc.	10,000	8,000.55	13,000
Ohio	178,000	147,966.05	210,000
Oklahoma	457,000	473,972.76	550,000
Pennsylvania	2,000	1,385.00	2,000
South Carolina	275,000	379,401.32	420,000
Tennessee	777,000	828,495.67	890,000
Texas	91,000	70,425.66	105,000
Virginia	107,000	77,328.36	105,000
Virgin Islands	2,300	2,155.00	4,000
West Virginia	127,000	110,107.92	135,000
Free Will Baptist Foundation	23,000	20,484.07	25,000
Miscellaneous	83,351	180,288.71	224,685
WNAC	198,000	160,474.02	170,000
Totals	5,010,401	5,473,451.21	6,177,685

Free Will Baptist Bible College Report

Free Will Baptist Bible College graduated 64 students in commencement exercises May 13. It was one of our largest classes in recent years. This year's graduates represented 18 states and three foreign countries. Thirty-four graduated from the Biblical and Ministry Studies Department, going to serve as pastors, youth leaders and missionaries. Five of our graduates gave moving, God-honoring testimonies to God's leadership and provision as students at the College. This year's graduates have made and will continue to make significant contributions to Christ and His Church.

The College honored Dr. and Mrs. Picirilli for a combined 71 years of service to the denomination and the College—Dr. Picirilli for 44 years and Mrs. Picirilli for 27 years. Dr. Picirilli will continue to teach at the College on a part time basis.

On Tuesday and Wednesday of the final week, during the chapel time, more than 30 scholarships were given to students totaling more than \$40,000.00. The College is grateful for the interest families, individuals and churches are demonstrating in this worthy area.

As the new millennium approaches, the College trustees are giving strong consideration to a new name for the College. The new name does not mean a change from our traditional Bible college position.

Relocation to our new campus site has accelerated in recent weeks. We are now working according to time lines and dates when we plan to start construction and move to the new site.

Thank you for your constant support of your College.

Respectfully submitted,

Tom Malone, President

Free Will Baptist Bible College Board of Trustees Synopsis of Minutes

December 9, 1998

The Board of Trustees met on campus December 9, 1998. All members were present. The Board reviewed the written reports from all offices and departments and met with each member of the administration for further reports and discussion.

We reviewed the progress of the Capital Campaign and discussed the next steps toward relocation of the campus. The progress of the College pension plan was reviewed and the need for additional scholarship money was considered.

May 10-12, 1999

The Board of Trustees met on campus May 10-12, 1999, and participated in graduation week activities along with our business meetings. The Board met with

the heads of each college office and department and reviewed the school year, addressed needs and received recommendations. The Board approved faculty changes and additions, sent congratulatory letters to Darrell Holley and Glen Wegge on the earning of doctorates and conferred the title of Professor Emeritus on Dr. Robert Picirilli and Mr. Leroy Forlines.

The Board received the 1998-99 financial statements and adopted the proposed 1999-2000 budget. The Relocation Committee presented an update with some very positive progress and plans for relocation. The Board named the gymnasium in honor of Dr. Robert Picirilli upon his retirement. There was further discussion of a name change for the College and a decision to deal with the matter definitively in the December, 1999, meeting. Prayer was offered for each of the faculty, staff and administration as they reported to the Board.

Financial Aid Report

Type of Aid	Number of Recipients	Amount of Aid
Institutional loans issued	98	\$ 108,706.60
Student worker earnings	80	\$ 136,700.00
Scholarship recipients	67	\$ 42,219.75
Tennessee State Grant Program	6	\$ 10,179.00
Federal SEOG	46	\$ 22,240.00
Federal Work Study Program	18	\$ 19,742.00
Federal Pell Grant	128	\$ 204,126.00
Federal Subsidized Stafford Loan Program	169	\$ 550,540.74
Federal Unsubsidized Stafford Loan Program	42	\$ 141,385.00
PLUS Loan Program	23	\$ 108,044.91
Total Financial Aid Administered 1998-99		\$1,361,386.50

Registration Report Annual Report, 1998-99

Enrollment370

Enrollment Breakdowns

By State

Alabama27	Kansas1	Oklahoma7
Arkansas25	Kentucky8	Pennsylvania1
Arizona3	Louisiana1	South Carolina ...16
California1	Michigan13	South Dakota1
Colorado2	Mississippi6	Tennessee86
Delaware1	Missouri20	Texas3
Florida14	Nebraska1	Virginia10
Georgia14	New Mexico1	West Virginia6
Illinois37	North Carolina ...25	
Indiana5	Ohio8	*Foreign [10] ...27

(The student body represents 28 states and 10 foreign countries.)

By Classification

Freshmen128	Juniors63	Special7
Sophomores ...85	Seniors87	

Others

Male188	Ministerial71	Free Will Baptist .336
Female182	Missionary34	Other34
New116	Single299	FT301
Returning ...254	Married71	PT69

*Foreign (27)

Albania1	Côte d'Ivoire2	Panama2
Bahamas9	France2	Russia1
Brazil1	Korea1	Spain2
Canada6		

Welch Library

Total books, bound volumes, microforms, sound recordings,
video-cassettes, instructional materials, etc.83,333

Free Will Baptist Bible College Salary Breakdown

	1997-98	1998-99	1999-00
President			
Salary	\$53,104	\$54,354	\$54,354
Social Security	4,062	4,158	4,158
Retirement	3,064	2,718	2,446
Medical Insurance	1,964	2,400	2,446
Life Insurance	183	240	255
	<u>\$62,377</u>	<u>\$63,870</u>	<u>\$63,661</u>
Academic Dean			
Salary		\$43,015	\$43,015
Social Security		3,291	3,291
Retirement		2,151	1,936
Medical Insurance		2,400	2,446
Life Insurance		240	255
		<u>\$51,097</u>	<u>\$50,943</u>
Advancement Director Relocation Campaign			
Salary		\$36,208	\$36,208
Social Security		2,770	2,770
Retirement		1,810	1,630
Medical Insurance		2,400	2,446
Life Insurance		240	255
		<u>\$43,428</u>	<u>\$43,309</u>
Stewardship Development Director			
Salary		\$31,013	\$31,013
Social Security		2,372	2,373
Retirement		1,551	1,396
Medical Insurance		2,400	2,446
Life Insurance		240	255
		<u>\$37,576</u>	<u>\$37,483</u>
Treasurer			
Salary	\$40,357	\$41,607	\$41,607
Social Security	3,087	3,183	3,183
Retirement	2,329	2,080	1,872
Medical Insurance	1,964	2,400	2,446
Life Insurance	183	240	255
	<u>\$47,920</u>	<u>\$49,510</u>	<u>\$49,363</u>

Salary includes housing allowance where applicable.

General Fund Gift Goals — 1999-2000

State	Goals
Alabama	\$ 72,600.00
Alaska	.00
Arizona	1,560.00
Arkansas	84,960.00
California	7,080.00
Colorado	720.00
Connecticut	1,560.00
Delaware	3,240.00
Florida	34,920.00
Georgia	92,520.00
Hawaii	.00
Idaho	100.00
Illinois	32,640.00
Indiana	9,000.00
Iowa	720.00
Kansas	360.00
Kentucky	17,160.00
Louisiana	2,520.00
Maine	1,680.00
Maryland	600.00
Massachusetts	120.00
Michigan	32,280.00
Minnesota	.00
Mississippi	22,080.00
Missouri	50,760.00
Montana	.00
Nebraska	360.00
Nevada	.00
New Hampshire	.00
New Jersey	.00
New Mexico	360.00
New York	.00
North Carolina	258,710.00
North Dakota	.00
Ohio	21,840.00
Oklahoma	22,560.00
Oregon	.00
Pennsylvania	600.00
Rhode Island	.00
South Carolina	65,640.00
South Dakota	100.00
Tennessee	282,480.00
Texas	13,200.00
Utah	.00
Vermont	.00
Virginia	23,280.00
Washington	840.00
West Virginia	8,520.00
Wisconsin	50.00
Wyoming	.00
Canada	840.00
Virgin Islands	1,440.00
W.N.A.C.	5,520.00
Other	24,480.00
Total	\$1,200,000.00



1998-99 FINANCIAL REPORT

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

-0-
615/383-1340
Fax: 615/269-6028
www.fwbbc.edu

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

Independent Auditors' Report

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 206
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 1999 and 1998, 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 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 Free Will Baptist Bible College as of May 31, 1999 and 1998, and its changes in net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hill, Harper & Associates, P.C.

July 8, 1999

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 1999 and 1998

<u>Assets</u>	<u>1999</u>	<u>1998</u>
Current assets:		
Cash and cash equivalents	\$ 203,935	268,558
Accounts receivable:		
Student accounts, net of allowance for doubtful accounts of \$6,000 in 1999 and 1998	22,386	23,001
Pledges	42,650	32,750
Employee and other	40,489	34,043
Prepaid expenses	6,994	9,904
Inventories	41,743	41,168
Total current assets	358,197	409,424
Non current assets:		
Cash restricted for endowments	436,844	316,311
Cash restricted for student loans	517,710	478,411
Cash held under life income agreements	5,000	5,000
Campaign pledges	365,900	101,500
Investment securities, at market value	138,496	91,147
Loans to students, less allowance for doubtful loans of \$15,000	214,973	248,424
Total non current assets	1,678,923	1,240,793
Property, plant and equipment:		
Investment in property, plant and equipment	5,783,031	5,650,377
Accumulated depreciation	2,499,658	2,336,338
Net property, plant and equipment	3,283,373	3,314,039
Total assets	\$ 5,320,493	4,964,256
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,029	97,467
Student deposits and agency funds	43,807	53,250
Accrued salaries	102,439	105,938
Deferred revenues -- summer school and other	9,388	8,581
Total current liabilities	238,663	265,236
Notes payable and long term debt:		
Notes payable	-	7,701
Notes payable to individuals	163,893	172,241
Total other liabilities and long term debt	163,893	179,942
Total liabilities	402,556	445,178
Net assets:		
Unrestricted funds	3,410,685	3,461,719
Temporarily restricted funds	366,536	98,895
Permanently restricted funds	1,140,716	958,464
Total net assets	4,917,937	4,519,078
Total liabilities and net assets	\$ 5,320,493	4,964,256

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, 1999 and 1998

	1999				Total 1998
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 1999	
Revenues:					
Tuition and fees	\$ 1,516,238	—	—	1,516,238	1,506,307
Federal grants and contracts	—	32,386	—	32,386	32,709
Private gifts	955,218	509,952	121,690	1,586,860	1,184,560
Endowment income	7,662	13,664	—	21,326	22,575
Investment income	11,674	77	8,230	19,981	25,605
Unrealized gain on investments	—	—	47,349	47,349	27,324
Sales and services of auxiliary enterprises	960,354	—	—	960,354	983,788
Other sources	29,578	—	4,983	34,561	17,161
	3,480,724	556,079	182,252	4,219,055	3,800,029
Net assets released from restrictions	<u>288,438</u>	<u>(288,438)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>3,769,162</u>	<u>267,641</u>	<u>182,252</u>	<u>4,219,055</u>	<u>3,800,029</u>
Expenditures:					
Educational and general:					
Instruction	936,318	—	—	936,318	929,429
Academic support	295,622	—	—	295,622	252,160
Student services	373,163	—	—	373,163	318,515
Operation and maintenance of plant	395,150	—	—	395,150	387,423
Institutional support	944,598	—	—	944,598	835,923
Scholarships and fellowships	65,470	—	—	65,470	68,647
Total educational and general expenditures	3,010,321	—	—	3,010,321	2,792,097
Auxiliary enterprises:					
Dormitories	289,294	—	—	289,294	304,824
Dining hall	401,357	—	—	401,357	420,213
Bookstore	96,416	—	—	96,416	96,863
Snackshop	22,808	—	—	22,808	26,687
Total auxiliary enterprises expenditures	809,875	—	—	809,875	848,587
Total expenditures	<u>3,820,196</u>	<u>—</u>	<u>—</u>	<u>3,820,196</u>	<u>3,640,684</u>
Increase (decrease) in net assets	<u>(51,034)</u>	<u>267,641</u>	<u>182,252</u>	<u>398,859</u>	<u>159,345</u>
Net assets at beginning of year	<u>3,461,719</u>	<u>98,895</u>	<u>958,464</u>	<u>4,519,078</u>	<u>4,359,733</u>
Net assets at end of year	<u>\$ 3,410,685</u>	<u>366,536</u>	<u>1,140,716</u>	<u>4,917,937</u>	<u>4,519,078</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 1999 and 1998

	1999				
	Temporarily		Permanently	Total	Total
	Unrestricted	Restricted	Restricted	1999	1998
	Funds	Funds	Funds		
Cash flows from operating activities					
Cash collected from students	\$ 2,468,571	-	-	2,468,571	2,488,036
Federal grants	-	32,204	-	32,204	32,709
Pell grants considered to be agency fund transactions	-	202,865	-	202,865	161,922
Private gifts and grants	945,318	46,457	-	991,775	973,780
Endowment income	7,662	13,664	-	21,326	22,575
Investment income	11,674	77	-	11,751	11,517
Other revenues	23,314	-	-	23,314	15,849
Cash paid for scholarships, to vendors and for payroll	(3,471,683)	(200,621)	-	(3,672,304)	(3,438,477)
Cash paid for Pell grants	-	(202,865)	-	(202,865)	(161,922)
Interest paid	-	-	-	-	(982)
Net operating activities cash flows	(15,144)	(108,219)	-	(123,363)	105,007
Cash flows from investing activities					
Expended for plant assets	(120,337)	(12,317)	-	(132,654)	(288,635)
Proceeds from sale of equipment	-	-	-	-	14,500
Student notes receivable advances	-	-	(153,670)	(153,670)	(183,218)
Student note receivable collections	-	-	178,325	178,325	185,673
Net investing activities cash flows	(120,337)	(12,317)	24,655	(107,999)	(271,680)
Cash flows from capital activities					
Campaign pledges receivable collected	-	22,889	-	22,889	16,151
Gifts received for:					
Endowments and student loans	-	-	121,690	121,690	50,515
Proposed new campus	-	176,206	-	176,206	91,464
Other student loan transactions:					
Interest income on student loans	-	-	22,365	22,365	15,669
Investment income	-	-	8,230	8,230	14,088
Collection costs and other transactions	-	-	(8,760)	(8,760)	(4,727)
Net capital activities cash flows	-	199,095	143,525	342,620	183,160
Cash flows from financing activities					
Retirement of notes payable and long term debt:					
Related to plant assets	(7,701)	-	-	(7,701)	(17,059)
Interfund activities	78,559	(78,559)	-	-	-
Notes payable for student loans	-	-	(8,348)	(8,348)	(18,401)
Net financing activities cash flows	70,858	(78,559)	(8,348)	(16,049)	(35,460)
Net increase (decrease) in cash and cash equivalents	(64,623)	-	159,832	95,209	(18,973)
Cash and cash equivalents at beginning of year	268,558	5,000	794,722	1,068,280	1,087,253
Cash and cash equivalents at at end of year	\$ 203,935	5,000	954,554	1,163,489	1,068,280

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 1999 and 1998

	1999				
	Unrestricted	Temporarily	Permanently	Total	Total
	Funds	Restricted	Restricted	1999	1998
	Funds	Funds	Funds		
Cash and cash equivalents consist of the following:					
Current assets	\$ 203,935	-	-	203,935	268,558
Non current assets:					
Cash restricted for endowments	-	-	436,844	436,844	316,311
Cash restricted for student loans	-	-	517,710	517,710	478,411
Cash held under life income agreements	-	5,000	-	5,000	5,000
Total cash and cash equivalents	\$ 203,935	5,000	954,554	1,163,489	1,068,280
Reconciliation of increase (decrease) in net assets to net operating activities cash flows					
Increase (decrease) in net assets	\$ (51,034)	267,641	182,252	398,859	159,345
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(121,690)	(121,690)	(50,515)
Proposed new campus	-	(176,206)	-	(176,206)	(91,464)
Campaign pledges receivable collected	-	(22,889)	-	(22,889)	(16,151)
Change in Campaign pledges receivable	-	(264,400)	-	(264,400)	(50,400)
Net other transactions from student loan funds	-	-	(13,039)	(13,039)	(3,839)
Depreciation	163,320	-	-	163,320	153,619
Unrealized gain on investments	-	-	(47,349)	(47,349)	(27,324)
Gain on sale of equipment	-	-	-	-	(11,561)
Net interfund transfers	(87,817)	87,817	-	-	-
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts, net of allowance for	615	-	-	615	13,130
Pledges	(9,900)	-	-	(9,900)	(2,250)
Employee and other	(6,264)	(182)	-	(6,446)	(16,650)
Inventories	(575)	-	-	(575)	7,259
Prepaid expenses	2,910	-	-	2,910	(3,848)
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	(14,264)	-	(174)	(14,438)	28,449
Student deposits and agency funds	(9,443)	-	-	(9,443)	(2,077)
Accrued salaries	(3,499)	-	-	(3,499)	26,396
Deferred revenues	807	-	-	807	(7,112)
Net operating activities cash flows	\$ (15,144)	(108,219)	-	(123,363)	105,007

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 1999 and 1998

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 accomplished by classifying fund transactions into three categories of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted net 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
<u>Fund Group</u>	<u>Net Asset Group</u>
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

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

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.

Financial Statement Presentation

Certain reclassifications have been made to the amounts as reported in the prior year to conform to current year presentation. These reclassifications had no effect on reported net assets.

(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, 1999				
Common stocks	\$ 38,224	138,496	100,272	100,272
Balance May 31, 1998				
Common stocks	\$ 38,224	91,147	52,923	52,923
Unrealized gain due to change in the cumulative change in market value pools			\$ 47,349	

(3) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:

Private scholarships	\$ 47,128
Supplemental Educational Opportunity Grant	17,649
College Work Study Program	14,737
Equipment capitalized	6,414
Other instructional and institutional	3,625

Proposed new campus related costs:

Capitalized expenditures	\$ 5,903
New campus land maintenance and expense	4,246
Campaign office expense	113,236
Allocation to unrestricted gifts (see note 8)	75,500
	198,885

Net assets released from restrictions \$ 288,438

Pell grants to students amounting to \$202,865 and \$161,922 for 1999 and 1998, 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

(4) Remaining Net Assets of Temporarily Restricted Funds

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

	1999	1998
Proposed new campus	\$ 301,779	37,169
Scholarships	43,985	39,784
Life income funds	4,725	4,725
Other instructional and institutional	16,047	17,217
	<u>\$ 366,536</u>	<u>98,895</u>

(5) Net Assets

Net assets of the College consist of the following as of May 31, 1999 and 1998:

	1999			1998
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operations	\$ 127,312	-	-	127,312
Net investment in plant assets	3,283,373	-	-	3,283,373
Life income funds	-	4,725	-	4,725
Unexpended funds restricted for:				
Operating purposes	-	60,032	-	60,032
Plant facilities	-	301,779	-	301,779
Student loan funds	-	-	565,376	565,376
True endowment funds	-	-	190,454	190,454
Scholarship endowment funds	-	-	384,886	384,886
Total net assets	<u>\$ 3,410,685</u>	<u>366,536</u>	<u>1,140,716</u>	<u>4,917,937</u>
				<u>4,519,078</u>

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

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

	1999	1998
Land	\$ 296,519	296,519
Land and costs incurred, proposed new campus	423,970	418,067
Buildings	3,397,385	3,374,969
Equipment	1,242,677	1,156,564
Library Books	422,480	404,258
	<u>5,783,031</u>	<u>5,650,377</u>
Accumulated depreciation and amortization	2,499,658	2,336,338
Net investment in plant	<u>\$ 3,283,373</u>	<u>3,314,039</u>

Depreciation and amortization charged to expenditures was \$163,320 and \$153,619 in 1999 and 1998, respectively.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(7) Notes Payable and Long Term Debt

	1999	1998
Permanently Restricted Funds – Student Loan Funds		
5% demand notes payable to individuals	\$ 163,893	172,241
Unrestricted Funds – Related to Plant Asset Financing		
7% installment obligation paid in full during 1999	\$ –	7,701

(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; i.e. gifts may be allocated to unrestricted net assets based on the difference between \$1,200,000 of gifts budgeted and the amount of gifts actually received for unrestricted operations in any given year) 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 a 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, 1999.

Unrestricted Operations:

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, net of \$600, representing 8% discount to present value of future cash flows

\$ 42,650

Relocation Campaign

Remaining pledges outstanding from the "Claim the Land Campaign" for the purpose of securing land for the Joelton, Tennessee campus.

\$ 16,600

Uncollected pledges as of May 31, 1999 relating to the "Relocation Campaign" for the joint purpose of general operations and relocation to and construction of the new campus in Joelton, Tennessee.

459,100

475,700

Less allowance for uncollectible pledges

(58,300)

Less present value of future cash flows discounted at 8%

(51,500)

\$ 365,900

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(9) 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, 1999.

Reconciliation of benefit obligations:

Benefit obligation at beginning of year		\$ 1,828,160
Service cost	\$ 71,895	
Interest cost	127,331	
Participant contributions	-	
Plan amendments	-	
Loss due to actuarial experience	54,532	
Gain due to changes in actuarial assumptions	(144,929)	
Benefits paid to plan participants	(23,746)	85,083
Benefit obligation at end of year		<u>\$ 1,913,243</u>

Reconciliation of asset value:

Plan assets at beginning of year		\$ 1,626,826
Actual return of plan assets	\$ 197,757	
Employer contributions	54,696	
Benefits paid to plan participants	(23,746)	228,707
Plan assets at end of year		<u>\$ 1,855,533</u>

Reconciliation of funded status:

Funded status at end of year (liability)		\$ (57,710)
Unrecognized net transition obligation asset	\$ (124,559)	
Unrecognized prior service cost	86,521	
Unrecognized net loss	78,728	40,690
Funded status at end of year included in accounts payable and accrued expenses		<u>\$ (17,020)</u>

Accumulated benefit obligation at end of year \$ 1,591,894

Reconciliation of unrecognized net loss:

Unrecognized loss at beginning of year		\$ 230,204
Amount of loss recognized during the year	\$ (3,536)	
Loss due to actuarial experience	54,532	
Gain due to changes in actuarial assumptions	(144,929)	
Gain due to assets	(57,543)	(151,476)
Unrecognized loss at end of year		<u>\$ 78,728</u>

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(9) Pension Plan, continued

Net periodic benefit cost:

Service cost at end of year	\$ 71,895
Interest cost on projected benefit obligation	127,331
Expected return on plan assets	(140,214)
Amortization of transition obligation	(24,911)
Amortization of prior service costs	21,631
Amortization of net loss	3,536
Net periodic benefit cost	<u>\$ 59,268</u>

Assumptions used in the accounting for the plan:

Assumed discount rate	7.00%
Rate of compensation increase	4.00%
Expected long-term rate of return	8.50%

(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 \$345,000 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.

SUMMARY OF FINANCIAL INFORMATION

This summary is provided to help the denomination better understand the overall financial condition of Free Will Baptist Bible College.

Unrestricted Funds Deficit Budget

Total Unrestricted Funds Revenues for the year ending May 31, 1999 amounted to \$3,769,162. Total Expenditures were \$3,820,196, providing a \$51,034 deficit of expenses over income. This was a result of a lower than anticipated enrollment. While this represents only a 1% (rounded) difference, the college has taken steps to increase its recruiting activities by funding an additional full-time recruiter and utilizing a third traveling group to promote the college during the summer.

Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financial activities showed cash and cash equivalents decreasing \$64,623 in Unrestricted Funds, no change in Temporarily Restricted Funds, and increasing \$159,832 in Permanently Restricted Funds for a cumulative cash flow increase of \$95,209.

Unrestricted Giving

Private gifts provided \$955,218 in unrestricted funds revenues. Of that amount, \$940,507 was provided from General Fund gifts, \$13,903 from Estate gifts, and \$808 from special gifts. FWBBC is thankful for all those who helped provide almost \$1 million in unrestricted gifts.

General Fund Giving Keeps Tuition Costs Down

Because of above-mentioned General Fund gifts, FWBBC students were in essence "awarded" \$117 for every semester hour taken in 1998-99. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$169 instead of \$286. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$3,510 this past academic year.

Financial Obligations

The College is free of long-term debt. Notes Payable to Individuals (the proceeds are restricted for the purpose of providing low-interest student loans) amounts to \$163,893. The College has sufficient cash and savings in the student loan program to completely liquidate these notes, but chooses to keep the funds available as part of its financial aid program.

Debt Ratio

FWBBC's assets to debt ratio is extremely good. Total assets amount to \$5,320,493. Our liability (listed in "Financial Obligations" above) comes to \$163,893, giving a 32.46 to 1 ratio. Adding all other liabilities brings the total to \$402,556, and gives a 13.22 to 1 ratio.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

SUMMARY OF FINANCIAL INFORMATION (continued)

Relocation Campaign Update

In March, 1998 the college entered into a five-year, \$12 million capital campaign for the purpose of providing \$6 million in operating (General Fund/Unrestricted Fund) revenues and \$6 million for relocating and constructing a new campus in Joelton, Tennessee.

Since March, 1998 the campaign has raised \$3,035,756 in cash, pledges and commitments (both written and verbal). Of that amount, \$1,235,756 has been expended to operate the school, create and fund the campaign office, and to retain a campaign consultant and architect. The remaining \$1,800,000 is in the form of campaign pledges and commitments.

According to the campaign consultant, FWBBC appears to be ahead of schedule in the collection of both cash and commitments to date. Normally, campaigns are loaded with "up-front" expenses, and tend to run a negative cash flow in their first year. FWBBC is blessed to report during its first year that the campaign actually paid all campaign, consulting and architectural expenses. Although the campaign is just beginning, it also produced a positive cash flow of \$75,500 by fiscal year-end.

The \$12 million campaign is a combined endeavor:

The first part of the campaign goal is \$6 million necessary for the operational funding of FWBBC. Without the campaign, the college would budget \$1.1 - \$1.2 million per year in unrestricted gifts. In order to avoid competition for operating (Unrestricted Fund) gifts, the college established one-half of the campaign total to be available for up to \$1,200,000 per year, for 5 years, in unrestricted funds. In 1998-99, the total came to only \$1,016,007, as follows:

General Fund (Unrestricted) Gifts:	940,507
Allocation to Unrestricted Gifts:	<u>75,500</u>
Total:	\$1,016,007

The second part of the campaign goal is to raise another \$6 million for the relocation and construction of the new Joelton campus. These funds, along with the future sale of the West End Avenue campus, are designed to provide sufficient capital for the move.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

FREE WILL BAPTIST BIBLE COLLEGE
Proposed Budget for the Year Ending May 31, 2000
As Compared to
Actual as Summarized for the Year Ended May 31, 1999

Current Unrestricted Funds

	Proposed Budget May 31, 2000	Actual May 31, 1999
Revenues:		
Tuition & fees	1,483,500	1,516,238
Gifts:		
Together/Capital Campaign	1,200,000	940,507
Estates & Misc.	21,000	14,711
Endowment income	7,500	7,662
Investment income	12,000	11,674
Sales and services of auxiliary enterprises	876,000	960,354
Other sources	0	29,578
Net Assets Released From Restrictions	120,000	288,438
Total revenues	<u>3,720,000</u>	<u>3,769,162</u>
Expenditures:		
Educational & general:		
Instruction	995,694	936,318
Academic support	314,744	295,622
Student services	365,736	373,163
Operation and maintenance of plant	389,019	395,150
Institutional support	858,696	944,598
Scholarships/Contingency	0	65,470
Total educational and general expenditures	<u>2,923,889</u>	<u>3,010,321</u>
Auxiliary enterprises:		
Expenditures:	<u>796,111</u>	<u>809,875</u>
Total expenditures	3,720,000	3,820,196
Surplus/(Deficit)	<u>0</u>	<u>(51,034)</u>

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

Master's Men Report

Greetings,

1998 has been a year of blessing for the department of Master's Men. The heartbeat of the Master's Men Department is to come alongside of our pastors, churches, and national departments to do all that we can to reach men and their families with the gospel. The Master's Men handbook states five specific purposes for the department. We exist to encourage discipleship, fellowship, soul winning, stewardship, and edification among our men. The Master's Men Department has taken several actions to achieve these goals.

First, in 1998 we discontinued *Attack Magazine* and introduced the Master's Men Newsletter, which is mailed to every pastor. The newsletter format provides an inexpensive way to communicate with our pastors and men. Our desire is to address issues that will be helpful to all of our men. We also seek to raise the awareness of our pastors and churches to the great need of developing local church ministries and strategies that will result in the winning of men to the Savior.

Secondly, our department has been in the process of implementing new resources and ministries for our local churches to utilize. For example, our department has held "Family Enrichment Conferences" which focuses on challenging men to be godly in their roles as leaders in their homes and churches. We have also been calling our men to start "Burden Bearer Prayer Ministries" in their churches to support their pastors, churches, and our denominational worldwide outreach in prayer. "Mmnet" is up and running providing a significant Internet resource for our men. The "Direction Bible Study Series" has also been launched this year. The "Direction Bible Study Series" has been developed to provide our Men's Groups and individuals with program and study resources that will encourage spiritual growth. Our first booklet in the series, "Become A Man Who Prays" has just recently been made available. Master's Men will continue to join hands with our other departments to plant churches and win souls around the world. In October of this year, we will be having an event that we have called, "Operation Saturation" in Pittsburgh, PA with Home Missionary Tommy Jones. We are going to rally men to the Home Missions location to spend a day doing door to door evangelism, taking surveys, and passing out literature. Such an effort would help our church planters reach more homes in one day than he might be able to reach in several months on his own. We hope to use Free Will Baptist Manpower to assist many of our Home Missionaries.

Finally, let me say that this has been a blessed year financially for Master's Men. Because of God's gracious provision, 1998 was a record year financially for the department. In May of this year, our department was able to erase its indebtedness to the National Association. We praise the Lord for His provision and sincerely express our gratitude for each one who supported Master's Men. Keep our ministry in your prayers.

In the Master's Service,

Tom Dooley
General Director

Summary of 1998 Board Activity

April 24, 1998

The board hired Tom Dooley as the new director of Master's Men. Board approved the hiring of part time office help.

December 6, 1998

The Board of Master's Men met at the offices of Master's Men. The report of the Director outlining the financial status of the Department as well as recommendations to implement: Family Enrichment Conferences, Burden Bearers Prayer Programs, Directions Bible Study Series, and Operation Saturation, was heard and approved. Approval was given to upgrade office equipment up to the budgeted amount.

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

Financial Statements

December 31, 1998

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

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MICHAEL JOHNSTON

Certified Public Accountant

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

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

I have audited the accompanying balance sheets of The Master's Men, a Department of the National Association of Free Will Baptists, as of December 31, 1998 and 1997, 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, 1998 and 1997 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 Johnson

Certified Public Accountant

Benton, Illinois
May 18, 1999

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,**

	1998	1997
ASSETS		
CURRENT ASSETS		
Cash	\$3,189	\$521
Trust account - Build A House campaign	15,774	16,455
Trust account - Lifetime membership	101,992	106,634
Investments	146,088	0
Accrued interest receivable	4,129	2,599
Inventories	0	540
Cash value of endowment insurance	4,085	3,761
Total current assets	\$275,257	\$130,510
NOTES RECEIVABLE (Note 4)	17,000	17,000
PROPERTY AND EQUIPMENT, net (Note 2)	8,671	8,257
CAPITALIZED LEASE, net (Note 3)	2,511	2,712
Total assets	\$303,439	\$158,479
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$93,379	\$112,955
Deferred revenue (Note 5)	796	1,606
Accrued expenses	144	1,051
Total current liabilities	\$94,319	\$115,612
FUND BALANCE (DEFICIT) (Note 6)		
Unrestricted	\$47,897	\$(116,927)
Restricted	161,223	159,794
Total capital	\$209,120	\$42,867
Total liabilities and capital	\$303,439	\$158,479

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,**

	1998			1997
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$ 9,230	\$ 0	\$ 9,230	\$ 5,775
Cooperative program	55,037	0	55,037	50,445
Merchandise sales	449	0	449	148
Interest income	7,054	0	7,054	14,835
Gain (loss) on sale of investments	2,854	0	2,854	0
Gifts and other income	190,209	1,429	191,638	69,188
	<u>\$264,833</u>	<u>\$ 1,429</u>	<u>\$266,262</u>	<u>\$140,391</u>
EXPENSES				
Salaries and wages	\$ 33,374	\$ 0	\$ 33,374	\$ 35,280
Payroll taxes and employee benefits	6,069	0	6,069	12,677
Cost of sales and printing	6,059	0	6,059	9,192
Travel expense	6,288	0	6,288	12,965
Conferences and conventions	4,491	0	4,491	7,644
Office expense	2,282	0	2,282	6,921
Postage	1,054	0	1,054	1,964
Promotion expense	17,961	0	17,961	23,858
Rent expense	16,910	0	16,910	20,292
Professional fees	950	0	950	500
Bookkeeping expense	825	0	825	900
Depreciation	976	0	976	986
Amortization	201	0	201	201
Interest expense	0	0	0	118
Insurance expense	0	0	0	876
Dues, subscriptions and fees	2,569	0	2,569	644
Master's Hands construction expense	0	0	0	0
Missions projects	0	0	0	0
	<u>\$100,009</u>	<u>\$ 0</u>	<u>\$100,009</u>	<u>\$135,018</u>
REVENUES OVER (UNDER) EXPENSES	\$164,824	\$ 1,429	\$166,253	\$ 5,373
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(116,927)	159,794	42,867	37,494
RETAINED EARNINGS, ENDING	<u>\$ 47,897</u>	<u>\$161,223</u>	<u>\$209,120</u>	<u>\$ 42,867</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,**

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$166,253	\$5,373
Adjustments to reconcile to net cash		
Depreciation	976	986
Amortization	201	201
Gain on sale of investments	(2,854)	0
Changes in assets and liabilities		
Change in inventories	540	3,260
Change in accrued interest receivable	(1,530)	(1,530)
Change in accounts payable	(19,576)	(1,765)
Change in deferred revenue	(810)	893
Change in accrued expenses	(907)	342
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$142,293	\$7,760
CASH FLOWS FROM INVESTING ACTIVITIES		
Reductions (additions) to trust accounts	\$5,323	\$(9,007)
Additions to investments	(166,076)	0
Sales of investments	22,842	0
Additions to cash value of endowment insurance	(324)	(341)
Additions to property and equipment	(1,390)	0
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	\$(139,625)	\$(9,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt	\$0	\$0
Proceeds from long-term debt	0	0
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$0	\$0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$2,668	\$(1,588)
CASH AT BEGINNING OF YEAR	521	2,109
CASH AT END OF YEAR	\$3,189	\$521

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, 1998**

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.

INVESTMENTS - The investments are valued at the lower of cost or market. For gifts, the cost is determined by the fair market value of the security at the time of the gift.

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

PROPERTY, EQUIPMENT AND DEPRECIATION - Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets of 3-20 years.

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

NOTE 2 - PROPERTY AND EQUIPMENT

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

	<u>1998</u>	<u>1997</u>
Equipment and furniture	\$25,040	\$26,900
Less: accumulated depreciation	<u>16,369</u>	<u>18,643</u>
Property and equipment, net	<u>\$8,671</u>	<u>\$8,257</u>

NOTE 3 - CAPITALIZED LEASES

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

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 1998**

NOTE 4 - NOTES RECEIVABLE

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

	<u>1998</u>	<u>1997</u>
Note receivable from John Fowlkes, Vilonia, Arkansas; 9%; dated 4/21/95; due on demand	<u>\$17,000</u>	<u>\$17,000</u>
	<u>\$17,000</u>	<u>\$17,000</u>

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of dues, golf tournament fees, and meal tickets received for future years as of December 31, 1998 and 1997.

NOTE 6 - RESTRICTED FUND BALANCE

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

	<u>1998</u>	<u>1997</u>
Mission projects	\$8,566	\$8,366
Build A House campaign	33,556	33,206
Lifetime Membership	105,723	105,168
Master's Hands projects	12,450	12,450
Endowment insurance	928	604
	<u>\$161,223</u>	<u>\$159,794</u>

Proposed Budget for 2000

Expenses

Office Operations

Rent	20,292
Equipment and Supplies	10,000
Telephone	2,500
Postage	1,800
Total	34,592

Accounting

Bookkeeping	900
Audit	2,000
Total	2,900

Resource Development

Attack Newsletter	7,200
Direction Bible Studies	4,000
Printed Materials	4,000
Postage	2,400
Total	17,600

Travel

Travel	20,000
Board Travel	2,500
Total	22,500

Salaries

General Director

Salary	28,200
Housing	19,800
Retirement	2,400
Insurance	8,000
Total	58,400

Assistant Director

Salary	36,000
Retirement	1,800
Insurance	8,000
Total	45,800

Office Staff

Salaries	28,100
FICA	1,750
Medicare	400
Insurance	2,800
Total	33,050
Total Salaries	137,250

Ministry Development

Convention Booth	1,000
Family Enrichment Conference	2,000
Master's Men Leadership Training	3,000
Total	6,000
Total Expenses	220,842

Income

Dues Income	36,000
Rest of the Family Offering	1,000
The Together Way	60,000
Softball	4,000
Golf	7,000
Gifts	96,000
Family Enrichment Conference	3,000
Promotional Sales	3,000
Resource Sales	4,000
Endowment Income	7,842
Total Income	220,842

Salary Breakdown

Director	1998	1999	2000
Salary	37,044	39,911	28,200
Housing	0	0	19,800
Retirement	1,852	1,945	2,400
Insurance	9,500	8,925	8,000
Social Security	2,782	2,921	0
Total	51,178	53,702	58,400

Home Missions Department Report on 1998

Greetings:

The year 1998 was a great year for the National Home Missions Department. In January we held our **Third Annual Missionary Training and Evaluation Conference**, special guest, Stan Toler, with approximately 125 missionaries, pastors and other visitors in attendance. What a joy and a blessing it was to have all our missionaries together. The training and helps received were tremendous.

* There are five more mission churches that have been established and are now on their own. These Home Missionaries are to be commended: **Mike and Gail Criswell, Bill and Lois Reagan, Tim and Kathy Coats, Jim and Kim Fairchild, and Cliff and Kathy Donoho.**

* C.E.L.F. made loans of \$2,277,573.16 to our churches and missionaries in 1998. Thank God for our investors. This makes a total of \$12,851,952.41 that Home Missions has loaned out.

* On the last Sunday in March the **Roll Call** recorded 216,236 in attendance with 1,073 salvations reported.

* A record number of new missionaries was approved and sent to the field. Missionaries to Milwaukee, Wisconsin, **Terry and Margaret Hardison**, are being joined by their daughters and their husbands who are ministers, Mitchell and Lori Strickland and Michael and Christie Ray, in forming a team to help in establishing a church there. **Randy and Shelly Puckett** are going to Sugar Land, Texas, **Chris and Carla Fannin** will be working in Puerto Rico, and **Rue Dell and Ozella Smith** is planting a church in Monroe, Louisiana.

* Our **Free Will Baptist Cross-Cultural Ministry** was expanded by the approval of eight couples: Slavic missionaries, **Leonid Morgun and Vladimir Lopuga**, and South Korean missionaries: **Eun Ki Kim, James S. Kim, Chang-Hyo Choo, Chul Soo Kim, and John Y. Joo**, all who are planting churches in the California area, along with **Sang Ki Kim** who is planting a church in the Tidewater, Virginia area.

* The November/December, 1998, issue of our well-known publication, *Mission Grams*, was the last to be issued in the newsletter format, and is being replaced in 1999 with a new magazine entitled, *AIM, Advancing In Missions*.

* This was the year for the planning of the first **North American Strategy Forum**. Your Home Missions Department needs your prayers as we pray, plan, and promote church planting, growth and evangelism to make a difference for the glory of God and Free Will Baptists.

* The Home Missions Department received a record offering of \$3,975,676.00. We ended the year with our General Fund in the black and missionary deficits of \$107,112.30. For all that has been accomplished, we give thanks and praise and glory to God!

We sincerely thank all of you, God's people, who have made this possible by your generous gifts and faithful prayers.

In His service,

Trymon Messer
General Director

A Synopsis of Minutes of Home Missions Board Meetings for 1998

May 4, 1998

The Personnel Committee reported that they had interviewed Terry and Margaret Hardison and recommended that they be appointed as missionaries to Milwaukee, Wisconsin. The whole Board then met with them. MSC that Terry and Margaret Hardison be appointed as missionaries to Milwaukee, Wisconsin and to approve Mitchell and Lori Strickland and Mike and Christie Ray as Aquila and Priscilla workers.

The General Director discussed his idea for a church planter to start a church in the Nashville area with FWBBC students to assist.

That the National Home Missions Department offer its services as agent for disaster relief.

That we accept the Code of Ethics of the Home Missions Board.

May 6, 1998

That we present a plaque and \$500 at the National Association, July 1998, to Mike Criswell, July 1998; Bill Reagan and Tim Coats, March 1998; Jim Fairchild, July 1998. Also that we send a letter of commendation to each congratulating them for taking their church self-supporting.

December 7, 1998

The Personnel Committee recommended that Chris and Carla Fannin be approved as missionaries to Puerto Rico pending a meeting with Bud Bivens to work out job descriptions. MSC

The General Director explained his plan for the funding of the cross-cultural ministry.

A report was given by the Finance Committee with the following recommendations:

To lend Bethel FWB Church, Decatur, Alabama \$135,000. MSC

To make available a loan of \$200,000 to the Illinois State Home Missions Board and Northwest Free Will Baptist Church of Chicago, Illinois. MSC

December 8, 1998

We met with the leaders of California and the California State Home Missions Board, Nuel Brown, Doice McAlister, Matt Upton and Milburn Wilson. There was much discussion of opportunities to work together with Russian pastors and concerning lines of communication.

At the request of the Tennessee State Home Missions Board to accept Tim Osborn taking over as Pastor of the Grace Free Will Baptist Church in Memphis, Tennessee instead of starting a new church. MSC

MSC to employ Leonid Morgun as our Slavic Representative in the United States. The General Director will contact him about reviewing his status in May. The California representatives stated that they understood that Leonid Morgun would be an employee of the National Home Missions Department.

MSC to employ Vladimir Lopuga as a Joint Project missionary with the California State pending their state's Home Missions Board approval.

MSC to approve Eun Ki Kim as a cross-cultural missionary to Garden Grove, California.

MSC to approve James S. Kim as a cross-cultural missionary to Ontario, California.

MSC to approve Chul Soo Kim as a cross-cultural missionary to Glendale, California.

MSC to approve Chang Hyo Choo as a cross-cultural missionary to Los Angeles, California.

MSC to approve John Joo as a cross-cultural missionary to the Bay area of California.

MSC to approve Sang Ki Kim as a cross-cultural missionary to Virginia Beach, Virginia. We will offer to make this a Joint Project with the Tidewater District.

December 9, 1998

MSC to accept the National Home Missions Build My Church Endowment Trust of one million dollars as drawn up by our attorney.

The Home Missions Board and Foreign Missions Board met together in a cooperative spirit and committed to work together in some areas. A committee was appointed to plan for having a joint retreat.

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

December 31, 1998 and 1997

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*HINTON, WARREN,
DENNEY & WALLACE*

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. (a nonprofit organization) as of December 31, 1998 and 1997, 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, 1998 and 1997 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 9, 1999

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, 1998 and 1997

ASSETS

<u>Assets</u>	<u>1998</u>	<u>1997</u>
Cash - Note 9	\$ 269,123	\$ 187,074
Investments	18,511	
Investments in Church Extension		
Loan Fund - Note 6	1,263,060	1,029,125
Accounts receivable - related party - Note 6	150,000	90,000
Inventory - Note 1	4,957	8,526
Property and equipment, at cost		
less accumulated depreciation of \$82,918		
(\$66,626 in 1997) - Notes 1 & 2	157,520	167,549
Capitalized lease - Note 3	<u>5,829</u>	<u>8,743</u>
	<u>\$1,869,000</u>	<u>\$1,491,017</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 32,395	\$ 25,115
Deferred compensation - Note 4	<u>123,475</u>	<u>156,284</u>
Total liabilities	<u>155,870</u>	<u>181,399</u>
 <u>Commitments</u> - Notes 7 & 8		
 <u>Net assets</u>		
Unrestricted	392,273	289,133
Temporarily restricted - Note 5	<u>1,320,857</u>	<u>1,020,485</u>
Total net assets	<u>1,713,130</u>	<u>1,309,618</u>
Total liabilities and net assets	<u>\$1,869,000</u>	<u>\$1,491,017</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Unrestricted</u>		
Revenue:		
Cooperative program	\$ 183,245	\$ 114,952
Designated contributions	521,053	615,688
Management fees - Note 6	107,816	60,000
Interest income	82,929	83,613
Donation of stock	270,251	
Gain on sale of investment	26,228	
Gain on value of investment	8,708	
Gain (loss) on disposal of property and equipment	118	4,076
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>2,775,328</u>	<u>2,660,677</u>
Total revenue	<u>3,975,676</u>	<u>3,539,006</u>
Expenses:		
Administrative expenses	1,097,208	722,458
Missionary expenses	<u>2,775,328</u>	<u>2,660,677</u>
Total expenses	<u>3,872,536</u>	<u>3,383,135</u>
Increase in unrestricted net assets	<u>103,140</u>	<u>155,871</u>
<u>Temporarily restricted</u>		
Revenue:		
Cooperative program	811,055	538,159
Designated contributions	2,264,645	2,091,512
Net assets released from restrictions:		
Restrictions satisfied by payments	(<u>2,775,328</u>)	(<u>2,660,677</u>)
Increase (decrease) in temporarily restricted net assets	<u>300,372</u>	(<u>31,006</u>)
Total increase in net assets	403,512	124,865
Net assets - beginning of year	<u>1,309,618</u>	<u>1,184,753</u>
Net assets - end of year	<u>\$1,713,130</u>	<u>\$1,309,618</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Operating activities</u>		
Increase in net assets	\$ 403,512	\$ 124,865
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	16,292	16,786
Amortization	2,914	2,914
(Gain) loss on disposal of property and equipment	(118)	(4,076)
(Gain) loss on disposal of investment	(26,228)	
(Gain) loss on value of investment	(8,708)	
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(60,000)	(60,000)
(Increase) decrease in inventories	3,569	7,216
Increase (decrease) in accounts payable and accrued expenses	7,280	4,898
Increase (decrease) in deferred compensation	(32,809)	(10,316)
Net cash provided by operating activities	<u>305,704</u>	<u>82,287</u>
<u>Investing activities</u>		
Redemption of investments	422,921	161,176
Acquisition of investments	(640,431)	(364,320)
Proceeds on sale of property and equipment	118	11,247
Purchases of property and equipment	(6,263)	(22,404)
Net cash used by investing activities	<u>(223,655)</u>	<u>(214,301)</u>
<u>Financing activities</u>	<u>-0-</u>	<u>-0-</u>
Net cash used by financing activities	<u>-0-</u>	<u>-0-</u>
Increase (decrease) in cash and cash equivalents	82,049	(132,014)
Cash and cash equivalents at beginning of years	<u>187,074</u>	<u>319,088</u>
Cash and cash equivalents at end of years	<u>\$ 269,123</u>	<u>\$ 187,074</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.
Notes to the Financial Statements
December 31, 1998 and 1997

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 1998.

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, 1998 and 1997

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

Investments in Church Extension Loan Fund

Investments consist of investments in the Church Extension Loan Fund. Investments are stated at cost, which approximates market value at December 31, 1998 and 1997.

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.

Investments

Investments are composed of equity securities and are valued at fair value.

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, 1998 and 1997

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	<u>1998</u>	<u>1997</u>
Land - Puerto Rico	\$105,000	\$105,000
Automobile	36,222	36,222
Office furniture & equipment	<u>99,216</u>	<u>92,953</u>
	240,438	234,175
Less: Accumulated depreciation	(<u>82,918</u>)	(<u>66,626</u>)
	<u>\$157,520</u>	<u>\$167,549</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 1997. Amortization expense for the years amounted to \$2,914 (\$2,914 in 1997).

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.

	<u>1998</u>	<u>1997</u>
Balance at beginning of the year	\$156,284	\$166,600
Contribution for the year		
Missionaries	27,602	26,747
Administrative employees	12,624	11,786
Transfer and terminations	(<u>73,035</u>)	(<u>48,849</u>)
Balance at end of the year	<u>\$123,475</u>	<u>\$156,284</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, 1998 and 1997

Note 5 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>1998</u>	<u>1997</u>
Missionaries	\$1,319,716	\$1,019,215
Church Extension Loan Fund	<u>1,141</u>	<u>1,270</u>
	<u>\$1,320,857</u>	<u>\$1,020,485</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 year, the Church Extension Loan Fund paid the Board of Home Missions a management fee of \$107,816 (\$60,000 at December 31, 1997) 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 \$1,263,060 (\$1,029,125 at December 31, 1997). 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 \$150,000 (\$90,000 at December 31, 1997).

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, 1998 and 1997

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 1997). The term of the lease will expire when all mortgages on the building are satisfied, which approximates nine years.

The future minimum lease payments are as follows:

1999	\$ 50,220
2000	50,220
2001	50,220
2002	50,220
2003	50,220
Thereafter	<u>205,065</u>
	<u>\$456,165</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, 1998, the excess amount over the federally insured limit was \$169,123 (\$87,074 in 1997). 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 \$1,263,060 (\$1,029,125 in 1997) 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, 1998 and 1997

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 in Church Loan Fund, receivables and payables: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: The fair value of investments is based on quoted market price for those investments.

Note 11 - Investments

Investments are stated at fair value and consist of equity securities:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	<u>\$ 9,804</u>	<u>\$ 18,511</u>	<u>\$ 8,707</u>

Investment return is summarized as follows:

Net realized and unrealized income	<u>\$ 34,936</u>
------------------------------------	------------------

SUPPLEMENTARY INFORMATION

**HINTON, WARREN,
DENNEY & WALLACE**

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

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

Our report on our audits of the basic financial statements of the Board of Home Missions for 1998 and 1997 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 9, 1999

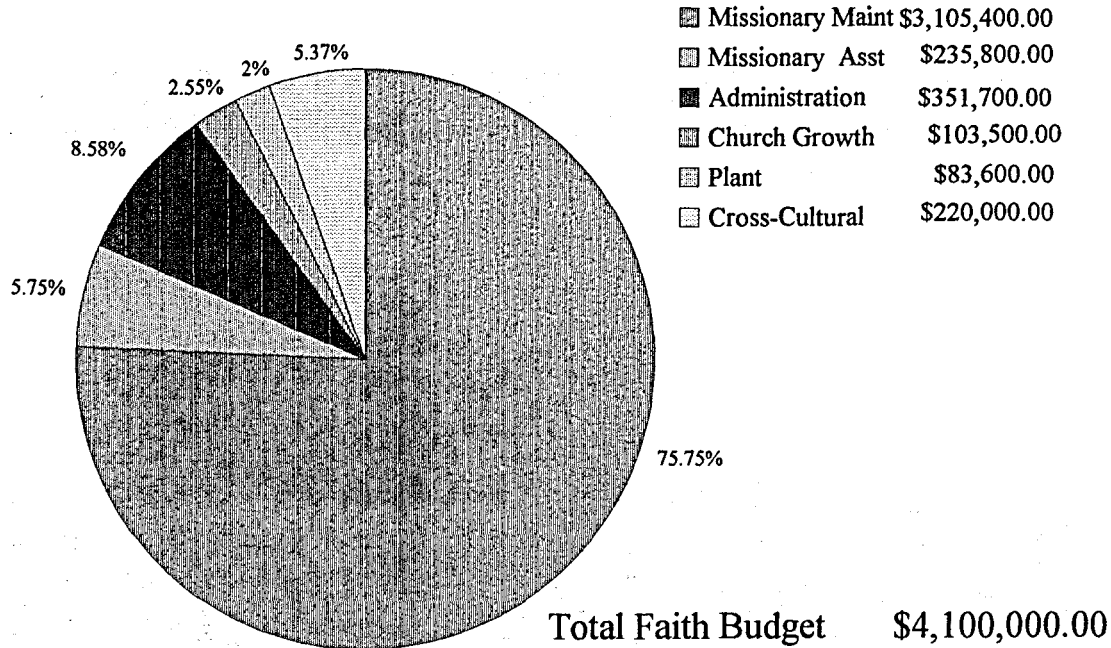
BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
Schedule of Functional Expenses
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Administrative expenses</u>		
Salaries and wages	\$ 206,336	\$ 195,850
Payroll taxes	8,809	7,928
Housing allowance and employee benefits	84,710	77,775
Employee savings	12,624	11,786
Cost of literature	3,462	2,497
Promotion expense	40,564	35,207
Utilities	8,582	7,728
Office expense	25,068	21,286
Printing and postage	109,055	147,081
Rent expense	50,220	50,220
Professional fees	22,655	17,515
Auto and travel expense	50,649	40,271
Board meeting expense	17,927	15,744
Insurance expense	34,666	38,982
Telephone	9,689	9,874
Amortization	2,914	2,914
Together Way Office	7,451	8,884
Miscellaneous	18,816	14,130
Depreciation	16,292	16,786
Build My Church	<u>366,719</u>	
Total administrative expenses	<u>1,097,208</u>	<u>722,458</u>
<u>Missionary expenses</u>		
Salary and wages	1,959,720	1,797,580
Employee savings	27,602	26,747
Promotion expense	3,556	5,875
Printing and postage	78,831	70,931
Literature	50,627	37,286
Auto and travel expense	230,319	176,205
Insurance expense	70,779	63,219
Missionary land & buildings	208,011	365,243
Designated contributions	76,557	87,565
Miscellaneous other expense	<u>69,326</u>	<u>30,026</u>
Total missionary expenses	<u>2,775,328</u>	<u>2,660,677</u>
Total expenses	<u>\$3,872,536</u>	<u>\$3,383,135</u>

See accountants' report on supplementary information.

HOME MISSIONS DEPARTMENT

Proposed Faith Budget for 2000



Home Missions Department Proposed Faith Budget for 2000

	1999	2000
Missionary Maintenance		
Salaries	\$1,950,000.00	\$2,213,400.00
Travel & Promotion	215,000.00	230,000.00
Employee Savings	30,000.00	30,000.00
Postage & Handling	40,000.00	50,000.00
Miscellaneous	30,000.00	40,000.00
Land & Building Fund	420,000.00	520,000.00
Total	\$2,685,000.00	\$3,083,400.00
Missionary Assistance		
Printing & Postage	\$90,000.00	135,000.00
Telephone	10,000.00	9,600.00
Board Member Expense	20,000.00	15,200.00
Auditing & Legal	6,000.00	20,000.00
Literature	5,000.00	2,000.00
Together Way Office & WNAC	8,000.00	9,000.00
Supplies	25,000.00	25,000.00
Missionary Training	25,000.00	20,000.00
Total	\$189,000.00	\$235,800.00
Administration		
Salaries	\$225,000.00	\$245,900.00
Housing	40,000.00	40,800.00
Payroll Taxes	12,000.00	9,000.00
Employee Savings	15,000.00	12,000.00
Insurance	40,000.00	40,000.00
Utilities	8,500.00	8,000.00
Total	\$340,500.00	\$355,700.00
Evangelism and Church Growth		
Auto & Travel	\$40,000.00	50,000.00
Promotion	40,000.00	40,000.00
Revivals	12,000.00	12,000.00
Roll Call Sunday	3,000.00	1,500.00
Total	\$95,000.00	\$103,500.00
Plant		
Office Space	\$50,500.00	48,600.00
Equipment & Supplies	20,000.00	15,000.00
Depreciation	20,000.00	20,000.00
Total	\$90,500.00	\$83,600.00
Cross- Cultural Ministry	\$100,000.00	\$220,000.00
Total Faith Budget	\$3,500,000.00	\$4,100,000.00

Salaries

General Director

	1998	1999	2000
Salary	\$50,706.73	\$52,734.99	\$54,844.39
Housing	10,800.00	10,800.00	10,800.00
Utilities	2,700.00	2,800.00	2,900.00
Saving Bonus	3,075.33	3,176.72	3,282.22
Insurance:			
Travel	\$ 60.00	\$ 60.00	\$ 60.00
Life	286.68	286.68	290.00
Health	4,036.92	4,050.00	4,100.00
Dental	340.20	350.00	375.00
Totals	\$72,005.86	\$74,258.39	\$76,651.61
Office Car Furnished			

Director of Development

Salary	\$34,135.92	\$35,501.35	\$36,921.40
Housing	16,800.00	16,800.00	16,800.00
Utilities	2,900.00	3,000.00	3,100.00
Saving Bonus	2,546.79	2,615.06	2,686.07
Insurance:			
Travel	\$ 60.00	\$ 60.00	\$ 60.00
Life	286.68	286.68	290.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$59,037.83	\$60,653.09	\$62,357.47
Office Car Furnished			

Director of Missionary Assistance

Salary	\$39,127.92	\$40,693.00	\$42,320.72
Housing	12,000.00	12,000.00	12,000.00
Utilities	2,400.00	2,500.00	2,600.00
Saving Bonus	1,022.55	1,053.86	1,086.41
Insurance:			
Travel	\$ 60.00	\$ 60.00	\$ 60.00
Life	286.68	286.68	290.00
Health	5,524.44	5,600.00	5,700.00
Dental	488.52	500.00	550.00
Totals	\$60,910.11	\$62,693.54	\$64,607.13
Office Car Furnished			

Bookkeeper

Salary	\$28,835.02	\$29,988.42	\$31,187.96
Social Security	2,205.87	2,294.10	2,495.04
Saving Bonus	1,441.75	1,499.42	1,559.40
Insurance:			
Life	\$ 194.28	\$ 200.00	\$ 225.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$34,985.36	\$36,371.94	\$37,967.40

Publications Editor

	1998	1999	2000
Salary	\$25,197.55	\$26,205.45	\$27,253.67
Social Security	1,927.61	2,004.71	2,180.29
Saving Bonus	1,259.87	1,310.27	1,362.68
Insurance:			
Life	\$ 194.28	\$ 200.00	\$ 225.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$30,887.75	\$32,110.43	\$33,521.64

Loan Fund Secretary

Salary	\$20,509.00	\$21,329.36	\$22,182.53
Social Security	1,568.93	1,631.68	1,774.60
Saving Bonus	1,025.45	1,066.46	1,109.13
Insurance:			
Life	\$ 194.28	\$ 200.00	\$ 225.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$25,606.10	\$26,617.50	\$27,791.26

Secretary

Salary	\$20,509.00	\$21,329.36	\$22,182.53
Social Security	1,568.93	1,631.63	1,774.60
Saving Bonus	1,025.45	1,066.46	1,109.13
Insurance:			
Life	\$ 184.80	\$ 200.00	\$ 225.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$25,596.62	\$26,617.45	\$27,791.26

Secretary/CLF Bookkeeper

Salary	\$29,180.38	\$30,347.59	\$31,561.49
Social Security	2,232.29	2,321.58	2,524.92
Saving Bonus	1,459.01	1,517.37	1,578.07
Insurance:			
Life	\$ 194.28	\$ 200.00	\$ 200.00
Health	2,122.92	2,200.00	2,300.00
Dental	185.52	190.00	200.00
Totals	\$35,374.40	\$36,776.54	\$38,364.48

**Proposed State Goals for 2000
Home Missions Department**

State	2000 Goal
Alabama	\$ 275,000
Arizona	30,000
Arkansas	225,000
California	105,000
Canada	4,000
CELF	120,000
Colorado	70,000
Florida	100,000
FWB Foundation	12,000
Georgia	135,000
Hawaii	1,000
Idaho	10,000
Illinois	70,000
Indiana	55,000
Iowa	4,000
Kansas	30,000
Kentucky	95,000
Louisiana	45,000
Maine	5,000
Maryland	40,000
Massachusetts	25,000
Michigan	165,000
Mississippi	105,000
Missouri	160,000
Montana	2,000
New Hampshire	2,000
New Jersey	6,000
New Mexico	20,000
North Carolina	275,000
Ohio	125,000
Oklahoma	325,000
Oregon	25,000
Other Income	225,000
Other States	5,000
Pennsylvania	75,000
Puerto Rico	7,000
South Carolina	200,000
South Dakota	1,000
Tennessee	440,000
Texas	90,000
Utah	3,000
Virginia	130,000
Virgin Islands	50,000
Washington	3,000
West Virginia	60,000
Wisconsin	5,000
WNAC	110,000
Wyoming	30,000
Total 2000 Goals	\$4,100,000

CHURCH EXTENSION LOAN FUND

December 31, 1998 and 1997

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Church Extension Loan Fund (a nonprofit organization) as of December 31, 1998 and 1997, 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, 1998 and 1997 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 10, 1999

CHURCH EXTENSION LOAN FUND
Statements of Financial Position
December 31, 1998 and 1997

	<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
<u>Assets</u>			
Cash - Note 7		\$ 1,583,133	\$ 1,094,823
Notes receivable - Notes 1, 5 & 9		10,653,920	9,426,470
Bonds receivable		71,379	65,678
Accrued interest receivable		85,580	75,914
Investments		332,062	
Property and equipment - at cost, less accumulated depreciation of \$12,737 (\$7,079 in 1997) - Notes 1 & 2		<u>17,431</u>	<u>23,089</u>
Total assets		<u>\$12,743,505</u>	<u>\$10,685,974</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>			
Accounts payable - related party - Note 5	\$	150,000	\$ 90,000
Accrued interest		118,880	96,139
Revocable and irrevocable trusts - Note 10		659,058	646,868
Deferred compensation - Note 11		318,472	260,657
Notes payable - Notes 3, 5 & 9		10,008,985	8,610,398
Note payable - other - Note 4		-	5,810
Total liabilities		<u>11,255,395</u>	<u>9,709,872</u>
<u>Net assets</u>			
Unrestricted		<u>1,488,110</u>	<u>976,102</u>
Total net assets		<u>1,488,110</u>	<u>976,102</u>
Total liabilities and net assets		<u>\$12,743,505</u>	<u>\$10,685,974</u>

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

CHURCH EXTENSION LOAN FUND
Statements of Activities
For the Years Ended December 31, 1998 and 1997

	<u>Unrestricted</u>	
	<u>1998</u>	<u>1997</u>
Revenue:		
Designated contributions - Note 6	\$ 445,006	\$ 182,414
Investment income	69,061	73,620
Interest income on notes receivable	955,599	831,770
Gain on sale of property and equipment		1,754
Gain on value of investments	55,344	
Management fee	<u>4,408</u>	
	<u>1,529,418</u>	<u>1,089,558</u>
Expenses:		
Interest expense	700,152	636,096
Office expense	9,934	9,443
Auto and travel	20,406	22,178
Management fee - Note 5	104,000	66,480
Promotion	19,919	6,990
Postage	1,675	2,209
Professional fees	5,665	4,525
Depreciation	5,659	5,344
Transfer to Free Will Baptists Home Missions	<u>150,000</u>	<u>139,000</u>
	<u>1,017,410</u>	<u>892,265</u>
Increase in net assets	512,008	197,293
Net assets - beginning of year	<u>976,102</u>	<u>778,809</u>
Net assets - end of year	<u>\$1,488,110</u>	<u>\$ 976,102</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Operating activities</u>		
Increase in net assets	\$ 512,008	\$ 197,293
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,659	5,344
Gain on value of investments	(55,344)	
Gain on sale of property and equipment		(1,754)
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(9,666)	(11,223)
Increase (decrease) in accounts payable	60,000	60,000
Increase (decrease) in accrued interest payable	22,741	(5,631)
Increase (decrease) in deferred compensation	<u>57,815</u>	<u>54,883</u>
Net cash provided by operating activities	<u>593,213</u>	<u>298,912</u>
<u>Investing activities</u>		
Donated stock received	(276,719)	
Purchase of equipment		(19,530)
Proceeds from sale of equipment		2,650
Collection on notes receivable	1,031,019	1,104,993
Additions to notes and bonds receivable	<u>(2,264,170)</u>	<u>(2,705,374)</u>
Net cash used in investing activities	<u>(1,509,870)</u>	<u>(1,617,261)</u>
<u>Financing activities</u>		
Addition to trusts	13,602	141,892
Termination of trusts	(1,412)	(99,029)
Additions to notes payable	2,147,639	1,640,819
Repayment of notes payable	<u>(754,862)</u>	<u>(1,306,761)</u>
Net cash provided by financing activities	<u>1,404,967</u>	<u>376,921</u>
Increase (decrease) in cash and cash equivalents	488,310	(941,428)
Cash and cash equivalents at beginning of year	<u>1,094,823</u>	<u>2,036,251</u>
Cash and cash equivalents at end of year	<u>\$1,583,133</u>	<u>\$1,094,823</u>
<u>Supplemental disclosures</u>		
Interest received	<u>\$1,009,293</u>	<u>\$ 889,764</u>
Interest paid	<u>\$ 677,411</u>	<u>\$ 641,727</u>

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

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 1998.

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

Basis of accounting

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

Basis of presentation

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

Use of estimates

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

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.

Investments

Investments are composed of equity securities and are valued at quoted market price.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

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:

1999	\$ 467,126
2000	513,487
2001	564,449
2002	620,470
2003	682,050
Thereafter	<u>7,806,338</u>
	<u>\$10,653,920</u>

Allowance for doubtful accounts

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

Cash equivalents

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

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>1998</u>	<u>1997</u>
Automobile	\$ 18,200	\$ 18,200
Office equipment	<u>11,968</u>	<u>11,968</u>
	30,168	30,168
Accumulated depreciation	(<u>12,737</u>)	(<u>7,079</u>)
	<u>\$ 17,431</u>	<u>\$ 23,089</u>

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

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, 1998 was \$-0- (\$5,810 at December 31, 1997). 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 \$104,000 (\$66,480 at December 31, 1997) 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 \$705,130 (\$658,246 at December 31, 1997). The Fund had accounts payable to the Board of Home Missions in the amount of \$150,000 (\$90,000 at December 31, 1997).

The Fund holds a note receivable from the National Association of Free Will Baptists, Inc. in the amount of \$188,006 (\$282,169 at December 31, 1997). 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 \$1,450,491 (\$950,141 at December 31, 1997).

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

Note 7 - Concentration of credit risk

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 1998, the excess amount over the federally insured limit was \$1,483,133 (\$994,823 in 1997). 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, 1998 and 1997.

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, 1998 and 1997.

Investments: The fair value of investments is based on quoted market price for those investments.

Note 9 - Concentration

Included in notes receivable at December 31, 1998 are nine loans which total \$3,511,353. This one balance represents 32.96% of total notes receivable.

Notes payable include forty notes which total \$6,198,061 or 61.92% of total notes payable. Of these forty notes payable, two total \$1,205,130 or 12.04% of total notes payable.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 1998 and 1997

Note 10 - Revocable and irrevocable trusts

Nine irrevocable and four revocable charitable remainder trusts pay interest at 6-9% per year. The principal of these trusts was used to make mortgage loans. Interest expense for the year ended December 31, 1998 amounted to \$55,513 (\$54,909 at December 31, 1997).

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, 1998 was \$28,378 (\$23,096 at December 31, 1997).

Note 12 - Investments

Investments are stated at fair value and consist of equity securities:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	<u>\$276,719</u>	<u>\$332,062</u>	<u>\$ 55,344</u>

Investment return is summarized as follows:

Net unrealized gain	<u>\$ 55,344</u>
---------------------	------------------

Board of Retirement

1998 brought record activity to the Board of Retirement.

Most new enrollees in one year - 108

Most contributions during one year - \$1,527,119.00

Largest dollar amount of settlements - \$1,246,478.00

Largest dollar volume in annuities (lifetime income) - \$395,163.00

Lowest management cost - \$1.86%

Oklahoma joined Missouri, Arkansas, Florida and Georgia with a state-sponsored/funded retirement plan. Every pastor in these five states should check with their respective state office about the individual requirements to benefit. Enrollment in our plan is becoming even more important for men who move into these states since qualification for benefits is often automatically extended to plan members.

Internal efforts to maintain and improve the plan are a constant priority of our staff and board. Two major areas have been our focus during this past year: diversification of investments and Y2K preparedness.

We have chosen to achieve some diversification by hiring additional money managers. We spent over a year in our search for managers who could complement our present portfolio. During the first half of the year two were hired who are willing to manage a small portion of our portfolio for the same fee charged by our major manager. Reasonable fees are very important to our overall performance over the long term. These managers bring a different style of investment to our mix which should help us with future market volatility.

We reported to the Convention last year that we would be upgrading our computer software to handle an increased volume of data, reporting requirements, and Y2K problems. We have run a dual set of books testing this new software from January through June. Although the process was not as simple as "plug and play," it has proven capable and Y2K compliant. Beginning July 1st we have been on the new system completely. This should meet our requirements for both accounting and reporting for several years.

There are potential problems in the larger world community for Y2K but we are sure your individual accounts will be maintained intact. Every test we or our auditors have run indicates our internal records will be safe and accurate. We have the same assurances from the investment managers and banking institutions we conduct business with and through.

Our investment reports are received near the middle of the month, so earnings are not determined until then. This is normal and has nothing to do with Y2K.

Investment growth produced 9.25% for the first half of the year and 4.75% for the last half for Plan 1 accounts, which gives us the following returns on an annualized basis:

1 year returns	- 7.11%
3 year returns	- 11.67%
5 year returns	- 12.07%
10 year returns	- 9.34%
Life of Plan	- 9.06%

(7/1/69-12/31/98)

The second half of the year was not on par with our recent experience. However, Morning Star reported that only 14 out of 2,377 funds invested in a

broad array of U.S. Stocks during the third quarter made money, and the average domestic equity fund lost 13%. While this is small comfort to participants, it is important to remember we do invest in the same market and face its risk. History has proven that reasonable risk is rewarded over time.

Our goal of providing retirement benefits for Free Will Baptist employees is still the driving force of our operation. We pledge our strongest efforts to do our best for you.

Respectfully,

William W. Evans
Director

WWE/dh

Board of Retirement Summary of Board Meetings

April 28-29, 1998

Annual Meeting - All members present except Jim Lowe. Reviewed operations of 1997 and recommended amending the 1998 budget, increasing the equipment budget \$20,000 to provide new computer software.

December 7-9, 1998

Semi-Annual Meeting - All members present except Jim Lowe. Reviewed investment managers' reports.

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

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

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

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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 statements of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists (the "Board") as of December 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 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 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 Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Williams, Crosslin, Sparks & Vaden, P.C.
February 9, 1999

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

	<u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
OPERATING ASSETS		
Cash and cash equivalents	\$ 23,525	\$ 32,260
Funds invested with the Free Will Baptist Foundation	14,989	11,259
Accounts receivable	<u>355</u>	<u>-</u>
Total operating assets	<u>38,869</u>	<u>43,519</u>
RETIREMENT ASSETS		
Cash and cash equivalents	797,713	466,201
Investment in marketable securities and instruments, at fair market value (Note C)	15,786,939	13,825,670
Accrued investment income receivable	86,648	79,486
Notes receivable, net of allowance for doubtful accounts (Note B)	<u>2,216,586</u>	<u>2,800,482</u>
Total retirement assets	<u>18,887,886</u>	<u>17,171,839</u>
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES, at cost, net of accumulated depreciation (Note D)	<u>54,745</u>	<u>42,888</u>
Total assets	<u>\$18,981,500</u>	<u>\$17,258,246</u>

LIABILITIES AND NET ASSETS

	<u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
LIABILITIES		
Annuities payable (Note F)	\$ 961,564	\$ 566,401
Unearned loan origination fees	26,751	35,254
Accounts payable, accrued expenses and other liabilities	<u>18,791</u>	<u>22,046</u>
Total liabilities	<u>1,007,106</u>	<u>623,701</u>
NET ASSETS		
Unrestricted:		
Operations:		
Operating funds	9,580	19,981
Designated for future asset purchases	14,989	11,259
Net invested in equipment	<u>54,745</u>	<u>42,888</u>
Operating net assets	<u>79,314</u>	<u>74,128</u>
Retirement accounts:		
Net assets available for participants	17,865,415	16,498,506
Designated as reserve funds	21,665	55,911
Designated as annuity reserve funds	<u>8,000</u>	<u>6,000</u>
Retirement net assets	<u>17,895,080</u>	<u>16,560,417</u>
Total net assets	<u>17,974,394</u>	<u>16,634,545</u>
Total liabilities and net assets	<u>\$18,981,500</u>	<u>\$17,258,246</u>

See accompanying notes to financial statements.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998		
	<u>Retirement Accounts</u>	<u>Operations</u>	<u>Total</u>
SUPPORT, REVENUE AND OTHER ADDITIONS			
Contributions from participants	\$ 1,527,119	\$ -	\$ 1,527,119
Investment income:			
Gains of investment portfolio:			
Net realized gains	1,505,032	-	1,505,032
Net unrealized losses	(910,525)	-	(910,525)
	594,507	-	594,507
Interest and dividends from investments (net of investment fees):	<u>536,473</u>	<u>-</u>	<u>536,473</u>
Total investment income	1,130,980	-	1,130,980
Income earned from interest bearing notes:			
Interest income	276,592	-	276,592
Loan origination fees earned	<u>8,503</u>	<u>-</u>	<u>8,503</u>
Total income earned from interest and loan origination fees	<u>285,095</u>	<u>-</u>	<u>285,095</u>
Forfeitures and late charges	1,187	-	1,187
Gifts	-	57,342	57,342
Gain on disposal of assets	-	-	-
Reimbursement from Free Will Baptist Foundation	-	22,000	22,000
Miscellaneous income	<u>-</u>	<u>4,116</u>	<u>4,116</u>
Total Additions	2,944,381	83,458	3,027,839
Allocation for operations	<u>(254,371)</u>	<u>254,371</u>	<u>-</u>
Net additions after allocation	<u>2,690,010</u>	<u>337,829</u>	<u>3,027,839</u>

1997		
<u>Retirement Accounts</u>	<u>Operations</u>	<u>Total</u>
\$ 1,140,250	\$ -	\$ 1,140,250
1,499,083	-	1,499,083
(82,985)	-	(82,985)
1,416,098	-	1,416,098
618,691	-	618,691
2,034,789	-	2,034,789
336,964	-	336,964
8,503	-	8,503
345,467	-	345,467
1,282	-	1,282
-	49,936	49,936
-	3,855	3,855
-	18,000	18,000
-	4,808	4,808
3,521,788	76,599	3,598,387
(266,365)	266,365	-
3,255,423	342,964	3,598,387

See accompanying notes to financial statements.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued
YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998		
	Retirement Accounts	Operations	Total
EXPENSES AND OTHER DEDUCTIONS			
Withdrawals by participants	\$ 1,246,487	\$ -	\$ 1,246,487
Insurance deductions from participants accounts	44,359	-	44,359
Income allocated to liability obligations	61,582	-	61,582
Salaries	-	98,191	98,191
Housing	-	45,999	45,999
Fringe benefits	-	53,461	53,461
Travel and promotional	-	17,498	17,498
Office supplies and expense	-	21,414	21,414
Occupancy	-	49,070	49,070
Board members expense	-	11,392	11,392
Legal and auditing	-	12,431	12,431
Depreciation	-	17,153	17,153
Miscellaneous	2,919	6,034	8,953
Total deductions	<u>1,355,347</u>	<u>332,643</u>	<u>1,687,990</u>
Increase in net assets	1,334,663	5,186	1,339,849
Net assets at beginning of year	<u>16,560,417</u>	<u>74,128</u>	<u>16,634,545</u>
Net assets at end of year	<u>\$17,895,080</u>	<u>\$ 79,314</u>	<u>\$17,974,394</u>

1997		
<u>Retirement Accounts</u>	<u>Operations</u>	<u>Total</u>
\$ 428,468	\$ -	\$ 428,468
41,683	-	41,683
45,010	-	45,010
-	97,659	97,659
-	38,189	38,189
-	52,145	52,145
-	18,592	18,592
-	21,991	21,991
-	49,363	49,363
-	12,080	12,080
-	14,015	14,015
-	13,487	13,487
-	12,900	12,900
<u>515,161</u>	<u>330,421</u>	<u>845,582</u>
2,740,262	12,543	2,752,805
<u>13,820,155</u>	<u>61,585</u>	<u>13,881,740</u>
<u>\$16,560,417</u>	<u>\$ 74,128</u>	<u>\$16,634,545</u>

See accompanying notes to financial statements.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998		
	<u>Retirement Accounts</u>	<u>Operations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from:			
Contributions from participants and employers	\$ 1,527,119	\$ -	\$ 1,527,119
Gifts	-	57,342	57,342
Income earned from interest and loan origination fees	276,592	-	276,592
Investment income	529,311	-	529,311
Forfeitures and late charges	1,187	-	1,187
Reimbursement from Free Will Baptist Foundation	-	22,000	22,000
Miscellaneous income	-	3,031	3,031
Cash paid for:			
Supplies and employees	(49,635)	(312,739)	(362,374)
Withdrawal of funds by participants	(1,246,487)	-	(1,246,487)
Allocation of income to annuitants	(64,501)	-	(64,501)
Net cash provided (used) by operating activities	<u>973,586</u>	<u>(230,366)</u>	<u>743,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of office furniture and equipment	-	(29,010)	(29,010)
Proceeds from the disposal of equipment	-	-	-
Investments:			
Purchases of investment securities	(21,138,947)	-	(21,138,947)
Funds invested with Free Will Baptist Foundation	-	(3,730)	(3,730)
Proceeds from sale of investment securities	19,772,185	-	19,772,185
Notes receivable:			
New loans made	(117,814)	-	(117,814)
Collection of notes receivable	<u>701,710</u>	<u>-</u>	<u>701,710</u>
Net cash used by investing activities	<u>(782,866)</u>	<u>(32,740)</u>	<u>(815,606)</u>

1997		
Retirement Accounts	Operations	Total
\$ 1,140,250	\$ -	\$ 1,140,250
-	49,936	49,936
306,964	-	306,964
658,140	-	658,140
1,282	-	1,282
-	18,000	18,000
-	3,942	3,942
(37,511)	(319,185)	(356,696)
(428,468)	-	(428,468)
<u>(45,010)</u>	<u>-</u>	<u>(45,010)</u>
<u>1,595,647</u>	<u>(247,307)</u>	<u>1,348,340</u>
-	(6,809)	(6,809)
-	4,541	4,541
(13,135,667)	-	(13,135,667)
-	(6,000)	(6,000)
11,398,398	-	11,398,398
(266,759)	-	(266,759)
338,670	-	338,670
<u>(1,665,358)</u>	<u>(8,268)</u>	<u>(1,673,626)</u>

See accompanying 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, 1998 AND 1997

	1998		
	<u>Retirement Accounts</u>	<u>Operations</u>	<u>Total</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Allocation for operations	(254,371)	254,371	-
Net additions to annuities payable	<u>395,163</u>	<u>-</u>	<u>395,163</u>
Net cash provided (used) by financing activities	<u>140,792</u>	<u>254,371</u>	<u>395,163</u>
Net increase (decrease) in cash	331,512	(8,735)	322,777
Cash and cash equivalents at beginning of year	<u>466,201</u>	<u>32,260</u>	<u>498,461</u>
Cash and cash equivalents at end of year	<u>\$ 797,713</u>	<u>\$ 23,525</u>	<u>\$ 821,238</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in net assets	\$ 1,334,663	\$ 5,186	\$ 1,339,849
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities			
Depreciation and amortization	-	17,153	17,153
Allocation for operations	254,371	(254,371)	-
Gains on investment transactions	(594,507)	-	(594,507)
Decrease in allowance for notes receivable	-	-	-
Earnings added to investment with Free Will Baptist Foundation	-	-	-
Increase in accounts receivable	-	(355)	(355)
Decrease (increase) in accrued investment income	(7,162)	-	(7,162)
Increase (decrease) in accounts payable, accrued expenses and other	(5,276)	2,021	(3,255)
Decrease in loan origination fees	<u>(8,503)</u>	<u>-</u>	<u>(8,503)</u>
Total adjustments	<u>(361,077)</u>	<u>(235,552)</u>	<u>(596,629)</u>
Net cash provided (used) by operating activities	<u>\$ 973,586</u>	<u>\$(230,366)</u>	<u>\$ 743,220</u>

1997		
Retirement Accounts	Operations	Total
(266,365)	266,365	-
<u>161,950</u>	<u>-</u>	<u>161,950</u>
(104,415)	<u>266,365</u>	<u>161,950</u>
(174,126)	10,790	(163,336)
<u>640,327</u>	<u>21,470</u>	<u>661,797</u>
<u>\$ 466,201</u>	<u>\$ 32,260</u>	<u>\$ 498,461</u>

\$ 2,740,262 \$ 12,543 \$ 2,752,805

-	13,487	13,487
266,365	(266,365)	-
(1,416,098)	-	(1,416,098)
(30,000)	-	(30,000)
-	(3,855)	(3,855)
-	(866)	(866)
-	-	-
39,449	-	39,449
4,172	(2,251)	1,921
(8,503)	<u>-</u>	<u>(8,503)</u>
<u>(1,144,615)</u>	<u>(259,850)</u>	<u>(1,404,465)</u>
<u>\$ 1,595,647</u>	<u>\$(247,307)</u>	<u>\$ 1,348,340</u>

See accompanying notes to financial statements.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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 classifies 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 Board 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 Board and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the Board. Generally, the donors of these assets permit the Board 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, 1998 AND 1997

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 Board had no temporarily restricted net assets at December 31, 1998 and 1997.

Further, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 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 enter initially upon employment or when they lose eligibility to participate in Plan 1 or 2. Minimum contributions required by this plan are \$10 per month and can be made by any of the plan's contribution means. 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, 1998 AND 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments in marketable securities are reported at fair value with gains and losses included in the statement of activities and changes in net assets. Investments in marketable securities are valued at current quoted or estimated market value. Non marketable investments are carried at cost unless a permanent loss of value has occurred.

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% of each new church loan is charged to borrowers to cover service fees on each 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, 1998 AND 1997

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:

	<u>1998</u>	<u>1997</u>
Participant notes secured by retirement account balances	\$ 92,959	\$ 233,403
Churches and agency notes secured by related real property	<u>2,153,627</u>	<u>2,597,079</u>
	2,246,586	2,830,482
Less allowance for doubtful accounts	<u>(30,000)</u>	<u>(30,000)</u>
	<u>\$2,216,586</u>	<u>\$2,800,482</u>

The notes bear interest at various rates from 3.0% to 15% and mature at various dates from 1999 through 2012.

C. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

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

	<u>1998</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>Appreciation</u>
Investments:			
Certificate of deposits	\$ 35,000	\$ 35,000	\$ -
Mutual funds	2,092,543	2,008,029	84,514
Common stocks	5,762,172	6,145,354	(383,182)
U.S. Government issues	7,871,999	7,498,383	373,616
Fixed income bonds	<u>25,225</u>	<u>25,032</u>	<u>193</u>
Total Investments	<u>\$15,786,939</u>	<u>\$15,711,798</u>	<u>\$ 75,141</u>

Total investment income relating to marketable securities and instruments amounted to \$1,130,980 for 1998 and consisted of investment gains of \$594,507 and interest and dividends of \$536,473. Investment income represents yields of 7.63% and 7.92% based on the average market value and average cost of such investments for 1998.

1997		
<u>Market Value</u>	<u>Cost</u>	<u>Appreciation</u>
\$ 829,000	\$ 829,000	\$ -
1,255,031	1,162,836	92,195
6,050,269	5,458,141	592,128
5,691,370	5,386,637	304,733
-	-	-
<u>\$13,825,670</u>	<u>\$12,836,614</u>	<u>\$989,056</u>

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

C. INVESTMENTS IN MARKETABLE SECURITIES
AND INSTRUMENTS - Continued

For 1997, total investment income relating to marketable securities and instruments amounted to \$2,034,789 and consisted of investment gains of \$1,416,098 and interest and dividends of \$618,691. Investment income represented yields of 16.61% and 18.23% based on the average market value and average cost of such investments for 1996.

Investment and brokerage fees totaling \$102,615 and \$85,644 for 1998 and 1997, 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:

	<u>1998</u>	<u>1997</u>
Office furniture and fixtures	\$ 40,562	\$ 40,203
Computer equipment	59,626	30,976
Automobiles	<u>19,500</u>	<u>19,500</u>
	119,688	90,679
Accumulated depreciation	<u>(64,943)</u>	<u>(47,791)</u>
	<u>\$ 54,745</u>	<u>\$ 42,888</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 \$49,070 and \$49,363 for the years ended December 31, 1998 and 1997.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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, 1998 and 1997, the recorded liability amounted to \$961,564 and \$566,401, 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 as of December 31, 1998:

	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 2,216,586	\$ 2,216,586	\$ -
Cash and cash equivalents	157,784	100,000	57,784
Funds invested with the Free Will Baptist Foundation	14,989	14,989	-
Short term liquid investments	663,454	663,454	-
Certificates of deposit	35,000	35,000	-
Mutual funds	2,092,543	-	2,092,543
Common stocks	5,762,172	-	5,762,172
U.S. Treasury notes and bills	<u>7,871,999</u>	<u>7,871,999</u>	<u>-</u>
	<u>\$18,814,527</u>	<u>\$10,902,028</u>	<u>\$7,912,499</u>

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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 \$22,000 and \$18,000 for these services during the years ended December 31, 1998 and 1997, respectively.

I. YEAR 2000

The Board is currently working to resolve the potential impact of the Year 2000 on the processing of date-sensitive information by the Board's computerized information systems. The year 2000 issue is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the programs that have time-sensitive software which are not Year 2000 compliant may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. Based on preliminary information, costs of addressing potential corrections are not currently expected to have a material adverse impact on the Board's financial position, changes in net assets, or cash flows in future periods. However, if the Board, its investment managers or its vendors are unable to resolve such processing issues in a timely manner, it could result in material financial risk. Accordingly, the Board plans to devote the necessary resources to resolve all significant Year 2000 issues in a timely manner.

Board of Retirement and Insurance Proposed Budget for 2000

	1997 Budget	1997 Actual	1998 Budget	1998 Actual	1999 Approved	2000 Proposed
Salaries	94,547	97,659	96,465	98,191	97,105	106,147
Employee Benefits	53,743	52,145	51,200	53,461	53,569	59,233
Housing	38,189	38,189	46,000	46,000	47,840	49,754
Travel/Promotion	15,000	15,483	17,000	17,137	19,000	19,250
Auto Maintenance	3,000	3,110	1,000	1,307	1,000	1,500
Future Purchases	6,000	6,000	3,000	3,000	3,000	3,000
Furniture Fund	1,000	0	1,000	0	0	0
Plant Fund	50,000	49,363	53,000	49,070	53,000	53,000
Office Expense	22,500	21,991	26,000	19,168	26,000	26,000
Equipment	10,000	7,917	30,000	29,009	10,000	10,000
Publications	10,000	6,592	10,000	2,950	10,000	12,250
Dept's Share of Ins. Premium	0	34	0	0	0	0
Board Expense	12,000	12,080	12,500	12,139	14,000	15,000
Together Way	750	1,068	1,000	1,098	1,000	1,400
Legal/Auditing	15,000	14,015	16,000	12,651	18,000	18,000
Miscellaneous	2,500	1,898	1,500	1,362	2,500	1,100
Education/Training	3,000	3,084	4,000	3,286	5,000	6,500
Total	337,229	330,627	369,665	349,828	361,014	382,134

Board of Retirement and Insurance Salary and Benefits Breakdown

Bill Evans:	1999		2000	
Salary		25,518.57		26,539.32
Housing/Utilities		22,880.00		23,795.20
Social Security		8,742.60		9,092.30
Retirement		3,387.90		3,523.42
Insurance		5,888.04		6,742.31
Life	739.20		739.20	
Hospitalization	4,534.08		5,281.20	
Dental	340.20		407.88	
Disability	274.56		314.03	
Note: Office Car Furnished				
Total		66,417.11		69,692.55
Ray Lewis				
Salary		17,756.88		17,755.84
Housing/Utilities		24,960.00		25,958.40
Social Security		7,716.27		8,893.79
Retirement		2,990.18		3,060.00
Insurance		3,377.52		3,937.92
Life	565.20		660.96	
Hospitalization	2,384.40		2,777.28	
Dental	185.52		222.48	
Disability	242.40		277.20	
Total		56,800.85		59,605.95
David Brown				
Salary		33,205.35		34,533.57
Social Security		5,998.13		6,238.06
Retirement		2,324.37		2,417.35
Insurance		6,936.12		8,432.04
Life	403.20		403.20	
Hospitalization	5,856.00		7,227.48	
Dental	488.52		585.84	
Disability	188.40		215.52	
Total		48,463.98		51,621.02
Diana Harris				
Salary		20,623.95		24,960.00
Social Security		1,708.43		2,067.61
Retirement		1,443.68		1,747.20
Insurance		3,055.80		3,858.12
Life	361.20		361.20	
Hospitalization	2,384.40		2,777.28	
Dental	193.20		585.84	
Disability	117.00		133.80	
Total		26,831.86		32,632.93

**Disability Insurance is .059 per \$100

Free Will Baptist Foundation

The September 1980 issue of *Contact* magazine had the following news item on page 7. "The delegation approved the charter of incorporation, by-laws and 1981 budget for the Free Will Baptist Foundation." Rev. Herman Hersey and I began formal training at the National Planned Giving Institute that fall.

At the close of 1981 the Foundation was managing the grand total of \$150 in an endowment. By 1985 endowments had grown to almost \$31,000. Two additional areas had also been added—Gift Annuities, five were written for a face value of \$6,000 and Revocable Trusts with a value of \$144,000.

The first Unitrusts, a special type of charitable remainder trust, were added to our management mix when two were funded on December 29, 1993. Last year, 1998, we added an additional type of Revocable Trust, the High-Income Revocable Trust.

The management of these various agreements was greatly improved when the Foundation funds were moved into separate and need-specific investment pools. This action was taken to meet the need of an increasing diversity of agreements and the volume of funds under management.

We are presently managing the following types of agreements:

Endowments	\$ 966,559.00
Charitable Remainder Unitrusts	\$ 285,006.00
Charitable Remainder Gift Annuities	\$ 596,615.00
Revocable Trusts (standard)	\$2,746,226.00
High-Yield Revocable Trusts	\$ 28,009.00
Special Projects	\$2,258,729.00

Each of these agreement types have specific needs for cash flow, growth and reporting. As a result, each fund is invested to specifically meet those needs.

There are three major areas of emphasis the Foundation will address in the coming months.

Identification: Who and what is the Foundation? Because of the long association with the Board of Retirement our people have failed to distinguish the difference in purpose and work between the two departments. The Foundation is chartered to serve all the agencies of our denomination as well as an individual members, not just those eligible for the Retirement Plan.

Education: How can the Foundation serve you and your family? Our major challenge is to educate our people about the possibilities within the revenue and judicial codes for achieving their needs and wishes for lifetime income, direct and indirect transfers to their heirs and charitable gifts. There are many ways to achieve two or more goals with one IRS approved agreement.

Operation: How will the Foundation be able to serve our entire denomination? With limited staff and budget it is necessary for us to have assistance from pastors, local and state leaders, representatives of our various agencies and you. Our purpose is to provide support for our denominational work at every level through each board, commission and agency. We do so by providing trained staff for the placement and management of the complex agreements involved in charitable giving and provide the required reporting for these agreements while the final benefits are provided to our family of ministries.

We have made a good start. The opportunities before us are great . . . equal to the need the Lord has given us. Please allow the Foundation to serve you in serving the Savior.

Gratefully,

William W. Evans
Director

WWE/dh

Free Will Baptist Foundation Summary of Board Meeting

April 27, 1998

Annual Meeting - All members or proxies present except Jim Lowe. Approved offering a High-Yield Revocable Trust to be invested in 50 percent government-backed paper and 50 percent in an index fund or conservative growth and income fund under the direction of the Investment Committee of the Board of Retirement.

**FREE WILL BAPTIST
FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

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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 statements of financial position of the Free Will Baptist Foundation, Inc. (the "Foundation") as of December 31, 1998 and 1997, and the related statements of activities and cash flows for the years 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 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 Free Will Baptist Foundation, Inc., as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

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

February 15, 1999

Member The McGladrey Network
Worldwide Services Through RSM International

**FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	<u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 513,267	\$ 350,737
Accrued earnings receivable	48,630	40,450
Investments, at fair market value (Note B):		
Certificates of deposit	347,000	696,000
U.S. Government instruments	3,596,996	2,685,478
Common stocks	526,467	689,630
Real estate investments	515,464	406,091
Mutual funds	231,174	178,770
Corporate bonds	20,280	22,145
Resale estate held for resale	75,000	75,000
Unimproved land held for resale	<u>2,000</u>	<u>2,000</u>
Total Investments	<u>5,314,381</u>	<u>4,755,114</u>
Notes receivable (Note C)	<u>62,410</u>	<u>37,959</u>
Total assets	<u>\$5,938,688</u>	<u>\$5,184,260</u>

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31</u>	
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Total assets	<u>\$5,938,688</u>	<u>\$5,184,260</u>

LIABILITIES AND NET ASSETS

	<u>December 31,</u>	
	<u>1998</u>	<u>1997</u>
LIABILITIES		
Liabilities to beneficial owners:		
Interest bearing revocable and savings trusts (Note D)	\$4,058,678	\$3,339,639
Future gift interests payable (Note E)	881,621	834,756
Funds held for Free Will Baptist Foreign Missions	6,706	7,441
Accrued earnings payable	<u>6,757</u>	<u>35,108</u>
Total liabilities	<u>4,953,762</u>	<u>4,216,944</u>
NET ASSETS		
Unrestricted	18,367	42,665
Permanently restricted (endowment) (Note F)	<u>966,559</u>	<u>924,651</u>
Total net assets	<u>984,926</u>	<u>967,316</u>
 Total liabilities and net assets	 <u>\$5,938,688</u>	 <u>\$5,184,260</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE			
Investment income:			
Interest and dividends, net of investment fees	\$ 325,084	\$ -	\$ 325,084
Realized net gains on sale of investments	170,422	-	170,422
Unrealized net (losses) gains from investments	(128,027)	-	(128,027)
Earnings added to permanently restricted endowments	(7,030)	7,030	-
Total Investment Income	<u>360,449</u>	<u>7,030</u>	<u>367,479</u>
Support through "The Together Way"			
Plan and Other Contributions	23,906	34,878	58,784
Interest income - notes receivable	1,990	-	1,990
Endowment income	195	-	195
Miscellaneous	59	-	59
Total Revenue and Support	<u>386,599</u>	<u>41,908</u>	<u>428,507</u>
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	<u>(300,368)</u>	<u>-</u>	<u>(300,368)</u>
Revenue and Support after Allocations	<u>86,231</u>	<u>41,908</u>	<u>128,139</u>
EXPENSES			
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	22,000	-	22,000
Salaries	43,613	-	43,613
Equipment expense	13,134	-	13,134
Travel and promotion	12,405	-	12,405
Office expense	3,794	-	3,794
Publications	1,718	-	1,718
Training and education	5,201	-	5,201
Legal and auditing	6,500	-	6,500
Miscellaneous	2,164	-	2,164
Total Expenses	<u>110,529</u>	<u>-</u>	<u>110,529</u>
Increase (decrease) in Net assets	(24,298)	41,908	17,610
Net Assets at Beginning of Year	<u>42,665</u>	<u>924,651</u>	<u>967,316</u>
Net Assets at End of Year	<u>\$ 18,367</u>	<u>\$966,559</u>	<u>\$ 984,926</u>

1997		
<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 284,219	\$ -	\$ 284,219
107,122	-	107,122
66,420	-	66,420
<u>(10,897)</u>	<u>10,897</u>	<u>-</u>
<u>446,864</u>	<u>10,897</u>	<u>457,761</u>
20,903	49,368	70,271
2,340	-	2,340
616	-	616
<u>49</u>	<u>-</u>	<u>49</u>
<u>470,772</u>	<u>60,265</u>	<u>531,037</u>
<u>(391,696)</u>	<u>-</u>	<u>(391,696)</u>
<u>79,076</u>	<u>60,265</u>	<u>139,341</u>
18,000	-	18,000
41,788	-	41,788
-	-	-
15,996	-	15,996
2,249	-	2,249
1,167	-	1,167
1,039	-	1,039
5,159	-	5,159
<u>474</u>	<u>-</u>	<u>474</u>
<u>85,872</u>	<u>-</u>	<u>85,872</u>
(6,796)	60,265	53,469
<u>49,461</u>	<u>864,386</u>	<u>913,847</u>
<u>\$ 42,665</u>	<u>\$924,651</u>	<u>\$ 967,316</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FOR OPERATING ACTIVITIES		
Cash received for:		
Contributions	\$ 23,906	\$ 20,903
Interest and dividends	316,904	298,815
Other income	2,244	3,005
Cash paid to suppliers and employees	(145,910)	(85,872)
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(300,368)	(391,696)
Net cash used by operating activities	<u>(103,224)</u>	<u>(154,845)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Contributions	34,878	49,368
Investment income reinvested, net of realized and unrealized gains or losses on security transactions	7,030	10,897
Net cash provided by capital activities	<u>41,908</u>	<u>60,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Notes receivable advances	(41,613)	-
Principal payments received on notes receivable	17,162	418
Proceeds from sale of investment securities	2,127,538	1,974,121
Purchases of investment securities	(2,644,410)	(2,429,404)
Net cash used by investing activities	<u>(541,323)</u>	<u>(454,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	765,904	629,259
Net change in funds held for Free Will Baptist Foreign Missions	(735)	495
Net cash provided by financing activities	<u>765,169</u>	<u>629,754</u>
Net increase in cash	162,530	80,309
Cash and cash equivalents at beginning of year	<u>350,737</u>	<u>270,428</u>
Cash and cash equivalents at end of year	<u>\$ 513,267</u>	<u>\$ 350,737</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 17,610	\$ 53,469
Less increase in net assets considered capital additions	(41,908)	(60,265)
Realized and unrealized gains on investment transactions	(42,395)	(173,542)
Decrease (increase) in accrued investment income	(8,180)	11,271
Increase (decrease) in accrued earnings payable	(28,351)	14,222
Net cash used by operating activities	<u>\$(103,224)</u>	<u>\$(154,845)</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

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 classifies 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, 1998 and 1997.

Further, 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, 1998 AND 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Foundation is exempt from income taxes.

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

Investments in marketable securities are reported at fair value with gains and losses included in the statement of activities. 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.

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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

B. INVESTMENTS

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

	1998		
	Market/ Stated Value	Cost	Cumulative Gains/ Losses
Investments:			
Marketable Securities:			
Certificate of deposits	\$ 347,000	\$ 347,000	\$ -
U.S. Government instruments	3,596,996	3,422,125	174,871
Common stocks	526,467	615,524	(89,057)
Mutual funds	231,174	221,508	9,666
Corporate bonds	20,280	20,254	26
Real estate investment trust	<u>515,464</u>	<u>500,000</u>	<u>15,464</u>
Total Marketable Securities	<u>5,237,381</u>	<u>5,126,411</u>	<u>110,970</u>
Other Investments:			
Real estate held for resale	75,000	80,000	(5,000)
Unimproved land held for resale	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Other Investments	<u>77,000</u>	<u>82,000</u>	<u>(5,000)</u>
Total Investments	<u>\$5,314,381</u>	<u>\$5,208,411</u>	<u>\$ 105,970</u>

Total investment income amounted to \$367,479 for 1998, consisting of investment gains of \$42,395 and interest and dividends of \$325,084. This investment income represents yields of 7.29% and 7.49% based on the average market value and average cost of such investments for 1998.

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.

1997		
<u>Market Stated Value</u>	<u>Cost</u>	<u>Cumulative Gains/Losses</u>
\$ 696,000	\$ 696,000	\$ -
2,685,478	2,577,301	108,177
689,630	659,652	29,978
178,770	165,707	13,063
22,145	20,254	1,891
<u>406,091</u>	<u>400,000</u>	<u>6,091</u>
<u>4,678,114</u>	<u>4,518,914</u>	<u>159,200</u>
75,000	80,000	(5,000)
<u>2,000</u>	<u>2,000</u>	<u>-</u>
<u>77,000</u>	<u>82,000</u>	<u>(5,000)</u>
<u>\$4,755,114</u>	<u>\$4,600,914</u>	<u>\$ 154,200</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

C. NOTES RECEIVABLE

Notes receivable consists of obligations from related parties as follows:

	<u>1998</u>	<u>1997</u>
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.	\$14,000	\$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.	6,797	8,959
8.5% note receivable due in monthly installments of \$903 through 2003, relating to the purchase of a phone system by the National Association of the Free Will Baptists, Inc.	<u>41,613</u>	<u>-</u>
	<u>\$62,410</u>	<u>\$37,959</u>

D. INTEREST BEARING REVOCABLE AND SAVING TRUSTS

The Foundation maintains revocable trusts and savings trusts which totaled \$4,058,678 and \$3,339,639 at December 31, 1998 and 1997, 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 \$285,006 and \$288,128 and gift annuities amounting to \$596,615 and \$546,628 as of December 31, 1998 and 1997, 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, 1998 AND 1997

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, 1998 and 1997, the permanently restricted endowment funds totaled \$966,559 and \$924,651, 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 \$22,000 and \$18,000 for 1998 and 1997, 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, 1998:

	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 338,965	\$ 100,000	\$ 238,965
Short term liquid investments	174,302	174,302	-
Certificates of deposit	347,000	347,000	-
U.S. Government instruments	3,596,996	3,596,996	-
Common stock	526,467	-	526,467
Mutual funds	231,174	-	231,174
Corporate bonds	20,280	-	20,280
Real estate investment	515,464	-	515,464
Real estate held for resale	75,000	75,000	-
Unimproved land held for resale	<u>2,000</u>	<u>2,000</u>	<u>-</u>
	<u>\$5,827,648</u>	<u>\$4,295,298</u>	<u>\$1,532,350</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

I. YEAR 2000

The Foundation is currently working to resolve the potential impact of the Year 2000 on the processing of date-sensitive information by the Foundation's computerized information systems. The Year 2000 Issue is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the programs that have time-sensitive software which are not Year 2000 compliant may recognize a date using "00" as the year 1900 rather than the Year 2000, which could result in miscalculations or system failures. Based on preliminary information, costs of addressing potential corrections are not currently expected to have material adverse impact on the Foundation's financial position, changes in net assets, or cash flows in future periods. However, if the Foundation, its investment managers or its vendors are unable to resolve such processing issues in a timely manner, it could result in material financial risk. Accordingly, the Foundation plans to devote the necessary resources to resolve all significant Year 2000 issues in a timely manner.

Free Will Baptist Foundation Budget

	Actual 1996	Actual 1997	Actual 1998	Approved 1999	Proposed 2000
Income					
The Together Way	16,296	19,926	22,899	21,000	24,000
Gifts	751	977	1,007	1,200	1,000
Interest Income	2,819	4,239	3,109	4,500	2,500
Endowment	295	616	195	600	300
Miscellaneous	141	49	59	100	100
Management Fees	48,188	53,269	50,685	70,000	70,000
Total	68,490	79,076	77,954	97,400	97,900
Expenses					
Salaries & Benefits	39,004	41,788	43,613	47,700	45,000
Salary Reimbursement	15,000	16,000	18,000	22,000 *	32,000 *
Travel & Promotion	11,341	15,996	12,405	20,000	20,000
Office Expense	2,266	2,249	3,794	5,000	5,000
Rent	2,000	2,000	4,000	5,000 *	8,000 *
Printing	1,614	0	500	5,000	6,000
Publications	0	1,167	1,718	1,200	1,200
Training & Education	3,774	1,039	5,201	5,000	5,000
Auditing	5,186	5,159	6,500	6,825	7,000
Legal	120	0	0	600	1,000
Equipment	0	0	13,134	0	1,000
Miscellaneous	915	474	1,155	1,000	1,000
	81,220	85,872	110,020	119,325	132,200
			(32,066)	(21,925)	(34,300)

* Reimbursement to Board of Retirement \$27,000 in 1999, \$40,000 in 2000

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 November 6-7, we sponsored our third annual Theological Symposium. It met at Free Will Baptist Bible College in Nashville, Tennessee. The theme for the symposium was pastoral theology. Several papers were read on pastoral theology. Other papers were read on a variety of subjects. The interest was good. There was a good, healthy interaction during the meeting. Our 1999 Theological Symposium will be conducted at Hillsdale Free Will Baptist College in Moore, Oklahoma. It will begin Thursday night, November 4 and go through Friday night November 5.

We have many among us who are well equipped to wrestle with difficult subjects and deal with important issues. Few people will do in-depth research and struggle with difficult ideas if they do not have an opportunity to present their findings to others. Writing helps a person develop his ideas more clearly than he would otherwise do. At the present time, the annual Theological Symposium is the only format in our denomination for a person to present researched papers and have them critiqued by others. Plans are underway for us to provide another format for sharing the benefits of those who pay the price of doing in-depth research and thinking.

We are planning to publish a theological journal in cooperation with our Free Will Baptist colleges. This will allow us to select about ten papers that we think will be of interest to our pastors and leaders and publish them in the form of a journal. It will be published annually. Our plan is to have the first issue available at the National Association when it meets in the year 2000.

The Commission for Theological Integrity will conduct a seminar at this year's National Association on "Baptism of Believers Only: An Exegetical, Theological and Historical Study." This seminar will help us understand the historical controversy over whether infants should be baptized or whether believers only should be baptized. Attention will also be given to why we baptize by immersion rather than by sprinkling or pouring. Panel members will be: Paul Harrison, Matt Pinson and Joel Hampton.

We thank you for the privilege of serving you.

In His Service,

Leroy Forlines, Chairman
Paul Harrison, Secretary
Daryl Ellis
Jeff Manning
Matt Pinson

Commission for Theological Integrity

January - December 1998

Financial Report

Bank Balance - January 1, 1998

\$849.36

Income

Gifts/The Together Way/Rest of the Family Offering

Alabama	\$25.15	
Arizona	2.79	
Arkansas	497.79	
California	38.32	
Canada	.33	
Florida	55.21	
Georgia	69.69	
Illinois	103.72	
Indiana	207.86	
Iowa	7.96	
Kansas	.21	
Kentucky	16.76	
Louisiana	.03	
Maryland	8.49	
Michigan	91.00	
Mississippi	19.08	
Missouri	369.70	
Nebraska	.28	
New Mexico	1.45	
North Carolina	46.81	
Ohio	87.90	
Oklahoma	301.77	
South Carolina	2.97	
Tennessee	278.15	
Texas	72.19	
Virginia	.75	
Washington	.89	
West Virginia	176.63	\$2,483.88

FWBBC Symposium Registration 510.00

Interest on Bank Account 21.60

Reimb. for Promise Keepers Expense 1,385.08

Total Income

\$4,400.56

Expenses

Digest of Reports	\$ 74.35
Bookkeeping	200.00
Seminar/Conference	2,111.49
Miscellaneous Office	<u>121.83</u>

Total Expenses

\$ 2,507.67

Bank Balance - December 31, 1998

\$2,742.25

Commission for Theological Integrity 2000 Proposed Budget

Income

Together Way Plan	\$2,500.00
Miscellaneous Gifts	240.00
Interest on Bank Account	<u>60.00</u>
Total Income	\$2,800.00

Expenses

Bookkeeper	\$200.00
Office Supplies	75.00
Annual Meeting	1,125.00
Seminars	<u>1,400.00</u>
Total Expenses	\$2,800.00

Media Commission

I'm sure you have heard a variation of the story of the man crossing Niagara Falls on a tight rope while pushing a wheel barrow. Asking the crowd if they believed he could push the wheelbarrow across with a man inside it, the crowd went bananas and cheered. The crowds suddenly quieted when he asked for volunteers.

That describes similarly what the Media Commission has felt for the last couple of years. The Free Will Baptist denomination has welcomed our projects with open arms and has been openly complimentary, for which we are thankful. It seems, however, when we are looking for churches and associations to help finance projects, no one seems as willing to jump on the bandwagon and fund these projects. During the last three years, the Media Commission has produced \$10,000 worth of useful materials on a combined three-year Together Way budget of \$3,800. Were it not for the states of Florida and Tennessee, we would not have been able to complete what we feel our denomination needs in the area of media.

What that in turn creates is the lack of revenue to continue to produce the products that you, the denomination, have endorsed. We would love to continue to produce the materials for you to use, but it does take "up front" money so to speak. The four Commissions authorized by the National Association have no voice in the allocation of Together Way funds. We do receive one-half of one percent of the total undesignated money that is given to the Together Way Plan of support. After the necessary funds are distributed to the Executive Office, the Commissions receive a total of 27½¢ out of every \$100 that goes into the National Offices. We are thankful for the support through the Together Way. The Media Commission believes it is the ideal way to support the total Free Will Baptist work. The fact remains, however, that we cannot continue to provide the materials that we feel will make us better, given the budgetary restraints placed upon us.

Realizing the dream of producing radio and television commercials has been a thrill for all the members of the Media Commission and Free Will Baptists everywhere. The associations that have utilized these commercials have been excited with the responses they have received. We desire to get the gospel message into as many homes as possible. One way of achieving that goal is through media. There is no doubt in our minds that the media plays an important role in our society. We also believe in utilizing the avenues of media to influence our world for Christ.

The tasks of continuing to produce quality media resources and finding the funding to make them possible loom large before us. We feel compelled to produce a wide variety of material to be used by our denomination, but financially we cannot do so at the present time. In order to accomplish both these tasks currently before us, we have devised a three-tier plan of support to be given above and beyond the Together Way Plan.

For a church or an association that will send a monthly gift of \$50 or an annual gift of \$600 to the Media Commission, we will provide them with a custom web-site. For the church or association that will provide the Media Commission with a monthly gift of \$25 or a one-time gift of \$300, they will receive the package of radio spots released last year.

Brand new this year will be print slicks. We will make available approxi-

mately six print slicks suitable for newspaper, magazine or yellow pages ads. They will be given to all our national Home Missionaries, and made available to any church or association for a monthly gift of \$10 or a one-time annual gift of \$120. For each year the gifts are given, updates on the products will be made available to you. What this will do is give our denomination the opportunity to utilize the products being made available as well as help fund future products. This will allow the Together Way offerings received to fund administrative and meeting costs.

At the time of this writing, we are negotiating the production of a church video. Our goal at this point is to begin work on this project while at the National Convention in Atlanta. Survey results from our convention booth in Tulsa showed overwhelming support of the idea, provided the funding was available. We are praying to that end. We are making available our wheelbarrow. Will you step out on faith and get in the wheelbarrow with us? Will you make the commitment to get on board to see that the gospel is taken worldwide through means of media? Feel free to write or call us. You can reach us via telephone; (912)372-4949. By US Mail at P. O. Box 295, Cedar Springs, GA 31732; or by e-mail at media@nafwb.org. We're standing by to assist you today!

Respectfully submitted,
Steve Faison, Chairman
Free Will Baptist Media Commission

(Financial Report Unavailable at Press Time)

Media Commission Proposed 2000 Budget:

Income	
Co-op	\$1700
Designated	300
Interest	100
Total income	\$2100
Expenses	
Telephone	\$400
Contact ad	500
Convention expenses	650
Bookkeeper	200
Miscellaneous	140
Endowment	210
Total expenses	\$2100

Free Will Baptist Media Commission

Cash Statement

Cash Balance 1-1-98 \$ 4,658.57

Income

Tape Sales	\$ 425.02
Special Project Gifts	10,984.47
Rest of the Family	53.69
Interest	211.60
Together Way	<u>1,672.88</u>

Total Revenue \$13,347.66

Total Available \$18,006.23

Expenses

Convention Expense	\$ 399.43
Special Projects Expense	13,807.00
Board Expense	1,827.16
Telephone	380.71
Office Expense	34.84
Leadership Conference	125.00
Tape Reproduction	254.00
Accounting	200.00

Total Expenses \$17,028.14

Cash Balance 12-31-98 \$ 978.09

Free Will Baptist Media Commission Together Way Giving

Arkansas	\$497.66
Arizona	2.23
California	38.07
Canada	.25
Florida	55.00
Georgia	66.90
Iowa	7.96
Illinois	72.99
Indiana	8.14
Kansas	.21
Kentucky	16.76
Louisiana	.03
Maryland	8.49
Michigan	90.91
Missouri	285.54
Mississippi	18.08
North Carolina	39.12
Northeast Association	.28
New Mexico	1.39
Ohio	86.99
Oklahoma	301.12
South Carolina	2.77
Tennessee	53.26
Texas	14.44
Virginia	.49
Washington	.73
West Virginia	3.07
Total	\$1,672.88

Music Commission

Greetings from the Free Will Baptist Music Commission:

Last year the Music Commission was privileged to release the very first recording of the National Convention Mass Choir. That project titled, *Glory, Honor and Praise: An Invitation to Blended Worship*, has enjoyed resounding success. Not only did the music from this recording serve as the basis for the evening services of the 1998 convention, the products resulting from the project have produced nearly \$30,000 in sales. This means that not only has the commission been able to pay back the loan that was secured in order to produce the recording, we have been able to accumulate some working capital for this year's project. If you missed out on *Glory, Honor and Praise*, it's not too late. The listening cassettes and CDs, the accompaniment cassettes and CDs, the orchestral charts and choral books are still available. For special convention prices, please stop by the commission booth.

In light of the success of *Glory, Honor and Praise*, the commission is pleased to announce our second recording project. Titled, *Worthy of Praise: Extending the Invitation to Blended Worship*, this work is a collection of hymns, gospel songs, southern gospel tunes and scripture songs. Written for solo, duet, praise team, choir and congregation, the project includes a wonderful balance between the well-known songs we love and the newer songs of the heart. Our people will especially enjoy the rendering of *Well Done* and *He Is*. The project was created by Scott Bullman and Vernon Whaley, arranged by the well-known writer Joseph Linn, and orchestrated by Steve Mauldin, J. Daniel Smith, Nate Crater and Vernon Whaley.

More than 180 singers from six select Free Will Baptist church choirs and 70 other volunteers joined in making an incredible CD and cassette recording. The music from this year's recording project is being used as program music at each of the five convention services.

The commission workshop continues to enjoy extraordinary response. A growing number of participants receive more than \$150 worth of music for a registration fee of \$19.95. This seminar puts music from a variety of publishers into the hands of our faithful musicians, thereby extending the commission's ministry into the local church. Many of the products discussed at the workshop are available at the commission booth.

Once again the commission has shouldered the load in planning and facilitating worship during the convention's evening services. Our goal is to provide a balance of traditional hymns and gospel songs and to allow many of our fine musicians a chance to minister on the national level. Please feel free to contact the commission members with your suggestions concerning future participants for the convention music program.

Don't forget to stop by the booth and take advantage of both Mass Choir projects. Thanks for the opportunity of serving our Lord and our denomination through music.

Respectfully submitted,

Randy Sawyer
David Bates
Vernon Whaley
Douglas Little
Bill Gardner

Music Commission Financial Statement

January - December 1998

Beginning Balance		\$3,022.49
Income		
Co-op		\$1,529.76
Family Ministry Offering		24.12
Booth Sales		857.85
Music Sales Tracks & CD	27,420.56	
Accounts Receivable	<u>-7,535.48</u>	
	19,885.08	
Current Assets	<u>-895.39</u>	
		\$18,989.69
Music Breakfast		24.00
Reimbursement Income		742.57
States and Churches		
Alabama	59.91	
Missouri	81.24	
Mississippi	11.00	
Texas	40.06	
Fellowship Church, TN	145.95	
Roaring Creek Church, NC	<u>5.93</u>	
		344.09
Loan, F.W.B. Foundation		<u>18,697.50</u>
Total Income		\$44,232.07
Expenses		
National Convention	1,029.01	
Music Commission Meeting	1,535.81	
Digest of Reports	74.35	
Music Project	25,023.61	
Loan payment	11,000.00	
Office Expense	<u>656.20</u>	
Total Expenses		-39,318.98
Ending Balance		\$4,913.09

Proposed Budget for 2000

Income		Expenses	
Co-op	\$ 1,500.00	National Convention	\$ 1,000.00
Family Ministry Offering	25.00	Purchase of Music	2,200.00
Music Sales	2,000.00	Board Meetings	1,500.00
States and Churches	350.00	Office Expense	650.00
Tracks and CD Sales	27,000.00	Loan Payment	15,500.00
Loan	<u>15,000.00</u>	National Choir Project	<u>25,000.00</u>
Total Income	\$45,850.00	Total Expenses	\$45,850.00

1999 Historical Commission Report

The Commission prepared an inventory of minutes in the Historical Collection and distributed copies to delegates at the 1998 national convention in Tulsa.

In order to encourage historical research, the Commission prepared guidelines regarding requests for loans by state or district associations. We are also preparing guidelines for loans by individuals. Copies of the state/district guidelines may be secured from the secretary of the Historical Commission.

One of the Commission's on-going goals is to furnish a "history" room on the new campus at Free Will Baptist Bible College.

The Commission's current major effort is to publish a Free Will Baptist historical guidebook. Dr. Darrell Holley will coordinate the multi-year project. The guidebook will include places of historical interest, resources and other data.

We encourage associational clerks, both state and district, to send copies of minutes to the Historical Collection at Free Will Baptist Bible College.

Financial Report, 1998

Balance on hand, December 31, 1997	\$20,832.89
-------------------------------------------	--------------------

Income for 1998:

Coop gifts (designated/undesignated)	2,012.55
Interest (First American Bank)	760.74
Sales	10.00
Arkansas State Assoc. (toward repaying loan)	1,850.00
Total	\$4,633.29

Expenditures for 1998:

National Convention Fund, Digest fee	37.17
Commission travel/lodging expenses (Marberry)	504.85
Minutes Inventory Printing	308.51
Loan to Arkansas State Association	6,000.00
Total	\$6,850.53

Balance on hand, December 31, 1998	\$18,615.65
-------------------------------------------	--------------------

2000 Budget

Income

Gifts (The Together Way)	\$2,000.00
Interest (First American Bank)	800.00
Loan Repayment (Arkansas State Assoc.)	2,000.00
Miscellaneous	60.00
Total	\$4,860.00

Expenses

Books, materials, labor for Historical Commission	\$2,000.00
Historical Guidebook Project	500.00
Research Grant	1,000.00
Travel	1,250.00
Executive Office (Digest Fee)	50.00
Total	\$4,800.00

**Minutes
of the
Sixty-Fourth Annual Session
of the
Women Nationally Active
for
Christ
of the
National Association of Free Will
Baptists
when convened in
Atlanta, Georgia
July 18-20, 1999**

WNAC
P.O. Box 5002
Antioch, TN 37011-5002

Executive Committee

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Debe Taylor
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Vice President

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Secretary

Diana Bryant
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**Members at Large
of the Executive Committee**

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Executive Secretary-Treasurer

Marjorie Workman
1428 Ravenna Court N.
Antioch, TN 37013
Phone 615/366-0573
email: Marjorie@nafwb.org

Theme: Leadership: Passing the Torch

Scripture: II Timothy 2:2

Hymn: "O Master, Let Me Walk With Thee"

Music Coordinator/Pianist: Shirley Kimbrel

Worship Leader: Susan Forlines

Organist: Carol Reid

Proceedings

WNAC Seminars

Monday, July 20, 1999

Mrs. Genevieve Waddell led a seminar entitled "Coping with Depression." The seminar was attended by 391 people. Following the seminar, a "Show and Tell" meeting was held for WNAC leaders. Approximately 110 women attended this seminar. Several women demonstrated exciting ideas for retreats and projects.

Tuesday Morning Business Session

July 20, 1999

Acting President Debe Taylor opened the meeting and prayer was led by Secretary, Diana Bryant. Susan Forlines led the congregation in singing "He Keeps Me Singing" and "I Will Sing of the Mercies of the Lord Forever."

Debe introduced Lynette Morgan by reading a tribute written by her husband Clint. Lynette spoke on how the torch is being passed among the women in Côte d'Ivoire. She shared that they are growing mentally, physically, and spiritually as she is teaching them in the Institute. Ivorian women are now teaching, playing musical instruments, witnessing, etc. Lynette concluded by quoting the poem "The Irresistible Christ."

"Go Ahead Lord, Lead the Way" was the title of special music offered by Henrietta Brown. Gail Smith, Georgia WAC President, welcomed everyone on behalf of the Georgia Women Active for Christ.

Suzanne Franks presented the following Creative Arts awards: **Poetry:** 1st Place, *Today*, by Lori Marshall, Surprise, AZ; 2nd Place, *Children*, by Vicki Turner, Centerville, MO; 3rd Place, *The Promise*, by Ruth Bivens, Rio Grande, PR; 4th Place, *The Verdict*, by Freeda Lucas, Cromona, KY; **Articles:** 1st Place, *The Pastora*, by Ruth Bivens, Rio Grande, PR; 2nd Place, *While Eating A Scrambled Egg Sandwich*, by Sabrina Runyon, Lenore, WV; 3rd Place, *The Tale of the Gingerbread Man*, by Betty M. Reeves, Farmington, MO; 4th Place, *Tragedy or Triumph*, by Teresa Johnson, Troy, MI; **Programs:** 1st Place, *The Priorities of a Career Woman*, by Joan Warren, Oilton, OK; 2nd Place, *Wanted: Dead and Alive*, by Judy Delong, Hager Hill, KY; 3rd Place, *Preparing, Sowing, and Harvest*, by Sonja Music, Wittenville, KY; 4th Place, *Changing Leaves and Changing Lives*, by Robin Osborn, Cordova, TN; **Plays:** 1st Place, *WNAC Enlistment Skit*, by Jackie L. Utley, Broken Arrow, OK; 2nd Place, *Right There Where You Left Him*, by Ruth Bivens, Rio Grande, PR; 3rd Place, *Clean Blood*, Sara Kilgore, Limestone, TN.

Debe Taylor called the business session to order. Debbie Burden, acting Vice President, gave the Credentials Committee report. MSC to accept the report and seat the delegates.

Marjorie Workman, Executive Secretary-Treasurer, gave the report of the WNAC. She made a correction to the printed report, stating that the number of groups should read 632. MSC to accept the report and adopt the budget.

MSC to accept the Resolutions Committee report given by Delois Loveless and to vote on it item by item. All four resolutions were adopted. (See Resolutions Committee Report).

MSC to accept the Appreciation Committee report as given by Linda Bigger.

MSC to accept the report of the Nominating Committee as given by Peggy Outland. The following officers were elected.

President: Debe Taylor (AR)

Vice President: Joanne King (NC)

Secretary: Diana Bryant (FL)

Members at Large: Debbie Burden (OK), Dawn Sweeney (TN), and Yvonne Brown (CA)

Suzanne Lewis gave a partial report from the Registration Committee.

A moment of silence was observed in memory of Wynona Riggs.

WNAC Missionary Service

Tuesday, July 20, 11:00 a.m.

Susan Forlines led the congregation in singing. Paige Goodman played a flute solo for the offertory, and Danny and Bobbie Thomas sang "Touch Your People Once Again." Debe Taylor introduced Shirley Combs, Missionary to Brazil. Shirley shared about her ministry with the street children in Brazil and how the Lord was working in their lives.

WNAC Special Feature
Tuesday, July 20, 1:30 p.m.

Debe Taylor reconvened the business session. Susan Forlines led the congregation in singing "I Love to Tell the Story." MSC to receive the final report of the Registration Committee given by Suzanne Lewis. Special music was given by Jeremy, Joni, and Justin Thomas.

The Special Feature entitled "Passing the Torch" was led by Diana Bryant. Narration wove the story and illustrated how the torch of faith passes from generation to generation. Vema Malone's daughters, Sarah Malone, and Lynette Morgan each spoke. Eunice Malone, Lorene Miley, and Janice Banks were heard on tape sharing both how the torch had been passed to them and how they were passing it on. The service ended with Pam Flannagin singing "Find Us Faithful" while women passed lit torches through the audience and thought about the opportunities to share their faith with those in their sphere of influence.

Following the service, a gift basket was awarded to a woman in the audience.

Fellowship Dinner
July 20, 1999

Marriott Marquis

Invocation: Joanne King

Speaker: Brenda Vaughn

Benediction: Dawn Sweeney

Committee Reports

Credentials Committee Report

We, the Credentials Committee, submit the following report: The following 20 state conventions have submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

The following three districts with no state conventions have submitted reports and paid dues: First Arizona, Kansas, and New Mexico.

The following two local groups with no district or state conventions have submitted reports and paid dues: Riverview, Bettendorf, Iowa; St. Croix, Virgin Islands.

In addition, there were 72 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$5 representation fees.

Respectfully submitted: Chairman Debbie Burden, OK

Susie Robinson, AZ

Pam Flannagin, FL

Resolutions Committee Report

We, your Resolutions Committee, submit the following recommendations to the Women Nationally Active for Christ convention:

1. Be it resolved that we grant \$1000 scholarships to Robert Houessou and Paul Amiezi for their studies at the seminary in Cote d'Ivoire, Africa, for the year 2000 from the Foreign Student Scholarship Fund.

2. We recommend that the Foreign Student Scholarship Fund be named the "Cleo Pursell Foreign Student Scholarship Fund" in honor of the woman who started the fund.

3. We recommend that the Memorial Student Loan Fund be named the "Dr. Mary Ruth Wisheart Loan Fund" in honor of her many educational achievements.

4. We recommend that local, district, and state WAC groups consider increasing their monthly gifts to the WNAC office for the General Fund.

Respectfully submitted: Chairman Delois Loveless, TN
Reva Baker, MO
Mary Ann Chronister, AR
Sherri Sloan, IN

Appreciation Committee Report

We, the Appreciation Committee, wish to express our sincere thanks to the following people whose efforts will make this year's convention and sessions a success:

1. The Executive Committee
2. The WNAC Office Staff - Marjorie Workman, Yvonne Hampton, Suzanne Franks, and Martha Harris.
3. Our hostesses, the Georgia Women Active for Christ. We appreciate the banquet centerpieces, and Georgia's generous hospitality.
4. The musicians.
5. Our speakers: Genny Waddell for the seminar, Lynette Morgan for the devotion, and Brenda Vaughn for the banquet.
6. Diana Bryant for coordinating the special feature on Tuesday afternoon.

Respectfully submitted: Chairman Linda Bigger, OK
Joanna Felts, CA
Paula McKinney, NC

Registration Committee Report

We, the Registration Committee, submit the following report:

Number of Persons Registered:

WNAC Officers	6
Standing Delegates (State Presidents and Field Workers)	25
Elected Delegates, State, District and Local	133
Local Delegates paying representation fee of \$5	72
Missionaries	97
Visitors	<u>471</u>
Total Registered	804

Respectfully submitted: Chairman Suzanne Lewis, IL
Elwanda Oakes, AL

Nominating Committee Report

We, the Nominating Committee, submit the following names for WNAC officers for the years 1999 - 2001:

President	Debe Taylor	Arkansas
Vice President	Joanne King	North Carolina
Secretary	Diana Bryant	Florida
Members at Large	Debbie Burden	Oklahoma
	Dawn Sweeney	Tennessee
	Yvonne Brown	California

Respectfully submitted: Chairman Peggy Outland (IL)

Synopsis of Minutes of WNAC Executive Committee

Sunday, July 18, 1999

The Executive Committee met Sunday afternoon, July 18, at 12:30. The committee members present were: Marjorie Workman, Executive Secretary-Treasurer; Debe Taylor, Vice President; Diana Bryant, Secretary; Debbie Burden, Dawn Sweeney, and Joanne King, Members at Large. Suzanne Franks, Co-Laborer Editor, joined the Committee.

In the absence of Everyl Getz, Vice President Debe Taylor conducted the meeting. The devotion was given by Marjorie Workman who spoke on "Doors." She pointed out that we sometimes see the walls instead of the doors and as women we need to see the opportunities before us.

The Executive Secretary's report was given by Marjorie Workman. MSC to adopt the following resolution and pass it on to the Resolutions Committee:

Be it resolved that we grant a \$1000 scholarship to both Houessou Robert and Amiezi Paul (Côte d'Ivoire) for the year 2000.

"New Horizons" would be WNAC's five year theme beginning in the year 2001. MSC to use "Sharing Hope and Healing" as the year 2001 theme with Colossians 1:27 as the verse.

MSC to change the schedule to move seminars to Tuesday afternoon at the National Meeting in California next year.

MSC to give Marjorie the authority to try to find a speaker in the California area for next year's banquet.

Tuesday and Wednesday, December 8-9, 1998

The Executive Committee of the Woman Nationally Active for Christ met in the WNAC Conference Room. Marjorie Workman, Everyl Getz, Diana Bryant, Debe Taylor, Debbie Burden, Joanne King, and Dawn Sweeney were present.

The Committee heard a presentation by Bill Evans concerning options available for placing WNAC funds with the Free Will Baptist Foundation. It was decided to place the current accounts with the Foundation.

Reports were heard from the Co-Laborer Editor and the Executive Secretary-Treasurer. Budgets were reviewed.

Plans were made for the 1999 convention in Atlanta, GA. The theme will be "Passing the Torch" and Lynette Morgan, Shirley Combs, and Brenda Vaughn will be speakers. A special feature entitled "Passing the Torch" will highlight families whose Christian service has continued through several generations.

Suzanne Franks was authorized to attend the EPA Convention in Orlando, Florida.

Marjorie Workman was authorized to attend the graduation of Silas, a student in the Ivory Coast who has been supported by WNAC through the Foreign Student Scholarship Fund.

Plans were made for the retreat to be held in Glorieta, New Mexico, September 24 - 26, 1999. The Theme will be "Ya Gotta Have Heart" with Barbara Tompkins speaking.

Debe Taylor was elected to fill the vacant position of Vice President. "New Horizons" was selected as an overall theme for the next five years.

Discussion was held regarding promoting the Endowment Fund and educating our women about it's benefits. The meeting was dismissed in prayer by Debbie Burden.

Report of Women Nationally Active for Christ

My first year as Executive Secretary-Treasurer has been exciting, challenging, tiring, frustrating, blessed, and rewarding. You opened your arms and welcomed me. You invited me to your churches, retreats, districts and state meetings. I have had a wonderful time meeting you, fellowshiping, sharing and laughing with you. Thank you for a wonderful year.

The Executive Board has been gracious, encouraging and supporting whenever possible. Special thanks goes to our president, Everyl Getz, who has done a wonderful job leading the board and all of WNAC's activities.

The staff, Yvonne Hampton, Suzanne Franks, and Martha Harris made the transition smooth for me. They work hard and are very supportive of WNAC.

Our 1998 reports show 632 local groups with 6971 dues paying members, 170 less than last year. Actionettes report 13 different groups with a total of 112 members, 19 more than last year. Dr. Mary Wisheart is working on materials for the young women ages 8-17.

Each year we continue to have requests for new or reorganizing groups. For 1998 we received 45 requests. Since the beginning of this year we have received 23 requests. Even with the new additions we are not increasing as we should. Membership seems to be like a roller coaster.

The full color cover of *COLABORER* has been well received. The magazine price increase was not. Many cancellations took place. However, we are gaining once again. Our wish is that every Free Will Baptist woman would subscribe to the magazine or that every church would provide the magazine for the women through their literature budget.

The Organ Fund for Free Will Baptist Bible College established to honor Dr. Mary Wisheart's retirement continues to grow. The goal is \$32,000 to help purchase a Wicks pipe electronic organ. Receipts through April show more than six thousand dollars received.

Beyond the Gate, the book by Dr. Mary Wisheart, has been well received. This book is a collection of stories of our beloved missionary Mabel Willey.

According to the evaluations received from the 539 attendees, the tenth WNAC Retreat at Ridgcrest, North Carolina, last September 24-26 was the best ever. Glenda Revell told her story of how God wove together tender and severe mercies to give exactly what she needed to form the chord with which He would draw her to Himself. God turned a young woman from suicide to triumph. The theme "Ya Gotta Have Heart" has been set for this year's retreat at Glorieta, New Mexico, September 24-26, 1999.

As we embark on a new journey into the 21st Century, it is time to reflect on the historic past, stretch our vision, and develop new strategies for reaching the young women of this generation. We expect to dream dreams and achieve higher goals. We intend to be women of prayer with a passion for a lost and hurting world. Also, we want to be a good neighbor to the world at our door.

Respectfully submitted,

Marjorie H. Workman
WNAC Executive Secretary-Treasurer

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)

December 31, 1998 and 1997

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*HINTON, WARREN,
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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Women Nationally Active for Christ

We have audited the accompanying statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 1998 and 1997, 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, 1998 and 1997 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 4, 1999

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Financial Position
December 31, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Cash	\$105,317	\$ 78,689
Certificate of deposit	70,000	80,000
Accounts receivable - Note 1	8,069	6,641
Inventory - Note 1	9,600	13,043
Notes receivable, net of allowance for doubtful accounts of \$1,871 (\$632 in 1997)	10,767	15,139
Accrued interest receivable	1,882	2,655
Property and equipment at cost, less accumulated depreciation of \$26,075 (\$23,250 in 1997) - Notes 1 & 2	13,457	14,887
Capitalized lease - Note 3	<u>6,139</u>	<u>6,630</u>
Total assets	<u>\$225,231</u>	<u>\$217,684</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 31,944	\$ 29,660
Deferred revenue - Note 9	<u>38,416</u>	<u>30,541</u>
Total liabilities	<u>70,360</u>	<u>60,201</u>
<u>Commitments</u> - Notes 5 & 7		
<u>Net assets</u>		
Unrestricted	28,722	37,621
Temporarily restricted	114,433	109,547
Permanently restricted	<u>11,716</u>	<u>10,315</u>
	<u>154,871</u>	<u>157,483</u>
Total liabilities and net assets	<u>\$225,231</u>	<u>\$217,684</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Activities
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Unrestricted</u>		
Revenue and other support:		
Dues and fees	\$ 71,990	\$ 82,138
Designated contributions	327,690	310,810
Magazine and literature sales	81,615	73,235
Convention and retreat income	19,498	9,530
Gifts and offerings	64,971	57,587
Interest income	1,558	2,450
Collection of bad debts		1,185
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>13,534</u>	<u>935</u>
Total revenue and other support	<u>580,856</u>	<u>537,870</u>
Expenses:		
Salaries and wages	99,454	94,176
Payroll taxes and employee benefits	23,453	22,011
Cost of magazine and literature printing	43,017	38,591
Travel and promotion	6,545	8,784
Conventions and retreats	27,124	22,832
Office expense	9,945	10,894
Postage	3,281	4,137
Rent expense	24,600	24,600
Professional fees	3,730	3,660
Administrative expense	203	300
Depreciation	2,825	2,796
Amortization	491	491
Bad debt expense	1,239	174
Insurance expense	64	641
Dues and subscriptions	251	143
Special projects	5,669	1,742
Collection fees		592
Continuing education	1,760	1,131
Designated contributions	328,087	310,688
Miscellaneous	<u>8,017</u>	<u>5,368</u>
	<u>589,755</u>	<u>553,751</u>
Increase (decrease) in unrestricted net assets	(\$ 8,899)	(\$ 15,881)

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, 1998 and 1997
 (Continued)

	<u>1998</u>	<u>1997</u>
<u>temporarily restricted</u>		
Gifts and offerings	\$ 13,792	\$ 3,663
Interest income	4,628	5,733
Net assets released from restrictions:		
Satisfaction of program restrictions	(13,534)	(935)
Increase (decrease) in temporarily restricted net assets	<u>4,886</u>	<u>8,461</u>
<u>permanently restricted</u>		
Gifts and offerings	<u>1,401</u>	<u>1,235</u>
Increase in permanently restricted net assets	<u>1,401</u>	<u>1,235</u>
Total increase (decrease) in net assets	(2,612)	(6,185)
Net assets - beginning of year	<u>157,483</u>	<u>163,668</u>
Net assets - end of year	<u>\$154,871</u>	<u>\$157,483</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Cash Flows
For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<u>Operating activities</u>		
Increase (decrease) in net assets	(\$ 2,612)	(\$ 6,185)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,825	2,796
Amortization	491	491
Write off of bad debts	1,239	174
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,428)	1,631
(Increase) decrease in inventory	3,443	1,509
(Increase) decrease in accrued interest receivable	773	221
Increase (decrease) in accounts payable	2,284	(8,113)
Increase (decrease) in deferred revenue	<u>7,875</u>	<u>(1,697)</u>
Net cash provided (used) by operating activities	<u>14,890</u>	<u>(9,173)</u>
<u>Investing activities</u>		
Purchase of equipment	(1,396)	
Collection of loans receivable	4,134	1,812
New loan made	(1,000)	(3,300)
Redemption of certificate of deposit	<u>10,000</u>	
Net cash provided (used) by investing activities	<u>11,738</u>	<u>(1,488)</u>
Increase (decrease) in cash and cash equivalents	26,628	(10,661)
Cash and cash equivalents at beginning of years	<u>78,689</u>	<u>89,350</u>
Cash and cash equivalents at end of years	<u>\$105,317</u>	<u>\$ 78,689</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1998 and 1997

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 1998.

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, 1998 and 1997

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 \$1,871 (\$632 in 1997).

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1998 and 1997

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

Cash equivalents

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

Inventory

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

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>1998</u>	<u>1997</u>
Equipment	\$ 39,532	\$ 38,137
Less: Accumulated depreciation	(26,075)	(23,250)
	<u>\$ 13,457</u>	<u>\$ 14,887</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 1997).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>1998</u>	<u>1997</u>
Student Loan	\$102,451	\$103,831
Foreign scholarship	6,589	5,716
Free Will Baptist College Organ Fund	<u>5,393</u>	<u>5,393</u>
	<u>\$114,433</u>	<u>\$109,547</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 11,716</u>	<u>\$ 10,315</u>
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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 1998 and 1997

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 nine years. The rent expense for the years amounted to \$24,600 (\$24,600 for the year ended December 31, 1997).

The future minimum lease payments are as follows:

1999	\$ 24,600
2000	24,600
2001	24,600
2002	24,600
2003	24,600
Thereafter (estimated)	<u>100,450</u>
	<u>\$223,450</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 \$4,139 (\$3,900 in 1997). 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, 1998 and 1997

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, 1998 the excess amount over the federally insured limit was \$-0-.

Note 9 - Deferred revenue

Deferred revenue resulted from magazine subscriptions received for 1999 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, 1998 and 1997.

Gifts to Missions/Missionary Objectives
January 1, 1998 to December 31, 1998

Cash Gifts

Foreign Missions		207,415.27
Sent through WNAC	167,365.71	
Sent direct to department	40,049.56	
Home Missions	106,112.99	
Sent through WNAC		106,112.99
Sent direct, not available		
Bible colleges		9,423.12
Memorial Student Loan Fund		2,359.48
Other Gifts		24,243.58
Foreign Student Scholarship	1,873.20	
Mission Objectives	22,370.38	
Provision Closet		6,871.55
WNAC operating expense		109,593.46
General Fund Offering	24,153.00	
Emphasis Offering	12,629.46	
Endowment Trust Fund	1,401.00	
Dues	71,410.00	

Non-Cash Gifts

Provision Closet	34,589.88
Total Cash and Non-Cash Gifts	<u>500,609.33</u>

1998 Top Ten Contributors to WNAC

General Fund Offering		Emphasis Offering		Combined	
1. Tennessee	\$ 3,790.45	1. North Carolina	\$ 2,082.26	1. North Carolina	\$ 5,549.02
2. Arkansas	\$ 3,476.43	2. Arkansas	\$ 1,749.01	2. Tennessee	\$ 5,473.02
3. North Carolina	\$ 3,466.76	3. Tennessee	\$ 1,682.57	3. Arkansas	\$ 5,225.44
4. Missouri	\$ 2,312.83	4. Oklahoma	\$ 1,046.30	4. Missouri	\$ 3,224.63
5. Georgia	\$ 1,803.70	5. Missouri	\$ 911.80	5. Oklahoma	\$ 2,732.21
6. Oklahoma	\$ 1,686.01	6. Alabama	\$ 829.43	6. Georgia	\$ 2,604.20
7. California	\$ 927.50	7. Georgia	\$ 800.50	7. Alabama	\$ 1,719.44
8. Ohio	\$ 907.46	8. Mississippi	\$ 612.42	8. Ohio	\$ 1,266.95
9. Alabama	\$ 890.01	9. Florida	\$ 460.90	9. Virginia	\$ 1,171.66
10. Virginia	\$ 812.12	10. South Carolina	\$ 439.00	10. California	\$ 1,159.09

WNAC Salary Breakdown

	1998	1999	2000
Executive Secretary-Treasurer			
Salary	\$32,740.92	\$32,740.92	\$33,395.00
Social Security	2,552.85	2,552.85	2,555.00
Retirement	1,668.53	1,668.53	1,670.00
Insurance	2,926.81	3,208.62	3,010.20
Travel/Life	248.40	270.00	283.20
Hospital	2,474.34	2,718.22	2,524.80
Dental	204.07	220.40	202.20
Christmas Bonus	629.63	629.63	642.00
Total Salary and Benefits	\$40,518.74	\$40,800.55	\$41,272.20
Executive Assistant			
Salary	\$22,641.32	\$23,547.00	\$24,489.00
Social Security	1,764.66	1,836.07	1,874.00
Retirement	1,153.84	1,177.35	1,225.00
Insurance	2,593.74	2,973.40	2,920.20
Life	165.60	193.20	193.20
Hospital	2,224.07	2,559.80	2,524.80
Dental	204.07	220.40	202.20
Christmas Bonus	435.41	453.83	471.00
Total Salary and Benefits	\$28,588.97	\$29,987.65	\$30,979.20
Editor			
Salary	\$21,286.20	\$22,137.65	\$23,023.00
Social Security	1,627.14	1,758.66	1,761.00
Retirement	638.59	664.13	1,151.00
Insurance	2,593.74	2,960.20	2,907.00
Life	165.60	193.20	180.00
Hospital	2,224.07	2,559.80	2,524.80
Dental	204.07	220.40	202.20
Christmas Bonus	409.35	425.72	443.00
Total Salary and Benefits	\$26,555.02	\$27,946.36	\$29,285.00
Bookkeeper			
Salary	\$17,766.84	\$18,477.61	\$19,217.00
Social Security	1,358.14	1,440.71	1,470.00
Retirement	543.26	554.33	960.00
Insurance	2,844.01	3,131.32	2,920.20
Life	165.60	193.20	193.20
Hospital	2,474.34	2,718.22	2,524.80
Dental	204.07	220.40	202.20
Christmas Bonus	341.67	355.34	370.00
Total Salary and Benefits	\$22,853.92	\$23,959.31	\$24,937.20

WNAC Receipts for January-December 1998

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	890.00	165.00	890.01	4,310.00	829.43	239.00	.00	76.47	90.00	.00	9,188.22	697.98	5,932.91	1,203.51	212.00	24,724.53
Arizona	.00	.00	.00	420.00	50.00	.00	.00	51.04	.00	100.00	95.00	.00	242.00	.00	.00	958.04
Arkansas	22,663.80	422.97	3,476.43	8,560.00	1,749.01	100.00	.00	11.67	80.00	634.00	2,172.30	2,104.35	19,811.95	2,278.00	364.00	64,428.48
California	.00	.00	927.50	2,140.00	231.59	25.00	.00	23.33	.00	195.00	1,945.13	294.00	2,536.35	305.00	20.00	8,642.90
Canada	.00	.00	.00	.00	.00	.00	.00	8.00	.00	.00	.00	.00	.00	.00	.00	8.00
Colorado	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	70.00	.00	.00	70.00
Florida	900.00	95.00	205.00	1,650.00	460.90	.00	.00	18.71	170.79	.00	1,001.00	304.15	830.00	1,644.00	112.00	7,391.55
Georgia	.00	720.50	1,803.70	4,900.00	800.50	.00	.00	251.94	272.00	260.00	11,625.02	872.50	3,739.13	905.87	196.00	26,347.16
Illinois	.00	.00	659.80	1,970.00	75.00	.00	.00	66.10	.00	430.00	6,410.08	552.88	7,372.97	183.50	15.00	17,735.33
Indiana	.00	.00	.00	460.00	91.00	.00	236.23	.00	.00	.00	760.00	200.00	827.00	.00	.00	2,574.23
Iowa	.00	.00	.00	.00	.00	.00	240.00	.00	.00	.00	.00	.00	.00	.00	.00	240.00
Kansas	.00	20.00	15.00	240.00	55.00	.00	.00	.00	5.00	.00	971.47	36.00	78.00	.00	5.00	1,425.47
Kentucky	.00	26.66	430.00	2,410.00	325.00	.00	.00	.00	60.00	126.00	11,347.41	833.88	11,291.30	1,372.61	30.00	28,252.86
Maryland	.00	120.00	450.00	710.00	110.00	.00	.00	.00	.00	.00	1,290.00	123.83	2,409.67	365.50	.00	5,579.00
Michigan	.00	.00	543.30	2,220.00	57.90	.00	.00	7.78	.00	49.59	1,688.72	.00	1,578.61	90.00	50.00	6,285.90
Mississippi	.00	.00	432.00	1,440.00	612.42	.00	.00	.00	.00	.00	5,737.81	210.00	1,728.60	2,367.00	70.00	12,597.83
Missouri	.00	908.92	2,312.83	6,620.00	911.80	.00	.00	264.20	81.00	808.00	8,839.26	2,204.82	7,481.68	1,561.08	197.98	32,191.57
New Mexico	.00	.00	68.10	140.00	35.00	.00	.00	5.14	.00	.00	159.00	.00	447.72	.00	.00	854.96
N. Carolina	.00	5,248.58	3,466.76	7,310.00	2,082.26	170.00	500.00	159.01	181.85	466.50	34,624.80	2,448.03	7,705.49	718.65	495.50	65,577.43
NW/Wash.	.00	.00	.00	.00	.00	.00	.00	14.77	.00	.00	.00	.00	.00	.00	.00	14.77
Ohio	.00	.00	907.46	2,630.00	359.49	.00	.00	81.84	25.00	775.00	7,591.16	770.00	2,393.39	540.00	.00	16,073.34
Oklahoma	.00	.00	1,686.01	7,740.00	1,046.30	181.00	.00	58.28	117.00	846.12	13,267.87	988.07	10,476.57	679.07	92.00	37,178.29
South Carolina	.00	426.00	470.96	5,030.00	439.00	.00	.00	17.87	.00	1,359.50	11,197.43	1,562.00	8,818.13	4,007.13	400.50	33,728.52
Tennessee	.00	1,119.49	3,790.45	4,540.00	1,682.57	686.00	369.20	266.54	775.56	502.34	8,186.62	1,736.88	3,745.83	3,844.46	94.50	31,340.44
Texas	.00	150.00	635.57	1,960.00	265.75	.00	.00	.00	.00	127.50	3,748.98	739.50	3,057.11	250.00	.00	10,934.41
Utah	.00	.00	.00	50.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	50.00
Virgin Islands	.00	.00	.00	.00	.00	.00	.00	23.33	.00	.00	.00	.00	.00	.00	.00	23.33
Virginia	.00	.00	812.12	1,240.00	359.54	.00	.00	.00	15.00	192.00	3,319.19	457.00	3,123.09	55.00	5.00	9,577.94
West Virginia	.00	.00	170.00	2,720.00	.00	.00	.00	.00	.00	.00	1,378.50	.00	80.50	.00	.00	4,349.00
Retreat	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	3,684.87	.00	334.99	.00	.00	4,019.86
	24,453.80	9,423.12	24,153.00	71,410.00	12,629.46	1,401.00	1,345.43	1,406.02	1,873.20	6,871.55	150,229.84	17,135.87	106,112.99	22,370.38	2,359.48	453,175.14

Women Nationally Active for Christ

P. O. Box 5002

Antioch Tennessee 37011-5002

Suggested Budget

For the year Ending December 31, 2000

Estimated Income

* General Fund Offering	30,000.00
Convention Offering	1,500.00
Convention Expense Gift	8,000.00
Delegate Fees	400.00
Dues	75,000.00
Interest Income	6,000.00
Literature Sales	17,000.00
Magazine Subscriptions	88,000.00
Miscellaneous	2,000.00
Rest of the Family Offering	2,661.00
WNAC Emphasis Offering	10,000.00
Total Income	<u>\$240,561.00</u>

Estimated Expense

Salaries	100,124.00
Employee Benefits	26,349.00
Payroll Tax Expense	7,660.00
Employee Retirement	5,006.00
Health and Life Insurance	11,757.00
Christmas Bonus	1,926.00
Insurance—General & Workers' Compensation	1,000.00
Legal and Professional Services	4,000.00
Convention Expense	8,000.00
Executive Committee Expense	4,500.00
Co-Laborer Magazine Expense	38,500.00
Mailing	3,600.00
Miscellaneous	500.00
Printing	29,900.00
Postage	4,500.00
Miscellaneous Expense	2,738.00
Office Rent	24,600.00
Office Supplies and Materials	3,500.00
Phone	2,000.00
Postage	4,500.00
Printing	5,500.00
Service Contracts	4,500.00
Subscriptions	250.00
Travel and Promotion	4,500.00
Continuing Education	2,000.00
Equipment (additions and repairs)	3,500.00
Special Projects	500.00
Total Expense	<u>\$240,561.00</u>

* The WNAC Executive Committee approved changing the name Co-Laborer Offering to General Fund Offering, December 4, 1996.

(The following minutes were inadvertently omitted from the 1999 Yearbook)

**Minutes
of the
Sixty-Third Annual Session
of the
Women Nationally Active
for
Christ
of the
National Association of Free Will
Baptists
when convened in
Tulsa, Oklahoma
July 14, 1998**

Theme: Stewardship of Life: Living Sacrifices

Scripture: Romans 12:1-2

Hymn: "Take My Life and Let It Be"

Music Coordinator: Laurie Carey

Organist: Sharon Beam

Pianist: Rita Wilson

Proceedings

Tuesday Morning Business Session

July 14, 1998

Everyl Getz called the business session to order. She introduced Jean Deeds, missionary to Brazil, for the morning devotion. She spoke from Romans 12: 1-2, encouraging women to stay in the Word to know right from wrong. Prayer was offered by Everyl Getz. Special

music was presented by the Rose family. Oklahoma State President Jean Marie Rogers welcomed the convention on behalf of the 14 districts and 950 WNAC women in Oklahoma.

Suzanne Franks presented the Creative Arts winners.

MSC to accept the Credentials Committee Report given by Vice President Marjorie Workman and to seat the delegates.

MSC to accept the Executive Secretary-Treasurer's Report given by Dr. Mary Ruth Wisheart, and to adopt the budget contained therein. (See budgets in 1998 Yearbook)

Motion made by Dawn Sweeney to elect Marjorie Workman as Executive Secretary-Treasurer. Second by Becky Gwartney, and the motion carried unanimously.

MSC to accept the Resolutions Committee Report given by Dawn Sweeney and vote on them item by item: All items approved (see Resolutions Committee report).

MSC to accept the Appreciation Committee Report as given by Hope Van Winkle.

WNAC Tribute to Dr. Mary R. Wisheart

Tuesday, July 14, 1999

The 11:00 a.m. service was a tribute to retiring Executive Secretary Dr. Mary Ruth Wisheart. Harp music by AnnaGee Harris opened the program. A recording of Dr. Wisheart's words reflecting her attitude on "change" were heard as she was led to a seat of honor on the stage. Four speakers reflected on their relationship with Dr. Wisheart and her contributions to their lives and the denomination. Suzanne Harris narrated. Molly Barker gave tribute to Dr. Wisheart as a friend, Dr. Robert Picirilli as a colleague, Yvonne Hampton as a professional, and Dr. Jack Williams as a unique individual. "Emblems of Thy Condescension" was presented by Suzanne and AnnaGee Harris and Carol Malone. Lisa McGee sang "His Eye is On the Sparrow." The Cross Timbers women sang, "Jesus What a Friend for Sinners" as the offering was taken.

Everyl Getz presented gifts to Dr. Wisheart from the WNAC women: a computer, complete with a laptop, monitor, and printer; a ticket to Uruguay for the International Fellowship of Free Will Baptists. Also, a fund was established in her honor to help purchase an organ for Free Will Baptist Bible College. A special edition of *The CoLaborer* with Dr. Wisheart's picture on the cover was distributed. Laurie Carey led the congregation in "To God Be the Glory" and dismissed in prayer.

WNAC Special Feature

Tuesday afternoon, July 14, 1998

Everyl Getz reconvened the business session. MSC to accept the Registration Committee Report given by Judy Smith.

The afternoon program was a special dramatic presentation by Julisa Rowe entitled "Gathering Lotus Buds" featuring the life of missionary Amy Carmichael.

Committee Reports

Credentials Committee Report

We, the Credentials Committee, submit the following report: The following 20 State Conventions have submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

The following four districts with no state conventions have submitted reports and paid dues: First of Arizona, Kansas First, Greater Colorado, and New Mexico.

The following two local groups with no district or state conventions have submitted reports and paid dues: Iowa (Bettendorf), and Utah Valley FWB Church.

In addition, there were 69 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$5.00 representation fees.

Respectfully submitted: Chairman, Marjorie Workman, TN
Becky Gwartney, MO
Marianne Waddell, FL

Resolutions Committee Report

We, your Resolutions Committee, submit the following recommendations to the Women Nationally Active for Christ convention:

1. To grant Silas in Côte d'Ivoire \$1,000 in 1998 from the Foreign Student Scholarship Fund. (Note: This will be the last year he is eligible.)
2. In 1999, to give \$1,000 each to Robert Houessou and Paul Amiezi for their studies at the seminary in Abidjan from the Foreign Student Scholarship Fund.
3. To reaffirm our commitment to the Bible as God's Word and as the guidebook for a happy and harmonious marriage, and to the teaching and practicing of the truth taught in Ephesians 5:22 - 23.
4. To go on record as commending the Southern Baptist Convention for their stand on those same scriptures.

Respectfully submitted: Chairman, Dawn Sweeney, TN
Glenda Fulcher, VA
Nadine Hood, OK
Delois Loveless, TN

Appreciation Committee

We, the Appreciation Committee, wish to express our sincere thanks to the following people whose efforts have made this year's convention and sessions a success:

1. The Executive Committee, especially Dr. Mary Ruth Wisheart for her 13 years of service.
2. The WNAC office staff: Yvonne Hampton, Suzanne Franks, and Martha Harris.
3. Oklahoma Women Active for Christ for the greenery, decorations, and generous hospitality.
4. The musicians.
5. All speakers for the seminars and devotionals.
6. Mrs. Laura Thigpen, for coordinating, and those who participated and assisted in the special program on Tuesday morning.
7. Julisa Rowe for speaking at our Tuesday afternoon Special Feature and Banquet.

Respectfully submitted: Chairman, Hope Van Winkle, MS
LaDonna Harvey, AZ
Jonda Patton, KY

Registration Committee

We, your Registration Committee, submit the following report:

Number of Persons Registered:

WNAC Officers:	7
Standing Delegates (State Presidents and Field Workers)	15
Elected Delegates (State, District and Local)	76
Local Delegates Paying Representation Fee of \$5.00	69

Missionaries, Home and Foreign	104
Ministers	37
Visitors	<u>655</u>
Total Registered	963

Respectfully submitted: Chairman, Judy Smith, OK
Anne Worthington, TN

The General Board Report

The General Board of the National Association of Free Will Baptists met Monday July 19, 1999, in the Marriott Marquis Hotel, Atlanta, Georgia. As a result of this meeting, we offer the following information and recommendations.

1. We heard the reports of WNAC, Executive Office, Sunday School and Church Training Department, Foreign Missions Department, Free Will Baptist Bible College, Music Commission, Master's Men Department, Home Missions Department, Free Will Baptist Foundation, Commission for Theological Integrity, Ministerial Family Life Committee, Media Commission, Historical Commission, and Budget Committee. We recommend that the reports be received and the budgets adopted as each is given.
2. We recommend that the Executive Committee be enlarged to thirteen (13) members; nine elected members plus four officers. This would necessitate a change in the constitution, Article V, Section 2, and Section 3, (pages 56 & 57 of the current *Treatise*). The proposal is to change these articles to read as follows:

Section 2: The terms of the office for elected associational representatives shall be three years, and arranged in three groups: Alabama through Illinois, Indiana through New Mexico, and North Carolina through West Virginia. Associational representatives representing states, countries or areas of continental North America shall expire sequentially.

Section 3: The Executive Committee of the General Board shall be composed of the moderator, assistant moderator, clerk, and assistant clerk of the National Association. Three members shall be elected each year for three-year terms from the General Board members whose terms begin that year. Not more than one elective member shall serve from any state. An individual can serve no more than four full consecutive terms. The outgoing moderator shall serve as an advisory member for one year. The purpose of this committee shall be to serve as the executive arm of the General Board of the National Association. The nature of its work shall be executive and promotional rather than legislative.

3. We recommend the resolutions from Arkansas and Georgia dealing with Christian higher education be adopted, the study be initiated, a committee be selected, and that all our colleges be encouraged to participate. The Arkansas resolution reads:

Whereas,

1. Christian higher education must be a priority among Free Will Baptists as we seek to fulfill the Great Commission,

and Whereas,

2. A comprehensive approach to Christian higher education could better fulfill our needs than the current system,

BE IT THEREFORE RESOLVED:

That we initiate a study committee to develop a long-range comprehensive plan for Christian higher education for Free Will Baptists.

The Georgia Resolution reads:

1. Whereas, we have covenanted together to "extend the influence of Christ in Society" and to "labor for the promotion of education" (Free Will Baptist Church Covenant, paragraphs 6-7), and

Whereas, Christian higher education must be a priority among Free Will Baptists as we seek to fulfill the Great Commission of our Lord, and,

Whereas, a comprehensive approach to Christian higher education could better fulfill our needs than the current system,

Be It Resolved,

- A. That we initiate a task force/study committee to develop a long-range, comprehensive plan for Christian higher education among Free Will Baptists,
 - B. That this task force be a broad-based committee composed of Free Will Baptist individuals who are knowledgeable of higher education, and
 - C. That this task force be comprised of representatives of our four Free Will Baptist colleges, as well as individuals who are not presently affiliated with those colleges.
4. There is a need for increased funding for the convention fund. We recommend that section 4, of the By-Laws be changed to fifty dollars (\$50.00) everywhere it now reads twenty-five dollars (\$25.00).
 5. We recommend that Cincinnati, Ohio, be the convention city for the year of 2009.

Report of the Ministerial Family Life Committee

In the 1993 meeting of the National Association of Free Will Baptists, Resolution #1. Ministerial Family Life Committee, called for the moderator to appoint a committee of five "to develop a ministry of restoration for our leaders."

It was the understanding of the committee that this resolution grew out of a concern for the fact that discipline should always be accompanied by a heart of concern for the offender and all the people who have been hurt by his sin. As we understood our assignment, we were asked to come up with some recommendations that would be helpful in restoring fallen ministers and other Christian leaders to a meaningful relationship with God and with those who have been hurt by his sin. We were not asked by the 1993 resolution to deal with discipline or with the question of whether a fallen minister can be restored to his former ministry.

In our report of 1994, we gave recommendations for a way to go about restoring a fallen leader to a right relationship with God and with others. We also included a bibliography of materials that deal with these concerns. This bibliography was prepared by Lewis Campbell.

In 1994 we requested a one-year extension of the committee "in order to continue examining the subject of restoration, and addressed the need of prevention, the legal ramifications and other matters that may be requested by this body."

In 1995 our report dealt mainly with the matter of prevention. It included three papers, "Maintaining Sexual Purity in the Ministry," by Leroy Forlines, and "Practical Preventive Principles for Pastoral Purity," and "Thoughts on the Treatise," by Melvin L. Worthington.

In 1995 we also requested "a one-year extension in order to address the issue on the legal ramifications regarding ministerial discipline and restoration." In the meantime, we requested further extensions to complete our work. We come before you in this meeting with this work completed.

The Need to Follow Proper Procedure

In the past, those who outlined our procedures for discipline were mindful of the rights of the accused. They believed that those who were guilty of serious offenses should be dealt with. At the same time, they believed in being fair to the accused. In our haste, we have sometimes forgotten to follow these procedures. When we fail to follow these procedures, we make ourselves liable.

We have sought, with the aid of an attorney, to outline procedures that, if followed, should stand up in a court of law. The procedures outlined in this report are in agreement with what is set forth in our *Treatise*. These procedures simply tell us how we can implement the procedures that are outlined in our *Treatise* in such a way that it should stand up in a court of law.

We live in a day when it is popular to sue. We need to know how we can protect ourselves. But we have an even greater reason to follow proper procedures. It is right.

We recommend that we go on record as recommending to our people that they follow the procedures listed below for the discipline of church members and the procedures listed below for the discipline of ministers. This is our final report.

Respectfully submitted,

Leroy Forlines, Chairman
Larry Powell
Eugene Waddell

Trymon Messer
Ralph Hampton (Advisor)
Melvin Worthington (Advisor)

Step-By-Step Procedure for Local Church Disciplinary Action Concerning Its Church Members

Care shall be used by the local Free Will Baptist church in disciplinary matters to follow the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, and the biblical admonitions to respect the rights of the offenders in judging his/her actions, always expecting redemption and restoration as is appropriate.

Each procedure involved should judge the offender and the circumstances with mourning and contrition, with the body continuing to extend restoration to the repentant realizing that all are condemned except for God's grace and forgiveness.

These recommended procedures are an extension of the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, Chapter I, Section VIII, which are biblically-based and are to be conducted in accordance with the Scriptures as cited therein: *Matthew 18:15-17*; *II Thessalonians 3:6-15*; *I Corinthians 5:1-13*; and *II Corinthians 2:6-7*.

The local church has the authority and is scripturally admonished to "purge out therefore the old leaven." Therefore, a carefully planned disciplinary procedure is wise and should include the following:

Preliminary to any disciplinary procedure is the careful establishment by primary evidence rather than hearsay or rumors that the alleged offense has occurred and is a trespass against Scripture. This determination shall be made by the pastor and deacons. This procedure shall be consistent with *Matthew 18:15-17*.

1. **PRIVATE PROCEDURE:** First, the offending member shall be dealt with privately by the pastor and deacons. The offender shall be advised of the offense and confronted by the witness or witnesses with the primary evidence of the offense. Should the member be repentant, then the offense will be appropriately and scripturally dealt with privately if possible, provided such private approach be consistent with the biblical proscriptions for the Church.

2. **PUBLIC PROCEDURE:** If a formal trial is necessary, then by public discipline the church procedures should be followed:

- A. The hearing shall be in the presence only of the membership, the offender and a representative selected by the offender.
- B. Written notice containing the specific offense shall be furnished to the offender at least two weeks in advance.
- C. The pastor will be the moderator unless he is a necessary witness and then he shall appoint an impartial moderator. The moderator shall read the offense without comment.
- D. The moderator shall call for evidence and/or witnesses who can and will present evidence to sustain the offense, allowing with good order and discipline the offender or his representative to cross-examine the witnesses.
- E. The moderator shall allow the offender or his/her representative to respond, presenting evidence and offering witnesses as he wishes to sustain his position.
- F. When the moderator determines that a full presentation of both sides has been presented, the moderator shall ask whether there is a motion from the body concerning whether the offenses against the offender have been reasonably sustained. Upon seconding, the matter shall be fully discussed and voted upon. If by major-

ity vote one or more of the offenses against the offender is sustained, then the moderator will ask for a motion calling for appropriate discipline of the offender.

G. All votes will be by secret ballot.

3. The discipline of the church may include a break in fellowship with a disorderly member (II Thessalonians 3:6-15) and/or expelling a member (I Corinthians 5:11-13) because of conduct or profession which is irreconcilable with the nature of a Christian or with the biblical proscriptions of the Church.

4. After the trial is over and the verdict has been reached, any disclosure with reference to the proceedings and/or the verdict reached shall be guided by integrity and a proper concern for the welfare of the offender. Disclosures shall not (i.) be defamatory in nature (ii) be designed to cast the disorderly member in a false light, even though containing truthful information, or (iii) be made with malice, ill intent or for the purpose of impeding appropriate redemption and restoration of the disorderly member.

5. The church, its leaders, members and employees shall at all points refrain from any intentional harm or emotional distress.

6. The offender and/or any church member voting against the findings shall have the right to appeal the action of the church to the broader Association to which the church has united itself for a hearing among the sister churches. The Association's authority in such cases is set forth in Chapter III, *Treatise*, Association of Churches.

7. The offender in accordance with Chapter I, *Treatise*, Section VIII, (D), is expected to submit to the discipline of the church.

8. The local church should always stand ready to forgive a genuinely repentant member and restore the member to full fellowship in the congregation.

Step-By-Step Procedure in Association Disciplinary Action Concerning Its Ministers

Care shall be used by the broader or district Associations of Free Will Baptists to follow the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, and the biblical admonitions to respect the rights of the minister in judging his actions, always expecting redemption and restoration as is appropriate.

Each procedure involved should judge the minister and the circumstances with mourning and contrition, with the body continuing to extend restoration to the repentant realizing that all are condemned except for God's grace and forgiveness.

These recommended procedures are an extension of the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, Chapter II, Section II, which are biblically-based and are to be conducted in accordance with the Scriptures as cited therein: *Matthew 18:15-17*; *II Thessalonians 3:6-15*, *I Corinthians 5:1-13*; and *II Corinthians 2:6-7*.

The Free Will Baptist churches have delegated their disciplinary authority in order to obtain the assistance of their sister churches, to the broader or district Association to which they have united themselves, Chapter II, *Treatise*, Section II. Therefore, a carefully planned disciplinary procedure is wise and should include the following:

Preliminary to any disciplinary procedure is the careful establishment by primary evidence that the alleged offense has occurred and is a trespass against Scripture. This determination shall be made by the Association's Ordaining Council/Presbytery. This procedure shall be consistent with *Matthew 18:15-17*.

1. Accusations known to the local church against its minister, which are offered concerning his conduct, character, profession, doctrine or affecting his good standing as a minister of the Gospel, are to be brought to the Association by said church. When the local church fails or refuses to take disciplinary actions concerning its minister whose conduct is offensive to the Association or when the situation is unknown to the local church, then shall such accusation involving a minister be brought to the Association's Ordaining Council/Presbytery jointly by three ministers from churches in the same Association after privately and fully appraising the minister's local church of the accusation.

2. PRIVATE PROCEDURE: The offending minister first shall be dealt with privately by the Association's Ordaining Council/Presbytery according to the principle outlined in *Matthew 18:15-17*.

At the private procedure, witness and primary evidence shall confront the minister in the presence of the Association's Ordaining Council/Presbytery. Should he be repentant, the matter may be privately and lovingly disposed of by the Association's Ordaining Council/Presbytery as is consistent with biblical principles and Association procedures.

3. PUBLIC PROCEDURE: If the minister remains unrepentant, or if the nature of the offense requires, then the Association's Ordaining Council/Presbytery shall refer the matter to the Delegates of the Association in accordance with the local church disciplinary action concerning its members under Chapter I, *Treatise*, Section VIII, including the following:

A. The formal hearing shall proceed solely in the presence of the unrepentant minister (unless he upon due notice refuses to attend), a representative who is a member of a church in the Association selected by the minister, and the delegates of the Association who are to hear the matter.

- B. The Association moderator shall preside at the hearing of the public procedure before the delegates of the Association. However, if the Association moderator is a necessary witness, then the Association shall designate an impartial moderator. The moderator shall read the charges without comment. The delegates to the association shall hear and dispose of the matter.
 - C. The moderator shall provide written notice containing specific charges to the minister at least two weeks in advance.
 - D. The moderator shall call for evidence and/or witnesses who can and will present evidence to sustain the charges, allowing with good order and discipline, the minister or his representative to cross-examine the witnesses.
 - E. The moderator shall allow the minister or his representative to respond presenting evidence and offering witnesses as he wishes to sustain his position.
 - F. When the moderator determines that a full presentation of both sides has been presented, the moderator shall ask whether there is a motion from the body concerning whether the charges against the minister have been reasonably sustained. Upon seconding, the matter shall be fully discussed and voted upon. If by majority vote one or more of the charges against the minister is sustained, then the moderator will ask for a motion calling for appropriate discipline of the minister.
 - G. All votes will be by secret ballot.
4. The Association's disciplinary action shall deal solely with the minister's credentials and fellowship in the Association as a minister.
5. The Association's discipline cannot deal with the minister's relationship to the local church, either as pastor or member.
6. If an intermediate or temporary act of discipline is required, the minister may be retained on the roll of ministers, but listed as "not in full fellowship" and denied the right to vote as a standing delegate. This may also be a final finding of discipline by the Association.
7. The Association's discipline may consist in the revocation of the minister's ordination and the withdrawal of fellowship from him as a minister in good standing in the Association.
8. The Association shall make recommendations concerning the offending minister along with its findings to the local church and may advise that the church's fellowship in the Association is endangered if the recommendations are not followed, but no force can be applied.
9. All ministers upon their ordination are advised and expected to submit to the decision of the Association and to agree to relinquish upon call their credentials of ordination. However, if credentials are not so relinquished, then the call of the Association, as set forth in its minutes, nullifies the credentials of ordination the same as if they had been relinquished. No further action is necessary to the relinquishment of the minister's credentials of ordination.
10. The said minister, in union with at least one other delegate of said Association, may appeal to the next session of the broader Association, Chapter III, *Treatise*, Section II, of which his Association is a member for a hearing among the sister Associations. The authority of this broader Association is described in Chapter III, *Treatise*, Association of Churches. The decision of said broader Association shall be final. The appeal hearing by the broader Association shall follow as nearly as possible the procedures as outlined herein and further set forth in Chapter II, *Treatise*, Section VIII.

Credentials Committee Report

We, the Credentials Committee, have examined the letters from the following states, districts and local churches and found them to be in order as presented below.

1. From the following state associations which are entitled to be represented by five delegates:

Alabama, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

*Idaho owes \$25.00. *Tennessee owes \$500.00

2. From the following district associations entitled to be represented by three delegates:

Arizona District Association, Atlantic Canada Association, First Colorado Association, First District of Louisiana, New Mexico District Association, Northeast Association, and Northwest Association.

3. From the following local churches entitled to be represented by one delegate:

Hawaii, Montana, Puerto Rico, Virgin Islands, 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 states of Idaho and Tennessee be seated based upon their assurance of full payment of dues.

Signed

Glen E. Johnson
Tim York,
Dale McCoy
Charles Thigpen
J. L. Gore

Nominations for Boards and Commissions

Home Missions Board

- 2005 Replacing Lynn Wood (OK), Lynn Wood (OK)
 Replacing Ken Dodson (MO), Ken Dodson (MO)
 Replacing Wendell Walley (NC), Harold Blankenship (NC)

Biographical Information

Harold Blankenship: 40 years old; pastored Lick Branch FWB Church (Charleston, WV) 1983-1985, Kistler FWB Church (Kistler, WV) July 1985-March 1988, Goshen FWB Church (Mt. Holly, NC) March 1988-present; long-time missions supporter.

Board of Retirement

- 2005 Replacing Robert Morgan (TN), Milburn Wilson (CA)
 Replacing Lincoln Varney (KY), Ron Barber (OK)
 Replacing Henry Van Kluyve (NC), Henry Van Kluyve (NC)

Biographical Information

Milburn Wilson: Established Spencer Road FWB Church and Edmond FWB Church in Oklahoma; pastored First FWB Church (Ardmore) 1971-1976, pastored Sherwood Forest FWB Church (El Sobrante, CA) 1976-present; has served two terms on the Home Missions Board

Ron Barber: Attorney in Tulsa, OK; deacon in Bethany FWB Church in Broken Arrow, OK; previously served as chairman of the Board of Retirement.

Master's Men Board

- 2005 Replacing Ernie Taylor (IL), Ernie Taylor (IL)
 Replacing Don Neal (IN), Don Neal (IN)
 Replacing Gary Wilson (AL), Mike Mounts (OH)

Biographical Information

Mike Mounts: Pastored Westerville FWB Church (Westerville, OH) 1992-present; assistant state moderator 1993-present; instructor for Ohio Bible Institute; strong supporter of Master's Men.

Commission for Theological Integrity

- 2004 Replacing Jeff Manning (NC), Jeff Manning (NC)

Media Commission

- 2004 Replacing James Vallance (TN), Mirchael Jones (SC)

Music Commission

- 2001 Replacing David Bates (MO), Scott Bullman (OK)
2004 Replacing Randy Sawyer (NC), Randy Sawyer (NC)

Historical Commission

- 2004 Replacing Robert Picirilli (TN), Robert Picirilli (TN)

General Board

- 2001 (to be elected in 1999)
 Alabama (replacing Rick Cash) Rick Cash

Arizona (replacing David Taylor)	Stephen Robinson
Arkansas (replacing David Joslin)	David Joslin
Atlantic Canada (replacing Dwayne Broad)	Fred Hanson
California (replacing Doice McAlister)	Doice McAlister
Colorado (replacing Mark Thomas)	Mark Thomas
Florida (replacing Millard Sasser)	Millard Sasser
Georgia (replacing William Smith)	William Smith
Idaho (replacing Earl Jenkins)	Earl Jenkins
Illinois (replacing Ernie Lewis)	Ernie Lewis
Indiana (replacing Robert Helms)	Chris Clay
Kansas (replacing Larry Collins)	Dale McCoy
Kentucky (replacing James Patton)	James Patton
First Louisiana (replacing Ron Parker)	Ron Parker
Maryland (replacing Lester Horton)	Jay Baines
Mexico (replacing James Munsey)	Luis Felipe Tijerina
Michigan (replacing Gene Norris)	Gene Norris
Mississippi (replacing J. L. Gore)	J. L. Gore
Missouri (replacing Nathan Ruble)	Nathan Ruble

General Officers

(to be elected in 1999)

Moderator: Replacing Carl Cheshier (OK), Carl Cheshier (OK)

Assistant Moderator: Replacing Tim York (KY), Paul Smith (GA)

Clerk: Replacing Waldo Young (OK), Keith Burden (OK)

Assistant Clerk: Replacing Keith Burden (OK), John Hibbard (CA)

Biographical Information

John Hibbard: Pastor/founder of Amador FWB Church, Pioneer, CA, from 1986-1997; pastored Village Chapel FWB Church 1997-present; assistant clerk of California State Association 1986-1987; clerk of California State Association 1987-1996; presently serves as assistant moderator of California State Association.

Paul Smith: Born in Vernon, AL; 43 years old; called to preach in 1974, ordained in 1977 and pastored First FWB Church (Clinton, OK) 1981-1986, Double Branch FWB Church (Hawkinsville, GA) 1987-1996; Trinity Fellowship FWB Church (Fayetteville, GA) 1997-present; served three years as assistant moderator and the last seven years as moderator of the Georgia State Association.

Addendum to the Report of the Nominating Committee

Because of the adoption of Item #2 of the General Board Report which changed terms of some of the General Board members and increased the number elected to the Executive Committee, the nominating committee nominated these for the Executive Committee.

For Two-Year Terms:

David Joslin, AR
Doice McAlister, CA
Millard Sasser, FL

For Three-Year Terms:

Gene Norris, MI
Nathan Ruble, MO
J. L. Gore, MS

Report of the Resolutions Committee National Association of Free Will Baptists, 1999

Item One

Because issues relating to National Convention sites are already under the consideration of the Executive Committee, the Resolutions Committee recommends that the following resolution be referred to the Executive Committee for further study:

Whereas, there are increasingly rising costs associated with the Free Will Baptist National Convention, and

Whereas, the logistics of the operation and organization often include inadequate facilities for meetings, and

Whereas, we should be concerned about the best interest and use of operational monies,

Be it therefore resolved that the National Convention meet even years in Nashville, Tennessee, and

Be it further resolved that the National Convention meet odd years rotating from East to West at the desire of the body.

Junior Phillips, Pastor

First Free Will Baptist Church, Poteau, Oklahoma

Item Two

The Resolutions Committee received resolutions regarding higher education from the Arkansas and Georgia State Associations. We refer the body to the General Board Report, where these resolutions are printed.

Item Three

Whereas, the North Carolina State Association as well as the National Association of Free Will Baptists spent considerable time, money, and effort in the forging of the document known as "Areas of Concern" (1997 *Yearbook*, pp A32-A37), and

Whereas, that document was designed to guide the selection of speakers and people in leadership roles,

Be it therefore resolved that the Executive Committee remain aware of the document and that, from time to time, the moderator remind the delegates of this resolution.

Item Four

Whereas, the Georgia State Association of Free Will Baptists has given us a warm welcome to the 63rd session of the National Association of Free Will Baptists in Atlanta, Georgia,

Be it therefore resolved that we give a rising vote of thanks to acknowledge our appreciation for every kindness and consideration shown to us during the session.

Jim Marcum (NC), Chairman

Will Harmon (AR)

Gene Norris (MI)

Matt Pinson (GA)

Millard Sasser (FL)

Free Will Baptist National Convention Registration Report

The 1999 Atlanta Convention registered the following:

National Convention		4,042
Ordained Ministers	670	
Ordained Deacons	134	
Licensed Ministers	16	
Local Church Delegates	69	
State Delegates	74	
Home Missionaries	88	
Foreign Missionaries	32	
National Board Members	46	
National Officers	12	
Non-Delegates	2,901	
National Youth Conference		1,680
Women Nationally Active for Christ		<u>870</u>
Grand Total		6,592

1999 National Youth Conference Report

The 1999 National Youth Conference met for its 32nd annual conference in Atlanta, Georgia, July 18-21. The theme of *No Wall Too High* was emphasized in many ways. A total of 1,687 participants were registered.

A total of 585 competitive entries were conducted during the four day conference, with a total of 1,062 young people participating in the competitive activities. A complete list of NYC winners will be sent to each state office.

Worship services were conducted for Preschool (ages 2-5), with an average of 75 attending, Children (1st - 3rd grade) and Tweeners (4th - 6th grade) with an average of 575 attending, and Youth (7th - 12th grade) with an average of 1,200 attending, Sunday Morning and Sunday through Wednesday nights, with Dr. Barry St. Clair speaking. Over 300 decisions were made, including several for salvation.

Over 500 students participated in Impact Atlanta, our area service projects. The 12 service project opportunities included a daytime shelter for the abused children, the Atlanta Food Bank, Goodwill Industries, a women's and children's shelter, the Atlanta Rescue Mission, a soup kitchen garden and city beautification projects. Individuals and entire youth groups joined the projects.

A total of 28 Wall Builder Seminars were presented during the conference for children, youth and youth workers.

We will not leave the city of Atlanta untouched. Rather, we leave having given many tiring hours to improve the lives of others and to share the love of Jesus with them. We also leave with many people knowing that Christ makes a difference in the lives of our students.

The 33rd annual National Youth Conference is scheduled for Anaheim, California, in July 2000 where our theme will be . . . *I Press Toward the Goal!*

The Obituary Committee Report

The following names were submitted in sympathy and precious memories of their lives, labor and love for our Lord Jesus Christ.

Arkansas

Herman Greenwood, minister
Johnny Higgins, deacon

California

Thelma Headley, deacon's wife

Delaware

Grady Hamm, deacon

Colorado

Ed Gibson, Greeley

Florida

Charles Bryant, minister
Curro Pinson, minister's wife

Georgia

H. E. Dunaway, deacon
Calvin L. Henderson
Lamar Parrish, minister

Illinois

John Henry, deacon, Decatur
John Hiltibidal, minister
Richard Kingsbury, deacon

Mississippi

Joyce Atwell
Virginia Bartee
Margaret Cooper
Amel Norman
Nancy Stimbridge
Neil Wildman

Kansas

Doris Ball, minister's wife

Michigan

Thelma Hagin, minister's wife

Missouri

Cliff Bowman, minister
Cecil Campbell, minister

New Mexico

R. E. "Buck" Gilcrease, minister

North Carolina

Annie Heath
Lois C. Webster
J. T. Lewis, CTS director
Arnold Hill, deacon

Ohio

Lillian Biggs
Floyd Casto, deacon
Howard Kimble, minister
Jarvis McCoy, deacon
Bill Whitacker, minister

South Carolina

Norwood Gibson, minister

Tennessee

John Ailworth
Marion Lee Broyles, deacon
Bell Hamm
Winona Riggs, minister's wife

Texas

H. Ray Berry, minister

Virginia

Bill Harrison, minister

West Virginia

Beckley
Hazel Jarrett, Bethel Church
Delma Wooten, Bethel Church
Carlos Jones, Coal City Church
Jack Hampton, Coal City Church
Trula Barton, Herndon Church
George Carmel Dotson, Herndon Church
Lola Mae Arthur, Kilsyth Church
Ethel Barley, Kilsyth Church
Virginia Kincaid, Kilsyth Church
Christine Wees, Kilsyth Church
Gladys Dishner, Lashmeet Church

Etta Carden, Lashmeet Church
Hazel Eller, Sophia Church
Jay Robinson, Sophia Church
Bessie Smith, Sophia Church
Willie McGehee, Sprague Church
Clara Smith, Ury Church

Brotherhood

Homer Woolium, Central Church
Demetries Maynard, Central Church
Pat Spence, Faith Church
Alice Ball, Laurel Church
Goldie Pierce, Laruel Church
Emma Knotts, Long Run Church
Hope Bartlett, Long Run Church
Irene Qualls, Valley View Church
Carl Meadows, Sunshine Church
Thelma Bias, Pleasant Valley Church
Gladys Clark, Pleasant Valley Church
Marie Gillispie, Spring Dale Church

Christian Fellowship

Rev. Troy Tomblin, 21 Holden Church
Moses Hunt, Peach Creek Church

Fayette

Rev. Carlos Suttle
Anna Marie Broyles
Eunice Hodge
Rev. Elza Cooper

Freedom

Frankie Casey, Crown Church
Kathleen Duncan, Mt. Carmel Church
Archie Clay, Lyburn Church
Maggie Perry, Lyburn Church
Freddie Nelson, Lyburn Church
Hannah Grown, Lyburn Church

Greenbrier County

Mable Jones, Feamster Church
Martha Brown, Laurel Branch Church

Greenbrier Nicholas

Pearl Groves, Ward Road Church
Audra Ward, Ward Road Church
Less McKinney, Ward Road Church
Deacon Rufus Bowles, Gordon Church
Russell Kiser, Heritage Church
Sally Dobson, Heritage Church
Orvil Shorter, Oakville Church
Deacon Phelps Tucker, White Water Church

Huff Creek

Patty Walls
Geneva Russell

Willie Crum
Sandy Sims
Maris Cummins
Ruby Nelson
Rachel Barker
Gere Russell
Eli Trent

Kanawha

Wesley Framton, Chesapeake Church
Doris "Dot" Comer, Loudendale Church
Ethel Mae Hicks, South Ruffner Church
Virginia Thomas, Loudendale Church
Icie Patterson, Slaughter's Creek Church
Mary Gibbs, Winifrede Church
Sherman Gillispie, Emmons Church
Isabell Gillispie, Emmons Church
Garland Larch, Faith Church
Marilyn Stanley, McCorkle Church

Liberty

Russell Caudill
Ruth Caudill
Nellie May Hunt
Rex Caudill
Paul Mahon

Logan

Oris Vance, Guyan-Harts Church
Bertha Vance, Holden 5 & 6 Church
Donald Plumbley, Mt. Zion Church
Earl May, Union Church
Eugene Stowers, Victory Church
Ruby Mounts, Mona Hill Church
Elmer Bell, Union Church
Lottie May, Union Church
Martha Ryan, Union Church
Mary Stanley Roberts, Union Church
Sampson Davis, Chapman Memorial Church
Harvey Wilson, Christian Hope-Rocky Hill Church
Jessie Abbott, Greenshools Church
Roxie Smith, Holden 5&6 Church
Bobbie Hale, Trinity-Henlawson Church
Grace Morgan, Victory-Pecks Mill Church

Mingo

Gus Mills, Hillcrest Church
Cornelius Vance, Walnut Grove Church
Sarah Williams, Walnut Grove Church

Trinity

Rev. Okey Dean, Riverview Church

Leroy Mays
Linda Good, Justice Church
Cody Walls, Christian Church

Unity

Tony Elkins, Nolan Church
Lillian Atwell, Nolan Church
Lawrence Cundiff, Nolan Church

Emma McNeely, Nolan Church
Sarah Johnson, Nolan Church
Rosella Newsome, Hope Church
Jimmy Likens, Hope Church
Maude Adams, Lily of the Valley Church
Upper Ohio
Mary Burns, Maple Lane Church

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2000:

Executive Office	\$ 641,726.88
Free Will Baptist Bible College	3,720,000.00
(Includes \$1,200,000 in unrestricted gifts)	
Foreign Missions	6,177,685.04
(Does not include \$2,040,500 Vision Projects)	
Home Missions	4,100,000.00
Master's Men	220,842.00
Retirement and Insurance	382,134.00
Free Will Baptist Foundation	132,200.00
Sunday School and Church Training	3,427,012.10
Commission for Theological Integrity	2,800.00
Historical Commission	4,800.00
Music Commission	45,850.00
Media Commission	2,100.00
Total	\$ 18,857,150.02

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 Administrative 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%
Total	100.0%

Respectfully submitted, your servants,

Melvin Worthington, Executive Secretary
 Tom Malone, President of Free Will Baptist Bible College
 James Forlines, 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 1998-1999

	Associations	Number Reporting	Churches	Number Reporting	Chy	Rural	Full-Time Pastors	Bi-Vocational Pastors	Baptisms	Reported 1997-98 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 1997-98 Membership	Reported 1997-98 Membership	Combined Income of All Churches
Alabama	13	13	169	169	66	103	96	67	445	18,479	831	423	408	18,887	17,447	2,842,138
Arizona	1	1	10	10	8	2	4	3	57	247	51	17	34	281	310	574,622
Arkansas	15	15	220	201	89	113	96	97	822	19,701	1,600	583	1,017	20,718	19,657	9,629,589
California	8	8	62	57	53	9	45	16	498	3,209	345	173	172	3,381	3,244	2,438,253
Canada	1	1	10	10	3	7	5	5	18	259	13	4	9	268	263	230,381
Colorado	1	1	5	5	5		5		17	143	32	20	12	155	159	262,498
Florida	8	8	70	70	36	34	40	27	240	5,730	472	232	240	5,970	5,846	1,986,384
Georgia	10	10	121	118	46	75	89	27	286	9,906	515	349	166	10,072	9,429	4,226,962
Hawaii			1	1	1		1			40	15	1	14	54	54	80,310
Idaho	2	2	7	7			3	4	30	256	30	3	27	283	268	
Illinois	7	6	46	40	28	18	27	18	171	3,606	200	80	120	3,726	3,334	2,029,556
Indiana	3	3	24	24	8	16	13	9	75	1,697	136	45	91	1,788	975	
Iowa																
Kansas	2	2	8	8	8		5	3	9	135	8	9	(1)	134	131	128,780
Kentucky	10	10	150	147	38	112	23	105	990	16,648	933	587	346	16,994	16,994	2,792,960
Louisiana	1	1	2	2	2		2		4	106	12	4	8	114	65	42,000
Maryland	3	3	25	25	12	13	18	6	133	1,768	182	69	113	1,881	1,935	1,374,958
Mexico																
Michigan	6	6	45	45	35	10	19	26	120	3,544	275	106	169	3,713	3,536	774,285
Mississippi	4	3	52	43	13	30	31	11	158	3,934	274	67	207	4,141	3,391	1,202,588
Missouri	17	17	184	174	85	99	70	104	573	14,813	831	345	486	15,299	15,299	7,790,982
Montana			1	1	1		1		1	10	4		4	14	14	
New Jersey										110				110		
New Mexico	1	1	4	4	3	1	3		5	84	7	13	(6)	78	72	25,250
North Carolina	8	8	189	189	87	102	137	52	1,087	23,341	1,539	627	912	24,253	20,411	7,736,625
Northeast Assoc.	1	1	3	3	1	2	3		15	238	10		10	248	150	
Northwest Assoc.			6	6	6		3	2	37	328	35	6	29	357	328	246,590
Ohio	19	19	148	147	68	80	56	89	759	10,194	769	422	347	10,541	10,058	5,045,721
Oklahoma	22	22	249	243	149	96	151	73	1,503	23,369	2,259	583	1,676	25,045	24,048	7,700,711
Puerto Rico	1	1	1	1	1		1				11	2	9	9	20	9,432
South Carolina	7	7	120	89	53	67	74	25	455	8,987	640	328	312	9,299	8,793	1,683,000
South Dakota																
Tennessee	9	9	228	208	93	135	135	85	619	19,461	1,322	620	702	20,163	22,726	6,817,963
Texas	6	5	44	39	27	16	28	13	130	2,590	264	100	164	2,754	2,053	995,236
Virgin Islands	1	1				1	1		12	201	8	13	(5)	196	200	90,239
Virginia	6	5	88	63	22	41	29	59	239	5,779	342	102	240	6,019	4,793	1,451,455
West Virginia	20	20	183	183	38	145	78	68	683	11,523		1,782	(1,782)	9,741	9,304	1,956,752
Wisconsin			1	1	1		1		9	25			0	25	42	15,182
Totals	213	209	2,476	2,333	1,093	1,327	1,293	994	10,200	210,461	13,965	7,715	6,250	216,711	205,349	72,181,403