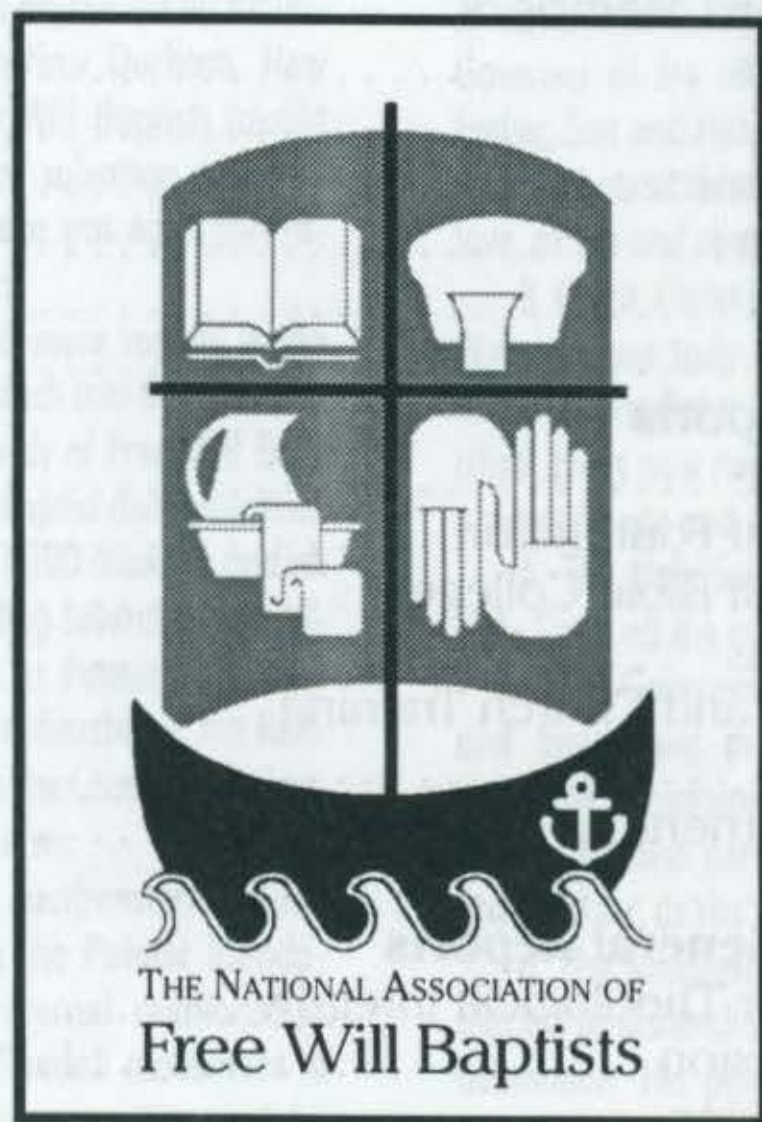


2002

Free Will Baptist Yearbook



© 2002

**The Executive Office
National Association of Free Will Baptists, Inc.**

P. O. Box 5002, Antioch, Tennessee 37011-5002
5233 Mt. View Road, Antioch, Tennessee 37013-2306
Telephone: 615/731-6812 FAX: 615/731-0771
Toll-free: 877/767-7659

Printed by Randall House Publications

Minutes
 of the
Sixty-Fifth Annual Session
 of the
National Association
 of
Free Will Baptists, Inc.
 when convened in
Detroit, Michigan
July 15-19, 2001

Future Sessions

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
2010	Oklahoma City, Oklahoma	July 18-22
2011	Charlotte, North Carolina	July 17-21

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

2002	2003	2004
Indiana: Chris Clay	North Carolina: Jim Marcum	Alabama: Rick Cash
Kansas: Dale McCoy	Northeast: Jim Nason	Arizona: Charles Marshall
Kentucky: James Patton	Northwest: Brent Nix	Arkansas: David Joslin
Mexico: Luis Felipe Tijerina	Ohio: Delmar Sparks	Atl. Canada: Fred Hanson
Michigan: Gene Norris	Oklahoma: Ernest Harrison, Jr.	California: Doice McAlister
Mid-Atlantic: Jay Baines	South Carolina: Sigbee Dilda	Colorado: Mark Thomas
Mississippi: J. L. Gore	Tennessee: Charles Thigpen	Florida: Tim Owen
Missouri: Nathan Ruble	Texas: Keith Woody	Georgia: William Smith
New Jersey: William Brown	Virginia: Glen Johnson	Idaho: Earl Jenkins
New Mexico: Tim Byers	West Virginia: Carl Vallance	Illinois: Ernie Lewis

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 512, Locust Grove, OK 74352
Assistant Clerk: John Hibbard, 928 Yellow Brick Road, Modesto, CA 95351

2002	2003	2004
J.L. Gore (MS)	Ernest Harrison, Jr. (OK)	Rick Cash (AL)
Gene Norris (MI)	Glen Johnson (VA)	David Joslin (AR)
Nathan Ruble (MO)	Charles Thigpen (TN)	Doice McAlister (CA)

Board of Trustees of Free Will Baptist College

Chairman: Gary Fry, 401 South Main, Mountain Grove, MO 65711

2002	2004	2006
Archie Ratliff (NC)	Richard Bowers (AL)	Richard Barnes (VA)
Larry Montgomery (GA)	Billy Hanna (GA)	Gary Fry (MO)
Gene Outland (IL)	Steve Ashby (IN)	A.C. Allen (SC)

Board of Foreign Missions

Chairman: Doug Little, 1103 East L Street, Russellville, AR 72801

2002	2004	2006
Bill Jones (TX)	David Shores (IL)	Randy Wilson (OK)
David Williford (FL)	Terry Eagleton (TN)	Doug Little (AR)
Bill Van Winkle (TN)	Sherwood Lee (SC)	Milton Worthington (MI)

Board of Home Missions

Chairman: Jim Puckett, P.O. Box 7527, Moore, OK 73153

2003	2005	2007
Ron Parker (LA)	Harold Blankenship (NC)	Matt Upton (CA)
Loyd Locklear (MI)	Robert Thebeau (MO)	Jerry Atwell (MS)
Jim Puckett (OK)	Lynn Wood (OK)	Bobby Shepherd (AR)

Board of Retirement and Insurance

Chairman: Ron Barber, 525 S. Main, Ste. 500, Tulsa, OK 74103

2003	2005	2007
William Ferguson (MI)	Ron Barber (OK)	Bobby Bowers (SC)
Roger Harwell (MO)	Henry Van Kluyve (NC)	Craig Cook (TN)
James Lowe (OH)	Milburn Wilson (TX)	Jack Ward (NC)

Master's Men Board

Chairman: Cliff Donoho, 4029 Calumet Drive, Antioch, TN 37013

2003	2005	2007
Cliff Donoho (TN)	Mike Mounts (OH)	Roy Copeland (OK)
Clarence Lewis (TN)	Don Neal (IN)	Charles Walden (MS)
Thurman Pate, Jr. (TN)	Ernie Taylor (IL)	Rudy Taylor (MI)

Board of Trustees of the Free Will Baptist Foundation

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

2003	2005	2007
James Lowe (OH)	Ron Barber (OK)	Bobby Bowers (SC)
Roger Harwell (MO)	Henry Van Kluyve (NC)	Craig Cook (TN)
William Ferguson (MI)	Milburn Wilson (TX)	Jack Ward (TN)

Plus directors of national agencies:

James Forlines (FM)	Matt Pinson (FWBBC)
Larry Powell (HM)	Marjorie Workman (WNAC)
Kenneth Akers (MM)	Alton Loveless (SS & CT)
Melvin Worthington (Exec. Off.)	

Sunday School and Church Training Board

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

2002	2004	2006
David Sutton (OK)	Will Harmon (AR)	Edwin Hayes (OH)
David Reece (VA)	Brian Hampton (TN)	Dennis Wiggs (NC)
Nuel Brown (CA)	Michael Waddell (TN)	Jeff Crabtree (Canada)

Commission for Theological Integrity

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

2002 Leroy Forlines (TN)	2005 Daryl Ellis (IL)
2003 Matt Pinson (TN)	2006 Paul Harrison (TN)
2004 Jeff Manning (NC)	

Historical Commission

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

2002 Jack Williams (TN)	2005 Darrell Holley (TN)
2003 Paul Kennedy (CA)	2006 Joe McKnight (SC)
2004 Robert Picirilli (TN)	

Media Commission

Chairman: Steve Faison, 719 N. Cleveland Street, Arlington, VA 22201

2002 Kevin Norris (MI)	2005 Doug Kite (NC)
2003 Steve Faison (VA)	2006 Ron Hunter (TN)
2004 Mike Jones (SC)	

Music Commission

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

2002 Douglas Little (AR)	2005 Chris Truett (NC)
2003 Jerry Carraway (TN)	2006 Scott Bullman (OK)
2004 Randy Sawyer (NC)	

Proceedings

The 65th annual session of the National Association of Free Will Baptists met July 15-19, 2001, at Cobo Center in Detroit, Michigan. "While We Wait" was the theme for the meeting. Dean Jones served as the convention manager and Randy Sawyer coordinated the music.

Sunday School—July 15, 2001

The Sunday School session began at 10:00 a.m. as Chad Donoho led the congregation in singing "Let's Just Praise The Lord," "Praise Him, Praise Him," "To God Be The Glory" and "My Tribute." Glen Johnson read scripture, welcomed the assembly and led in prayer.

Chad Donoho sang "No One Ever Cared For Me Like Jesus." Charles Walden from Booneville, Mississippi, was introduced as the adult teacher. The lesson topic was "The King of Righteousness." The scripture text was Psalm 72:1-19. The session concluded at 10:45 a.m.

Sunday Morning—July 15, 2001

The morning worship service was called to order at 11:00 a.m. as Chad Donoho led the congregation in singing "We Have Come Into This House," "Majesty," "King of Kings" and "O Come, Let Us Adore Him." Glen Johnson led in prayer. The congregation continued to worship by singing "He Keeps Me Singing," "All That Thrills My Soul," "The Haven of Rest" and "O What A Savior."

Richard Bowers called for the convention offering and led in prayer. Pianist Jonathan Snow presented the offertory.

Pastor David Bishop from Atkins, Arkansas, was introduced as the speaker. Before he spoke, a trio called Evidence sang "He Touched Me."

Rev. Bishop read Luke 13:18-19 for a sermon text and spoke on the subject "The Kingdom of God" or "The Church." Glen Johnson prayed the benediction.

Sunday Evening—July 15, 2001

At 7:00 p.m. Zach Hinson led the congregation in singing "When We All Get To Heaven" and "We Shall Behold Him." North Carolina pastor Rick Cason welcomed the congregation and led in prayer.

Zach Hinson led in the singing of another medley of hymns which included "I'll Fly Away," "All Hail, King Jesus," "The King is Coming," "Until Then" and "What A Day That Will Be."

Reuben Cason called for the convention offering and led in prayer. Angie Deel sang "Were It Not For Grace."

Rick Cason introduced Danny Dwyer, pastor of First FWB

Church in Florence, Alabama, to bring the evening message. Before he spoke, Messenger, a trio from Bethany FWB Church in Broken Arrow, Oklahoma, sang "I Am Crucified With Christ."

Rev. Dwyer read Matthew 25:14-30 for his sermon text and spoke on the subject "Watch, Wait and Work." Rick Cason made convention announcements. Debe Taylor made WNAC announcements. Rick Wilson led in the dismissal prayer.

Monday Evening—July 16, 2001

The 7:00 p.m. worship service began with the Convention Choir singing "Crown Him With Many Crowns" and "Lord, I Lift Your Name On High." Worship leader Mike Lewis led the congregation in singing "My Savior's Love."

Milton Worthington presided during the service and introduced Stephanie Young from the Detroit Convention and Visitors Bureau. She welcomed the convention to Detroit and spoke briefly about some of the city's more notable attractions. Promotional Secretary Gene Norris brought official greetings to the convention from the Michigan State Association of Free Will Baptists.

Clerk Keith Burden called the 65th convention of the National Association into official session and introduced the officers. Moderator Carl Cheshier announced the appointments to four committees:

Credentials Committee:

Glen Johnson—Virginia (Chairman)
J. L. Gore—Mississippi
Ernest Harrison—Oklahoma
Carl Vallance—West Virginia
Tim York—Kentucky

Nominating Committee:

Rick Cash—Alabama (Chairman)
Doice McAlister—California
Chris Clay—Indiana
Nathan Ruble—Missouri
Keith Woody—Texas
Tim Owen—Florida
William Smith—Georgia

Resolutions Committee:

David Sutton—Oklahoma (Chairman)
Charles Thigpen—Tennessee
Edwin Hayes—Ohio
Jay Baines—Mid-Atlantic
David Williford—Florida

Obituary Committee:

Sigbee Dilda—South Carolina (Chairman)
Richard Bowers—Alabama
John Hibbard—California
Fred Hanson—Atlantic Canada
Mike Jones—South Carolina

The Convention Choir sang "The Old Rugged Cross Made The Difference." The congregation sang "There Is A Redeemer," "At The Cross," "By His Grace" and "Grace Greater Than Our Sin."

Milton Worthington called for the convention offering and led in prayer. Undivided, a women's trio, sang "It's Shoutin' Time In Heaven" and "We Are Laborers Together With The Lord."

Milton Worthington introduced Leonard Pirtle, pastor of Rejoice FWB Church in Owasso, Oklahoma, to bring the evening message. Before he spoke Undivided sang "The Way Maker."

Rev. Pirtle read Luke 19:12-27; 24:49, Acts 1:4 and I Corinthians 1:6-8 for his sermon text and spoke on the subject "Occupied." Milton Worthington led in the prayer of benediction.

Tuesday Evening—July 17, 2001

The service began at 7:00 p.m. with the Men's Chorale singing "Step Into The Water." George Harvey welcomed the congregation and led in prayer.

The congregation sang "He Keeps Me Singing." Worship leader Kevin Justice explained that the music in the evening service would be excerpts from the Media Commission's video project *He Keeps Me Singing—A Free Will Baptist Gathering*.

Carolyn Adams sang "Sheltered In The Arms of God" and Doug Little sang "The Love of God." The congregation sang "God Is So Good," "I Feel Like Travelin' On," "I'll Fly Away" and "Heaven's Jubilee."

George Harvey called for the convention offering and led in prayer. During the offering the Riggs Family sang "The Longer I Serve Him."

A clip of Bill Gardner singing "Ship Ahoy" from the *He Keeps Me Singing* video was played for the congregation. Following the song, Ron Hunter presented a special shadow box gift to the Bill Gardner family.

Gene Norris, pastor of Riverside Fellowship FWB Church in Clinton Township, Michigan, was introduced as the speaker for the evening service. John Gibbs sang "Beulah Land" and a quartet sang "Going Home."

Pastor Norris read Luke 19:11-13 for his sermon text and spoke on the subject "The Dash Between The Dates." George Harvey led in the benediction.

Wednesday Morning—July 18, 2001

Moderator Carl Cheshier called the meeting to order at 9:00 a.m. He read Ephesians 3:1-10, shared devotional thoughts and led in prayer.

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.

The clerk read a partial report of the Nominating Committee recommending the election of board members at the conclusion of each report. A motion carried to adopt this recommendation.

Executive Secretary Melvin Worthington gave the report of the Executive Office. He presented a plaque to Raymond Lee for 16 years of service as usher coordinator. Dr. Worthington presented a plaque to Jack Williams for 24 years of service as convention coordinator. A motion carried to receive the Executive Office report and adopt the budgets contained in the report.

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

President Tom Malone gave the report of Free Will Baptist Bible College. This report included the recommended changes to the By-Laws and Rules of Decorum of Free Will Baptist Bible College. Treasurer Tom Sass presented the financial report. Board member Larry Montgomery explained the Trustee Board's decision to promote Brother Malone to the office of chancellor and begin the search for a new president. A motion carried to receive the report and adopt the budget.

A motion carried to remove from the table the recommendation by the Board of Trustees to change the name of Free Will Baptist Bible College to Palmer College—The Free Will Baptist Bible College. Following discussion on the matter, a motion carried for the previous question. The motion to approve the recommended name change lost.

Billy Hanna (GA) was elected to fill an unexpired 2004 term on the Bible College Board of Trustees.

Director James Forlines gave the report of the Foreign Missions Department. Treasurer Rob Conley presented the financial report. Board Chairman Doug Little shared information regarding the finances of the Foreign Missions Department. A motion carried to receive the report, approve the revision of the 2001 budget reflecting changes in the "Vision Budget", and adopt the revised 2002 budget that included a salary freeze for administrative personnel for 2002.

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

Wednesday Afternoon—July 18, 2001

Assistant Moderator Tim York called the afternoon session to order at 1:30 p.m. He read Matthew 5:14 and led in prayer.

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

Director Larry Powell gave the report of the Home Missions Department. Presentations were made to Earl Hendrix and J.D. Norris for their years of service as Home Missions Board members. A presentation was made to Trymon Messer for 23 years of service to Home Missions. U.S. Army Chaplain CH (CPT) David Trogdon brought greetings to the convention.

There was a motion and second to receive the Home Missions Department report and adopt the budget. There was a motion and second to amend by adding, "and that the Home Missions Department publish an apology to James Munsey in AIM magazine." The motion to amend lost. The motion to receive the Home Missions Department report and adopt the budget carried.

Ron Parker (LA) was elected to fill an unexpired 2003 term on the Home Missions Board. Matt Upton (CA), Jerry Atwell (MS) and Bobby Shepherd (AR) were elected to six-year terms on the Home Missions Board.

A motion carried to receive the following request from the Virginia State Association: "The Virginia State Association of Free Will Baptists requests that the Executive Committee of the National Association of Free Will Baptists perform an official investigation of the National Home Missions Department's actions, statements and involvement in the slander of veteran missionary James Munsey, and the results be brought back to the national body in 2002 and published in *Contact* magazine."

The remainder of the General Board report was considered. The clerk read Item #2 regarding the Master's Men Department's request to withdraw from participating in the Rest of the Family Offering. A motion carried to adopt Item #2.

The clerk read Item #3 recommending Charlotte, North Carolina, as the site for the 2011 convention. A motion carried to adopt Item #3.

The clerk read Item #4 which pertained to changing the *Treatise* by removing the specific dollar amount for representation fees. A motion carried to lay Item #4 on the table until Thursday, July 19, 2001.

The clerk read Item #5 which would authorize the Music Commission to publish a new Free Will Baptist hymn book. A motion carried to adopt Item #5.

A partial report of the Nominating Committee for General Board members was read. The following were elected to serve 2004 terms:

Rick Cash (AL), Charles Marshall (AZ), David Joslin (AR), Fred Hanson (Atlantic Canada), Doice McAlister (CA), Mark Thomas (CO), Tim Owen (FL), William Smith (GA), Earl Jenkins (ID) and Ernie Lewis (IL).

The clerk read a partial report of the Nominating Committee. David Joslin (AR), Doice McAlister (CA) and Rick Cash (AL) were elected to three-year terms on the Executive Committee.

Director William Evans gave the report of the Board of Retirement. Presentations were made to Jack Daniels and Waymon Fields for their years of service on the board. Ray Lewis gave the financial report. A motion carried to receive the report and adopt the budget.

Bobby Bowers (SC), Craig Cook (TN) and Jack Ward (NC) were elected to six-year terms on the Retirement Board.

WNAC president Debe Taylor gave the report of the Woman Nationally Active for Christ. A motion carried to receive the report as information.

Director Tom Dooley gave the report of the Master's Men Department. A presentation was made to George Beal for the First FWB Church in Austintown, Ohio, as Master's Men chapter of the year. A motion carried to receive the report, adopt the budget, and place the Master's Men restated charter on the table until the 2002 national convention.

Roy Copeland (OK), Charles Walden (MS) and Rudy Taylor (MI) were elected to six-year terms on the Master's Men Board.

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

Paul Harrison (TN) was elected to a five-year term on the Commission for Theological Integrity.

A motion carried to recess until 9:00 a.m., July 19, 2001.

Wednesday Evening—July 18, 2001

The evening service began at 7:00 p.m. with the Convention Choir and members from Truth and Peace singing "Favorite Song of All." Worship leader Chris Truett led the congregation in singing "Jesus Saves," "Song for the Nations" and "I'll Go Where You Want Me To Go."

Sherwood Lee gave the welcome and called on Buddy Seay to offer the invocation. The Truth and Peace choir sang "Here Am I, Send Me."

Larry Powell introduced all home missionaries present for the service by having them stand. James Forlines introduced all foreign missionaries present for the service by having them stand. A special video presentation titled "Safely Home" was shown, honoring deceased foreign missionaries and staff members.

Sherwood Lee called for the convention offering and led in prayer. For an offertory the Convention Choir sang "Reach The World."

The congregation sang "Trust and Obey," "Take My Life and Let It Be," "Here I Am," "Follow Me" and "Praise You." James Forlines made a presentation to Carlisle Hanna for his more than fifty years of service as a missionary in India.

Rev. Carlisle Hanna, missionary to India, was introduced as the speaker for the evening service. A praise team sang "I Will Trust You Lord."

Brother Hanna's sermon text was taken from II Corinthians 4:1-7. He spoke on the urgency of taking the gospel to the world. Sherwood Lee dismissed the service in prayer.

Thursday Morning—July 19, 2001

The meeting was called to order at 9:00 a.m. Assistant Clerk John Hibbard read Philippians 1:1-11 and led in prayer.

Ron Hunter gave the report of the Media Commission. A presentation was made to Scott Bullman for his hours of labor on the *He Keeps Me Singing* project. A motion carried to receive the report and adopt the budget.

Kevin Norris (MI) was elected to fill an unexpired 2002 term on the Media Commission. Ron Hunter (TN) was elected to serve a five-year term on the Media Commission.

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

Jerry Carraway (TN) was elected to fill an unexpired 2003 term on the Music Commission. Scott Bullman (OK) was elected to serve a five-year term on the Music Commission.

Thomas Marberry gave the report of the Historical Commission. A motion carried to receive the report and adopt the budget.

Joe McKnight (SC) was elected to serve a five-year term on the Historical Commission.

The clerk read Item #4 of the General Board Report. A motion carried to remove this item from the table. A motion carried to adopt Item #4.

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

Melvin Worthington gave the report of the Educational Task Force. A motion carried to receive this report as information.

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

Melvin Worthington gave the Budget Committee report. A motion carried to receive this report.

The clerk read the Obituary Committee report. A motion carried to receive this report. Sigbee Dilda led the convention in prayer.

The clerk read Item #1 of the Resolutions Committee report. A motion carried to adopt Item #1.

The clerk read Item #2 of the Resolutions Committee report. There was a motion and second to adopt Item #2. A motion carried to amend Item #2 by deleting the sixth paragraph and substituting the following statement: "Be it further resolved that the national agencies provide the Publications Committee pertinent information relating to their publication's financial costs and editorial schedules." The motion to adopt Item #2 as amended carried.

The moderator appointed the following to serve on the Publications Committee: Nathan Ruble (MO), William Smith (GA), Jim Marcum (NC), Edwin Hayes (OH) and David Williford (FL).

The clerk read Item #3 of the Resolutions Committee report. A motion carried to adopt Item #3.

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 adjourn.

The Executive Secretary's Report 2000

The Executive Office continues to operate smoothly. The staff does its work efficiently. We applaud the quality work of Steve Pate, Melody Hood, Dari Goodfellow, Anne Worthington, Marilyn Pritchard, Altha Keifer and Jack Williams. Anne Worthington retired effective December 31, 2000. Angie Williams succeeded her.

The Executive Office represented the National Association of Free Will Baptists at 15 Free Will Baptist state/district meetings, the Religious Conference Management Association, Christian Stewardship Association and the Executive Committee of the International Fellowship of Free Will Baptist Churches, Inc. Keith Burden (clerk) represented us at the Association of Statisticians of American Religious Bodies.

The Free Will Baptist Hymn Book: Rejoice and *The Rejoice Hymnal For The Church At Worship* are experiencing steady sales. *The Free Will Baptist Hymn Book: Rejoice* may be ordered from Randall House Publications. *Tempo Music Publications, Inc.*, distributes *The Rejoice Hymnal For The Church At Worship*.

The Free Will Baptist Leadership Conference met December 4-5, 2000, at Regal Maxwell House Hotel in Nashville, Tennessee. Speakers Bobby Jackson, Frank Ingraham, Keith Burden, Ron Barber and Robert Picirilli developed the theme *Mobilizing Our Work . . . Maximizing Our Walk*. William Evans chaired a panel consisting of Jim Marcum, Charles Thigpen, Nuel Brown, Edwin Hayes, Rick Cash, David Shores, William Smith and Nathan Ruble that discussed the *Responsibility of State Promotional Personnel*.

The 2000 convention in Anaheim, California, went well. Registration totaled 4,443, double the 1980 registration in Anaheim. The music, messages and meetings were outstanding. We commend the California State Association of Free Will Baptists for their excellent job hosting the convention. Preparations for the 2001 convention in Detroit, Michigan, are on schedule. Convention Manager Dean Jones is making a significant impact on the convention planning and preparation process.

The Executive Committee during its December 2000 meeting in Nashville, Tennessee, selected speakers and a theme for the 2001 national convention. The theme chosen was *While We Wait*. The speakers include David Bishop (AR), Danny Dwyer (AL), Leonard Pirtle (OK), Gene Norris (MI), Carlisle Hanna (SC) and Patrick McLaughlin (MI).

The reporting forms (501, 502, 503 and 504) need to be used when reporting statistical data. These forms are carefully designed to report denominational data that enables us to compile accurate statistical information. The reporting forms are supplied at no cost and may be ordered from the Executive Office. Perhaps we need to be reminded of the following *Treatise* excerpt (page 59, Section 3):

It shall be the duty of each body directly affiliated with the National Association to send a letter to every annual session of the Association, reporting its statistics on a form provided by the National Association. Any body which fails to do this for two successive sessions may be dismissed from the Association by a majority vote of members present.

We encourage local church, district and state association clerks to take the necessary time to accurately fill out these National Association reporting forms.

— *Contact* provides current information regarding denominational life.

Lifetime subscriptions cost \$500. We now have 25 lifetime subscribers. Lifetime subscribers receive a leather-bound copy of the *Free Will Baptist Hymn Book: Rejoice (1988)*. We encourage each church to purchase a lifetime subscription. Every church should be a *Contact* subscriber. Complimentary copies are provided for students at Free Will Baptist Bible College, Hillsdale FWB College, California Christian College and Southeastern FWB College. The December 2000 distribution of *Contact* totaled 6,106.

Capital Stewardship/Victory Campaign contributions through June 30, 2000, totaled \$312,557.03. The indebtedness on the National Office building was paid in full on June 12, 2000.

The Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc., will go back to press after the 2001 Free Will Baptist national convention. A decision was made to wait until delegates took action regarding the proposed name change for Free Will Baptist Bible College.

The *Rest of the Family Offering* totaled \$13,816.19 through December 31, 2000.

Gifts for the *Executive Office* totaled \$342,034.29 in 2000. Of this amount, \$318,811.67 was *Cooperative* and \$23,222.62 was *Designated*. The *Executive Office* 2000 budget called for \$372,000. Gift income left a budget shortfall of \$29,966.

Gifts for national ministries in 2000 totaled \$12,166,581.11. *Per capita* giving was \$61.10. *Together Way Plan* gifts through the Executive Office totaled \$3,997,546.86. Of this amount \$708,470.54 was *Cooperative* and \$3,289,076.32 was *Designated*. We appreciate your sacrificial and systematic support of national ministries through *The Together Way Plan* in 2000.

Together Way Totals 1991 - 2000

Year	Total	Year	Total
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
1994	\$8,750,648.37	1999	\$11,474,176.13
1995	\$8,777,067.71	2000	\$12,166,581.11

Tracking the Together Way Totals (Through The Executive Office)

Year	Designated	Cooperative	Total
1991	\$1,129,064.33 (+9.04%) 77%	\$329,050.08 (-0.46%) 23%	\$1,458,114.41 (+6.74%)
1992	\$1,480,847.51 (+31.16%) 86%	\$243,195.98 (-26.09%) 14%	\$1,724,043.49 (+18.24%)
1993	\$1,786,527.81 (+20.64%) 86%	\$278,925.67 (+14.69%) 14%	\$2,065,453.48 (+19.80%)
1994	\$2,071,808.59 (+15.97%) 87%	\$313,198.40 (+12.29%) 13%	\$2,385,006.99 (+15.47%)
1995	\$2,128,315.33 (+2.73%) 85%	\$362,694.52 (+15.80%) 15%	\$2,491,009.85 (+4.44%)
1996	\$2,110,182.97 (-0.85%) 85%	\$375,760.11 (+3.60%) 15%	\$2,485,943.08 (-0.20%)
1997	\$2,775,292.31 (+31.52%) 86%	\$442,453.17 (+17.75%) 14%	\$3,217,745.48 (+29.44%)
1998	\$3,004,636.43 (+8.26%) 83%	\$608,297.49 (+37.48%) 17%	\$3,612,933.92 (+12.28%)
1999	\$3,066,552.21 (+2.06%) 82%	\$676,020.36 (+11.13%) 18%	\$3,742,572.57 (+3.59%)
2000	\$3,289,076.32 (+7.26%) 82%	\$708,470.54 (+4.80%) 18%	\$3,997,546.86 (+6.81%)

The Together Way Totals increase/decrease from 1991-2000:

Designated 191.31% Cooperative 115.31%

Executive Office

Year	Designated	Cooperative	Total
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	320,333.19
1997	100,925.33	221,226.99	322,152.32
1998	36,680.05	273,733.63	310,413.68
1999	23,462.71	304,209.03	327,671.74
2000	23,222.62	318,811.67	342,034.29

Foreign Missions

Year	Designated	Cooperative	Total
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
1999	1,795,075.28	85,516.57	1,880,591.85
2000	1,939,178.62	89,621.49	2,028,800.11

Free Will Baptist Bible College

Year	Designated	Cooperative	Total
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
1999	213,519.34	85,516.57	299,035.91
2000	226,236.74	89,621.49	315,858.23

Home Missions

Year	Designated	Cooperative	Total
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
1999	879,042.73	66,926.03	945,968.76
2000	923,481.04	70,138.52	993,619.56

Retirement and Insurance

Year	Designated	Cooperative	Total
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
1999	5,198.57	52,053.61	57,252.18
2000	5,677.40	54,552.23	60,229.63

Master's Men

Year	Designated	Cooperative	Total
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
1999	5,427.86	52,053.61	57,481.47
2000	5,690.39	54,552.23	60,242.62

Free Will Baptist Foundation

Year	Designated	Cooperative	Total
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**
1999	4,001.29	22,308.66	26,309.95**
2000	4,003.99	23,379.55	27,383.54**

*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 that do not benefit The Foundation.

Historical Commission

Year	Designated	Cooperative	Total
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
1999	288.81	1,859.07	2,147.88
2000	303.63	1,948.34	2,251.97

Commission For Theological Integrity

Year	Designated	Cooperative	Total
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
1999	883.46	1,859.07	2,742.53
2000	1,213.45	1,948.34	3,161.79

Media Commission

Year	Designated	Cooperative	Total
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
1999	434.69	1,859.07	2,293.76
2000	901.82	1,948.34	2,850.16

Music Commission

Year	Designated	Cooperative	Total
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
1999	260.51	1,859.07	2,119.58
2000	214.03	1,948.34	2,162.37

Thank you for the privilege of serving as executive secretary for the National Association of Free Will Baptists, Inc.
May God's abundant, abiding and abounding grace be yours as you live, labor and look for the return of the Lord Jesus Christ.

Rejoicing and Resting in the Redeemer, Your Servant,

Melvin Worthington, Th.D., Ed.D., CMP

**Statistical Summary
1988 - 2000**

Year	Beginning Membership Totals	Baptisms	Members Added	Members Lost	Net Increase	Ending Membership Totals
1988	204,382	7,910	12,436	6,454	5,982	210,364
1989	210,364	8,678	12,726	7,511	5,215	215,579
1990	215,579	7,946	12,537	6,583	5,954	221,533
1991	221,533	8,703	12,931	7,240	5,691	227,224
1992	227,224	9,283	12,123	7,223	4,900	232,124
1993	232,124	8,828	12,246	6,011	6,235	238,359
1994	238,359	7,804	12,393	7,508	4,885	243,244
1995	243,244	8,089	12,701	6,232	6,469	249,713
1996	249,713	8,436	12,155	5,985	6,170	255,883
1997	255,883	8,971	11,946	6,660	5,286	261,169
1998	261,169	10,169	14,089	6,345	7,744	268,913
1999	268,913	10,200	13,965	7,715	6,250	275,163
2000	275,163	10,549	12,932	5,841	7,091	282,254
Totals		115,566	165,180	87,308	77,872	

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

Financial Statements
December 31, 2000 and 1999
(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page Number
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9



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 206
Brentwood, TN 37027
TEL: 615/377-3485

We have audited the statements of financial position of the Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 2000 and 1999 and the related statements of activities and changes in net assets, functional expenses, 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, 2000 and 1999, and its changes in net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hill, Harper & Associates

May 10, 2001

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

Statements of Financial Position

December 31, 2000 and 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Current assets:		
Cash and cash equivalents	\$168,560	\$126,591
Funds held by Free Will Baptist Foundation	10,500	9,000
Receivables:		
Hymnal sales	20,912	36,901
Other departmental and agency charges	6,020	481
Total receivables	<u>26,932</u>	<u>37,382</u>
Inventory, at lower of cost (first-in, first-out method) or market	133,654	167,352
Prepaid expenses	36,097	36,250
Total current assets	<u>375,743</u>	<u>376,575</u>
Office equipment and furniture	124,427	115,055
Less accumulated depreciation	<u>108,204</u>	<u>100,769</u>
Net office equipment and furniture	16,223	14,286
	<u>\$391,966</u>	<u>\$390,861</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$20,245	\$22,074
Funds held for other denominational agencies	—	14,559
Deferred subscription revenues	16,140	20,344
Total current liabilities	<u>36,385</u>	<u>56,977</u>
Net assets:		
Executive Office	265,546	237,699
Net investment in equipment	16,223	14,286
Contact Magazine	(24,417)	(15,716)
Special Projects	130,008	130,990
Convention Fund	(31,779)	(33,375)
Total net assets	<u>355,581</u>	<u>333,884</u>
	<u>\$391,966</u>	<u>\$390,861</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, 2000 and 1999**

	<u>Executive Office</u>	<u>Contact Magazine</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2000 Totals</u>	<u>1999 Totals</u>
Revenues:						
The Together Way Plan	3,997,547	—	—	—	3,997,547	3,742,572
Disbursed to agencies and departments	(3,655,513)	—	—	—	(3,655,513)	(3,414,900)
	342,034	—	—	—	342,034	327,672
Subscriptions to Contact Magazine	—	54,173	—	—	54,173	57,205
Sales of hymnals	—	—	49,934	—	49,934	83,356
Gifts and offerings	3,901	—	—	5,919	9,820	9,201
Interest income	10,158	615	—	—	10,773	9,514
Convention fees	—	15,000	—	160,682	175,682	130,550
Other income	11,754	684	6,499	15,613	34,550	25,593
Total revenues	367,847	70,472	56,433	182,214	676,966	643,091
Cost of hymnal sales:						
Beginning inventory	—	—	167,352	—	167,352	212,635
Other costs	—	—	2,056	—	2,056	8,915
Total cost of inventory	—	—	169,408	—	169,408	221,550
Less ending inventory	—	—	133,654	—	133,654	167,352
Cost of hymnal sales	—	—	35,754	—	35,754	54,198
Gross profit	367,847	70,472	20,679	182,214	641,212	588,893
Expenses of operations:						
Executive Office	338,063	—	—	—	338,063	328,443
Contact Magazine	—	79,173	—	—	79,173	78,566
Special Projects	—	—	21,661	—	21,661	21,710
Convention Fund	—	—	—	180,618	180,618	200,615
Total expenses	338,063	79,173	21,661	180,618	619,515	629,334
Increase (decrease) in net assets	29,784	(8,701)	(982)	1,596	21,697	(40,441)
Net assets, beginning of year	251,985	(15,716)	130,990	(33,375)	333,884	374,325
Net assets, end of year	\$281,769	(24,417)	130,008	(31,779)	355,581	333,884

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the years ended December 31, 2000 and 1999

	<u>Executive Office</u>	<u>Contact Magazine</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2000 Totals</u>	<u>1999 Totals</u>
Expenses of operations:						
Salaries	132,057	—	14,926	10,594	157,577	145,062
Housing allowance	42,000	—	—	—	42,000	41,000
Employee fringe benefits and general insurance	39,820	—	—	—	39,820	34,048
Payroll taxes	20,894	—	1,142	810	22,846	21,364
Travel	22,613	69	110	43,604	66,396	54,281
Executive Committee	1,631	—	—	—	1,631	7,073
Occupancy costs	29,892	—	—	—	29,892	29,892
Depreciation	7,435	—	—	—	7,435	9,389
Legal and audit	1,165	1,090	1,090	1,090	4,435	5,411
Equipment maintenance	302	—	—	—	302	2,095
Supplies, office expense	10,094	5,017	198	10,300	25,609	25,025
Printing and promotion	4,636	52,436	—	30,057	87,129	81,472
Postage / mail services	901	15,003	1,167	615	17,686	18,432
Telephone	2,980	30	14	63	3,087	3,260
Writer's fees	—	3,585	—	—	3,585	3,559
Interest expense	—	—	—	—	—	2,518
Auditorium	—	—	—	43,993	43,993	76,064
Meal functions	—	—	—	13,942	13,942	2,087
Music	—	—	—	952	952	2,070
Leadership Conference	—	—	—	—	—	712
International Fellowship	2,200	—	—	—	2,200	1,200
Educational Task Force	—	—	—	2,454	2,454	6,217
The Together Way Plan	346	—	—	—	346	785
Auto and copier leases	15,708	—	—	520	16,228	14,606
Other	3,389	1,943	3,014	21,624	29,970	41,712
Total expenses	\$338,063	79,173	21,661	180,618	619,515	629,334

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, 2000 and 1999

	2000	1999
<u>Cash Flows from Operating Activities</u>		
Increase (decrease) in net assets	\$ 21,697	(40,441)
Adjustments to reconcile increase (decrease) in net assets to net operating activities:		
Depreciation and amortization	7,435	9,389
(Increase) decrease in:		
Receivables	10,450	24,836
Inventories	33,698	45,283
Prepaid expenses	153	1,674
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,829)	(26,919)
Funds held for other denominational agencies	(14,559)	6,647
Deferred state host fee	—	(30,000)
Deferred subscription revenue	(4,204)	(2,951)
Net operating activities	52,841	(12,482)
<u>Cash Flows from Investing Activities</u>		
Funds held by Free Will Baptist Foundation	(1,500)	—
Purchase of equipment	(9,372)	(1,360)
Net investing activities	(10,872)	(1,360)
<u>Cash Flows from Financing Activities</u>		
Prepayments of notes payable	—	(67,022)
Net financing activities	—	(67,022)
Net decrease in cash	41,969	(80,864)
Cash and cash equivalents at beginning of year	126,591	207,455
Cash and cash equivalents at end of year	<u>\$168,560</u>	<u>126,591</u>
Supplemental disclosures:		
Interest paid	\$ —	14,053

See accompanying notes to financial statements.

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

Notes to Financial Statements
December 31, 2000 and 1999

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 follows 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.

The Executive Office also follows the provisions of an interpretation of SFAS No. 116 (Accounting for Contributions Received and Contributions Made), Interpretation No. 42, "Transfers of Assets in Which a Not-for-Profit Organization Acts as an Agent, Trustee, or Intermediary". In accordance with Interpretation No. 42, funds received from donors which are designated by the donor to be transferred to third parties are accounted for as liability transactions. (see note 6)

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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

Presentation of Financial Statements

Certain amounts as reported in the 1999 financial statements have been reclassified to conform to current year presentation.

(2) 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, 2000, warehoused hymnals valued at a cost of \$133,654.

The leather hymnals remaining from the first printing (approximately 480) valued at \$24,313 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.

(3) 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 \$9,038 in 2000 and \$6,721 in 1999. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

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

(4) Operating Leases

The Executive Office has entered into non-cancelable lease arrangements relating to a copy machine and two automobiles. Total expenses amounted to \$16,228 for 2000 and \$14,606 for 1999. The minimum payments required are \$14,027 for 2001; \$6,768 for years 2002 through 2004; and \$3,384 for 2005.

Further, the Executive Office rents office space from the National Office Building located in Antioch, Tennessee. The lease agreement is cancelable with 90 day written notice. Office lease expense amounted to \$29,892 for 2000 and 1999.

(6) 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, 2000 as compared to 1999 totals.

	Designated	Cooperative	2000 Total	1999 Total
Receipts:				
Alabama	\$ 4,698	1,919	6,617	6,255
Arizona	69	213	282	3,678
Arkansas	184,221	184,658	368,879	388,621
California	77	9,738	9,815	13,335
Florida	715	12,121	12,836	14,589
Georgia	378,121	19,355	397,476	337,064
Illinois	102,896	25,195	128,091	117,732
Indiana	16,056	2,513	18,569	16,430
Iowa	625	3,476	4,101	3,298
Kentucky	14,800	11,944	26,744	21,308
Maryland	—	459	459	9,792
Michigan	283,204	35,800	319,004	255,635
Mississippi	78,188	6,957	85,145	90,478
Missouri	498,275	163,005	661,280	653,265
New Mexico	7,150	500	7,650	7,573
North Carolina	17,222	33,608	50,830	38,567
Ohio	169,252	37,205	206,457	158,011
Oklahoma	685,744	131,289	817,033	754,290
South Carolina	529,158	550	529,708	536,260
Tennessee	163,313	21,969	185,282	161,909
Texas	118,623	3,825	122,448	109,374
Virginia	6,922	429	7,351	9,320
West Virginia	20,961	960	21,921	31,626
Canada	7,608	141	7,749	3,562
Contributions totaling \$1,000 or less	1,178	642	1,820	600
Total receipts	\$3,289,076	708,471	3,997,547	3,742,572

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

(6) The Together Way Plan, continued

Disbursements:

	2000	2001	2002	2003
Executive Office	\$23,223	318,811	342,034	327,672
Foreign Missions	1,939,179	89,621	2,028,800	1,880,592
Free Will Baptist Bible College	226,237	89,621	315,858	299,036
Home Missions	923,481	70,142	993,623	945,969
Retirement & Insurance	5,677	54,552	60,229	57,252
Master's Men	5,690	54,552	60,242	57,481
Commission for Theological Integrity	1,213	1,948	3,161	2,742
Foundation	4,004	23,380	27,384	26,310
Historical Commission	304	1,948	2,252	2,148
Music Commission	214	1,948	2,162	2,120
Radio & Television Commission	902	1,948	2,850	2,294
Hillsdale Free Will Baptist College	21,163	—	21,163	19,293
Other, including the Capital				
Stewardship Campaign	137,789	—	137,789	119,663
Total disbursements	\$3,289,076	708,471	3,997,547	3,742,572

9

**2002
Executive Office Budget**

	2000	2001	2002
Administrative	\$372,000.00	\$390,000.00	\$411,000.00
Convention	179,326.88*	217,535.25**	240,056.30***
Contact	90,400.00	93,105.00	93,105.00
Totals	\$641,726.88	\$700,640.25	\$744,161.30

*1999
**2000
***2001

**2002
Administrative Budget**

Projected Expenses	2000	2001	2002
Salaries	\$145,242.39	\$154,365.25	\$160,775.80
Housing	42,000.00	45,000.00	46,561.06
Social Security	23,000.00	23,133.09	24,058.19
Retirement	6,898.57	7,340.11	7,645.67
Employees Insurance (Dental, Hospital, Life, Travel)	24,410.47	28,604.20	37,424.32
Auditing/Legal	5,000.00	5,000.00	5,000.00
Automobile Lease (2 Cars)	10,237.56	10,355.56	11,000.00
Computer Supplies	7,000.00	7,000.00	0.00
Copier Lease	3,843.71	4,500.00	7,000.00
Equipment Maintenance	3,000.00	3,000.00	2,000.00
Equipment Purchase/Computer Supplies	4,000.00	4,000.00	10,000.00
Executive Committee	8,000.00	7,500.00	5,000.00
General Insurance	4,000.00	5,000.00	5,000.00
International Fellowship of Free Will Baptist Churches	1,200.00	2,400.00	2,400.00
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	7,000.00	7,500.00	10,000.00
Other	2,000.00	796.93	2,452.56
Postage	1,500.00	1,500.00	1,500.00
Printing	3,000.00	3,000.00	3,000.00
Promotion	3,000.00	3,000.00	3,000.00
Books/Dues/Registrations	3,000.00	3,000.00	3,000.00
Telephone	3,000.00	4,000.00	4,000.00
Together Way Plan/Stewardship Education	1,500.00	1,500.00	1,500.00
Travel	25,000.00	22,500.00	22,500.00
Christmas Bonus (Extra Week's Salary)	1,695.71	1,852.63	1,926.68
Extra Week Retirement in lieu of 4th week vacation beginning with the 16th year of service.	1,579.59	2,260.23	2,363.72
Totals	\$372,000.00	\$390,000.00	\$411,000.00

Projected Income

The Together Way Plan	\$272,000.00	\$300,000.00	\$330,000.00
Cooperative Gifts	100,000.00	90,000.00	81,000.00
Designated Gifts			
Totals	\$372,000.00	\$390,000.00	\$411,000.00

Salary Breakdown

	2000	2001	2002
Executive Secretary			
Salary	\$29,067.55 (4%)	\$29,270.25 (4%)	\$30,000.00 (4%)
Housing and Utilities	26,000.00 (4%)	28,000.00 (4%)	29,561.06 (4%)
Social Security	8,425.34 (15.3%)	8,762.35 (15.3%)	9,112.84 (15.3%)
Retirement	1,453.38 (5%)	1,463.51 (5%)	1,500.00 (5%)
Insurance	3,585.68	4,248.61	8,311.20
Travel/Life/Disability	\$815.56	\$894.49	\$520.20
Hospital	2,547.50	3,116.12	7,374.48
Dental	222.62	238.00	416.52
	\$68,531.95	\$71,744.72	\$78,485.10

NOTE: Office car furnished.

Administrative Assistant/Contact Editor

Salary	\$27,998.08 (4%)	\$28,758.00 (4%)	\$30,588.32 (4%)
Housing and Utilities	16,000.00 (4%)	17,000.00 (4%)	17,000.00 (4%)
Social Security	6,731.71 (15.3%)	7,000.97 (15.3%)	7,281.01 (15.3%)
Retirement	1,399.90 (5%)	1,437.90 (5%)	1,529.42 (5%)
Insurance	6,303.60	7,169.41	8,314.67
Travel/Life/Disability	\$762.48	\$807.54	\$523.67
Hospital	5,132.88	5,925.48	7,374.48
Dental	408.24	436.39	416.52
	\$58,433.29	\$61,366.28	\$64,713.42

NOTE: Office car furnished.

Bookkeeper

Salary	\$27,376.62 (4%)	\$33,103.94 (4%)	\$34,428.10 (4%)
Social Security	2,094.31 (7.65%)	2,532.45 (7.65%)	2,633.75 (7.65%)
Retirement	1,368.83 (5%)	1,655.20 (5%)	1,721.41 (5%)
Insurance	5,633.64	6,742.99	8,187.33
Life/Disability	\$381.12	\$381.12	\$396.33
Hospital	4,844.28	5,925.48	7,374.48
Dental	408.24	436.39	416.52
	\$36,473.40	\$44,034.58	\$46,970.59

Editorial Assistant/Secretary

Salary	\$26,764.51 (4%)	\$27,835.09 (4%)	\$28,948.49 (4%)
Social Security	2,047.49 (7.65%)	2,129.38 (7.65%)	2,214.56 (7.65%)
Retirement	1,338.23 (5%)	1,391.75 (5%)	1,447.42 (5%)
Insurance	3,283.92	3,716.16	4,456.12
Life/Disability	\$362.04	\$362.04	\$350.80
Hospital	2,699.28	3,116.12	3,878.16
Dental	222.60	238.00	227.16
	\$33,434.15	\$35,072.38	\$37,066.59

Yearbook Coordinator/Office Assistant

Salary	\$26,764.51 (4%)	\$27,835.09 (4%)	\$28,948.49 (4%)
Social Security	2,047.49 (7.65%)	2,129.38 (7.65%)	2,214.56 (7.65%)
Retirement	1,338.23 (5%)	1,391.75 (5%)	1,447.42 (5%)
Insurance	5,603.63	6,727.03	8,155.00
Life/Disability	\$351.11	\$365.16	\$364.00
Hospital	4,844.28	5,925.48	7,374.48
Dental	408.24	436.39	416.52
	\$35,753.86	\$38,083.25	\$40,765.47

Part-time Help

Salary (104 days)	\$7,271.12 (\$8.74 hr.)	\$7,562.88 (\$9.09 hr.)	\$7,862.40 (\$9.45 hr.)
Social Security	556.24 (7.65%)	578.56 (7.65%)	601.47 (7.65%)
	\$7,827.36	\$8,141.44	\$8,463.87

Convention Budget National Association of Free Will Baptists, Inc. July 15-19, 2001 Detroit, Michigan

Projected Expenditures	1999 Atlanta	2000 Anaheim	2001 Detroit
Auditorium	\$59,500.00	\$67,350.00	\$67,975.00
Printing and Promotion	29,332.75	28,997.00	41,087.50
Convention Office	19,891.00	36,600.00	36,340.00
Convention Personnel	10,038.85	16,022.00	12,275.00
Meals	2,376.00	2,805.00	3,708.00
Travel	2,682.00	8,404.50	3,746.20
Lodging	4,980.85	4,812.50	4,820.80
Convention Officials	12,492.28	14,184.50	10,930.05
Honorariums	2,900.00	2,900.00	2,550.00
Decorator Services	22,147.00	17,103.00	25,195.00
Meal Functions	2,925.00	3,128.75	3,128.75
Executive Committee	2,100.00	3,150.00	3,375.00
Meal and Motel Expenses			
Pre-Convention Expenses	18,000.00	16,600.00	16,000.00
Sub-Total	179,326.88	206,035.25	218,856.30
National Committee Expenses	0.00	11,500.00	21,200.00
Total	\$ 179,326.88	\$ 217,535.25	\$ 240,056.30

Projected Receipts

Booth Fees	\$24,075.00	\$11,050.00	\$24,500.00
State Assoc. Representation Fees (\$50 per church)	56,050.00	123,800.00	123,600.00
Local Church Delegate Fees (\$50)	1,700.00	2,500.00	3,750.00
Host State (Michigan)	30,000.00	15,000.00	35,000.00
Offerings	67,501.88	65,185.25	53,206.30
Total	\$ 179,326.88	\$ 217,535.25	\$ 240,056.30

Convention Budget
National Association of Free Will Baptists, Inc.
July 15-19, 2001
Detroit, Michigan

Projected Receipts	1999	2000	2001
Booth Fees	\$ 24,075.00	\$ 11,050.00	\$ 24,500.00
State Assoc. Representation Fees (\$50 per church)	56,050.00	123,800.00	123,600.00
Local Church Delegate Fees (\$50)	1,700.00	2,500.00	3,750.00
Host State (Michigan)	30,000.00	15,000.00	35,000.00
Offerings	67,501.88	65,185.25	53,206.30
Total	\$179,326.88	\$217,535.25	\$240,056.30

Projected Expenditures

Auditorium

Rental	\$26,500.00	\$20,500.00	\$10,500.00
Meeting Rooms	0.00	0.00	0.00
Convention Banner	0.00	0.00	150.00
Flowers	150.00	150.00	150.00
Police Security	5,000.00	5,000.00	5,000.00
Convention Tapes	250.00	250.00	300.00
Other	27,600.00	41,450.00	51,875.00
Music Stand Rental (Decorator)	1,800.00	200.00	900.00
Sound System/AV Equipment	24,000.00	25,000.00	36,200.00
Usher Badges	200.00	200.00	200.00
Liab., ASCAP/BMI, Ins.	1,000.00	1,000.00	500.00
First Aid Staff	0.00	1,500.00	1,500.00
Courtesy Car	150.00	150.00	150.00
Offering Buckets	200.00	0.00	25.00
Signs	250.00	400.00	400.00
Union Personnel	0.00	13,000.00	12,000.00
Total	\$59,500.00	\$67,350.00	\$67,975.00

Printing and Promotion

Publicity/Art Work/Brochure	\$14,000.00	\$16,000.00	\$25,000.00
Photos	500.00	200.00	200.00
Convention Materials	11,332.75	9,297.00	12,387.50
Programs	2,800.25	1,955.00	3,162.50
Song Sheets/CCLI License	1,000.00	500.00	600.00
Digest of Reports	7,532.50	6,842.00	8,625.00
Pre-Convention Printing (Sunday C. News pre-printed, copier reimb.)	3,500.00	3,500.00	3,500.00
Total	\$29,332.75	\$28,997.00	\$41,087.50

Convention Office

Convention Manager	\$0.00	\$12,000.00	\$15,000.00
Pre-Registration Coordinator	0.00	3,000.00	3,000.00
Registration/Pre-Reg. (Supplies, Pstg.)	5,000.00	7,500.00	4,500.00
Registration Computers/Printers	3,000.00	3,000.00	3,000.00
Paper and Printing Supplies	1,000.00	400.00	400.00
Equipment Rentals	4,216.00	4,000.00	4,740.00
Copiers (2)/Paper	1,700.00	2,100.00	3,000.00
Typewriters (2)	200.00	0.00	0.00
Computers, Printers— Office/Registration	1,000.00	500.00	0.00

	1999	2000	2001
Tables/Chairs/ Trash Cans, etc. (Office)	1,316.00	1,400.00	1,740.00
Telephone	800.00	800.00	1,000.00
During Convention (Office)	500.00	500.00	650.00
Pre/Post Convention	300.00	300.00	350.00
Office Expense/Supplies	3,500.00	3,500.00	2,500.00
Postage	800.00	800.00	800.00
Musical Instruments Rental and Service	1,575.00	1,600.00	1,400.00
Piano/Tuning	425.00	425.00	100.00
Forklift	150.00	175.00	0.00
Organ Shipping	0.00	700.00	1,000.00
Music	1,000.00	300.00	300.00
Total	\$19,891.00	\$36,600.00	\$36,340.00

Convention Personnel

Meals

Dari Goodfellow (27 meals @ \$12.00 each)	\$ 264.00	\$ 264.00	\$ 324.00
Melody Hood (30 meals @ \$12.00 each)	330.00	363.00	360.00
Dean Jones (36 meals @ \$12.00 each)	0.00	0.00	432.00
Steve Pate (21 meals @ \$12.00 each)	198.00	264.00	252.00
Angie Williams (24 meals @ \$12.00 each)	0.00	0.00	288.00
Jack Williams (27 meals @ \$12.00 each)	396.00	396.00	324.00
Anne Worthington (24 meals @ \$12.00 each)	297.00	297.00	288.00
Melvin Worthington (36 meals @ \$12.00 each)	396.00	396.00	432.00
Convention Interns (8)	0.00	0.00	1,008.00
Pre-Registration	198.00	231.00	0.00
Office Worker	297.00	297.00	0.00
Security Officer	0.00	297.00	0.00
Total	\$2,376.00	\$2,805.00	\$3,708.00

Travel

Dari Goodfellow	\$186.00	\$209.00	\$195.70
Melody Hood	186.00	230.00	195.70
Dean Jones	0.00	0.00	195.70
Steve Pate (Trans. Coord., rental)	1,500.00	6,000.00	2,500.00
Meals on road (6 meals @ \$12.00 each)	66.00	831.00	72.00
Angie Williams	0.00	0.00	195.70
Jack Williams	186.00	230.00	195.70
Anne Worthington	186.00	230.00	0.00
Melvin Worthington	186.00	230.00	195.70
Office Worker	186.00	0.00	0.00
Press Officer	0.00	214.50	0.00
Security Officer	0.00	230.00	0.00
Total	\$2,682.00	\$8,404.50	\$3,746.20

Lodging

Dari Goodfellow (8 nights @ \$132.25)	\$1,277.01	\$1,237.50	\$1,058.00
Melody Hood (9 nights @ \$132.25)	1,418.90	1,375.00	1,190.25
Dean Jones	0.00	0.00	0.00
Steve Pate (8 nights @ \$125.35)	1,007.93	1,100.00	1,002.80
Angie Williams (7 nights @ \$74.75)	0.00	0.00	523.25
Jack Williams	0.00	0.00	0.00
Melvin Worthington	0.00	0.00	0.00
Convention Interns (14 nights @ \$74.75)	0.00	0.00	1,046.50
Office Worker	1,277.01	1,100.00	0.00
Total (Includes Applicable Tax and Parking)	\$4,980.85	\$4,812.50	\$4,820.80

Convention Officials

	1999	2000	2001
Moderator - Carl Cheshier	\$2,252.94	\$3,080.00	\$2,541.00
Travel 620.00 (From Oklahoma City, OK to Detroit, MI) (2,200 miles @ \$.345 per mile)		975.00	759.00
Meals (27 meals @ \$12.00 each) 297.00		330.00	324.00
Lodging (8 nights @ \$132.25) 935.94		1,375.00	1,058.00
Honorarium 400.00		400.00	400.00
Clerk - Keith Burden	2,252.94	3,080.00	2,339.75
Travel (From Tulsa, OK to Detroit, MI) 620.00 (2,000 miles @ \$.345 per mile)		975.00	690.00
Meals (27 meals @ \$12.00 each) 297.00		330.00	324.00
Lodging (7 nights @ \$132.25) 935.94		1,375.00	925.75
Honorarium 400.00		400.00	400.00
Assistant Moderator - Tim York	1,133.94	1,193.50	1,045.50
Meals (21 meals @ \$12.00 each) 198.00		231.00	252.00
Lodging (6 nights @ \$132.25) 935.94		962.50	793.50
Assistant Clerk - John Hibbard	1,133.94	1,193.50	1,045.50
Meals (21 meals @ \$12.00 each) 198.00		231.00	252.00
Lodging (6 nights @ \$132.25) 935.94		962.50	793.50
Music Coordinator - Randy Sawyer	461.97	1,100.00	448.50
Lodging (6 nights @ \$74.75)			
Organist - Jamie Patrick	769.95	1,100.00	626.75
Lodging (5 nights @ \$125.35)			
Photographer - Danny Conn	709.45	825.00	626.75
Lodging (5 nights @ \$125.35)			
Pianist - Jerry Carraway	923.94	687.50	752.10
Lodging (6 nights @ \$125.35)			
Press Officer	851.34	962.50	0.00
Lodging			
Registration Coordinator	1,077.93	0.00	0.00
Lodging			
Taping - Mike Anderson	0.00	0.00	752.10
Lodging (6 nights @ \$125.35)			
Usher Coordinator - Raymond Lee	923.94	962.50	752.10
Lodging (6 nights @ \$125.35)			
Total (Includes applicable tax and parking)	\$12,492.28	\$14,184.50	\$10,930.05

Honorariums

John Maxwell	\$2,000.00	H. B. Landon	\$2,000.00	Charles Walden	\$175.00
Tim Thompson	150.00	Paul Kennedy	150.00	David Bishop	175.00
Cliff Donoho	150.00	Winston Sweeney	150.00	Danny Dwyer	175.00
Danny Williams	150.00	Ed Cook	150.00	Leonard Pirtle	175.00
Kent Barwick	150.00	Doug King	150.00	Gene Norris	175.00
Roger Hogan	150.00	Tim Owen	150.00	Carlisle Hanna	175.00
Rob Morgan	150.00	David Shores	150.00	Pat McLaughlin	1,500.00
Total	\$2,900.00	\$2,900.00		\$2,550.00	

Decorator Services

	1999	2000	2001
Booth (75) Installation/Drape Tables/Exhibit Hall Rental	\$14,455.00	\$2,600.00	\$13,125.00
Stage	2,248.00	10,139.00	4,380.00
Skirting/Draping/Stage Set-Up	1,600.00	8,539.00	500.00
Skirted Tables/Chairs	148.00	200.00	180.00
Carpet	0.00	900.00	3,500.00
Hanging Banner	500.00	500.00	200.00
Usher Room Rental	0.00	0.00	0.00
Exhibitor Badges	300.00	300.00	300.00
Convention Office (Two-way radio)	1,344.00	1,334.00	2,000.00
Registration	3,800.00	2,730.00	5,390.00
Counters	1,920.00	500.00	3,000.00
Skirted Tables	880.00	800.00	1,340.00
Chairs	500.00	850.00	600.00
Electricity/Masking Drape	300.00	300.00	300.00
Easels/Trash Cans/Carpet	200.00	280.00	150.00
Total	\$22,147.00	\$17,103.00	\$25,195.00

Meal Functions

Executive Committee	\$838.50	\$1,000.00	\$1,000.00
Coffee Breaks (2)	250.00	250.00	250.00
Luncheon (30 people @ \$25.00)	588.50	750.00	750.00
General Board Breakfast (55 people @ \$16.25)	882.75	893.75	893.75
State Leaders Breakfast (45 people @ \$16.25)	722.25	731.25	731.25
State Exec.Sec./Promo.Directors' Breakfast (25 people @ \$16.25)	401.25	406.25	406.25
Presidents' Breakfast (6 people @ \$16.25)	80.25	97.50	97.50
Total	\$2,925.00	\$3,128.75	\$3,128.75

Executive Committee

Meal and Motel Expenses

(For the Executive Committee Meeting prior to the 2001 National Convention)

Gene Norris	\$350.00	Gene Norris	\$350.00	Gene Norris	\$375.00
Nathan Ruble	350.00	Nathan Ruble	350.00	Nathan Ruble	375.00
Jack Richey	350.00	Jack Richey	350.00	Rick Cash	375.00
Delmar Sparks	350.00	Delmar Sparks	350.00	Glen Johnson	375.00
David Joslin	350.00	David Joslin	350.00	David Joslin	375.00
Charles Thigpen	350.00	Charles Thigpen	350.00	Charles Thigpen	375.00
		J.L. Gore	350.00	J.L. Gore	375.00
		Millard Sasser	350.00	Ernest Harrison, Jr.	375.00
		Doice McAlister	350.00	Doice McAlister	375.00
Total	\$2,100.00	\$3,150.00		\$3,375.00	

Pre-Convention Expenses

Pre-Convention Meetings/Site Inspections	\$18,000.00	\$14,000.00	\$16,000.00
Advance Convention Center Deposits	0.00	2,600.00	0.00
Total	\$18,000.00	\$16,600.00	\$16,000.00

National Committee Expenses

Educational Task Force Committee	\$0.00	\$0.00	\$8,000.00
Executive Committee	0.00	10,000.00	12,000.00
National Board Chairman Committee	0.00	0.00	200.00
Nominating Committee	0.00	1,500.00	1,000.00
Total	\$0.00	\$11,500.00	\$21,200.00

**2002
Contact Budget**

Projected Expenses	2000	2001	2002
Printing	\$50,000.00	\$50,000.00	\$50,000.00
Postage	13,000.00	15,000.00	15,000.00
Art	2,000.00	1,500.00	1,700.00
Writers' Fees and Photos	4,000.00	4,000.00	4,000.00
Promotion	3,500.00	3,000.00	3,000.00
Computer Services/Supplies	3,500.00	3,500.00	3,500.00
Mail Services	5,000.00	5,000.00	5,000.00
Telephone	200.00	200.00	200.00
Office Supplies	3,000.00	3,000.00	3,000.00
Travel	2,000.00	3,000.00	2,500.00
Books/Dues/Registrations/ Bound Copies	2,000.00	2,500.00	2,500.00
Audit	1,000.00	1,000.00	1,500.00
Other	1,200.00	1,205.00	1,005.00
Convention Truck	0.00	200.00	200.00
Total Expenses	\$90,400.00	\$93,105.00	\$93,105.00
Projected Income			
Convention coverage	\$13,000.00	\$15,000.00	\$15,000.00*
Subscriptions	77,400.00	78,105.00	78,105.00**
Total Income	\$90,400.00	\$93,105.00	\$93,105.00

*Three issues

**Based on 5,207 subscriptions @ \$15.00 per year

**2001
Gift Goals for Executive Office**

States	Membership	Gift Goals
Alabama	18,881	\$36,978.08
Arizona	283	554.26
Arkansas	20,443	40,037.22
California	2,904	5,687.43
Canada	280	548.37
Colorado	204	399.53
Florida	5,972	11,696.04
Georgia	9,426	18,460.63
Hawaii	54	105.76
Idaho	245	479.83
Illinois	3,467	6,790.05
Indiana	0	.00
Kansas	234	458.28
Kentucky	15,745	30,836.27
Louisiana	72	141.01
Mid-Atlantic Assoc.	795	1,556.99
Mexico	0	.00
Michigan	2,969	5,814.73
Mississippi	3,423	6,703.88
Missouri	15,227	29,821.78
Montana	16	31.34
New Jersey	0	.00
New Mexico	43	84.21
North Carolina	20,120	39,404.62
Northeast Assoc.	196	383.86
Northwest Assoc.	320	626.71
Ohio	10,019	19,622.01
Oklahoma	21,944	42,976.89
Puerto Rico	70	137.09
South Carolina	5,821	11,400.31
South Dakota	0	.00
Tennessee	21,784	42,663.53
Texas	2,096	4,104.97
Virgin Islands	0	.00
Virginia	6,775	13,268.70
West Virginia	9,271	18,157.07
Wisconsin	35	68.55
Totals	199,134	\$390,000.00
Gift Goals Per Person		\$1.96

**2000
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	\$ 214.53	\$ 56.57	\$ 4.50	\$ 136.09	\$ 120.99	\$.00	\$ 99.60	\$ 33.15	\$ 64.41	\$ 72.65	\$ 61.22	\$ 863.71
Arizona	.00	.00	.00	.00	.00	.00	57.15	.00	.00	.00	38.70	.00	95.85
Arkansas	9,104.73	4,003.66	6,552.71	6,736.53	10,428.98	4,036.34	10,244.29	5,710.33	8,370.39	3,815.46	8,232.56	5,860.32	83,096.30
California	425.29	570.57	.00	529.80	508.56	536.24	438.20	417.24	.00	542.27	.00	413.85	4,382.02
Canada	.00	.00	12.69	4.71	12.77	2.97	6.14	4.81	4.01	4.10	5.95	5.14	63.29
Florida	.00	.00	.00	.00	.00	2,700.00	.00	.00	.00	.00	.00	2,754.32	5,454.32
Georgia	1,011.78	900.64	609.43	874.60	756.65	.00	1,402.43	910.48	418.87	746.25	524.30	554.23	8,709.66
Illinois	828.14	1,427.18	720.80	798.69	766.42	1,165.44	819.02	1,019.52	903.89	540.95	1,167.95	1,179.96	11,337.96
Indiana	53.57	56.34	59.66	71.00	379.76	.00	111.92	.00	76.62	54.45	267.60	.00	1,130.92
Iowa	521.46	.00	.00	369.00	.00	.00	.00	346.25	.00	.00	327.65	.00	1,564.36
Kansas	106.97	.00	.00	.00	73.35	.00	.00	38.84	.00	.00	.00	.00	219.16
Kentucky	226.71	789.83	637.42	201.29	533.60	416.87	472.03	842.64	183.14	182.41	451.21	437.50	5,374.65
Louisiana	.00	.00	.00	69.75	.00	.00	.00	.00	.00	.00	.00	.00	69.75
Maryland	.00	.00	59.06	88.59	.00	59.06	.00	.00	.00	.00	.00	.00	206.71
Michigan	2,271.04	1,710.81	1,106.66	234.90	3,329.82	963.91	886.09	1,545.91	1,149.66	259.65	1,924.61	726.75	16,109.81
Mississippi	254.47	500.36	.00	482.64	494.51	.00	163.85	128.76	406.89	288.73	129.59	280.73	3,130.53
Missouri	6,674.30	5,476.00	6,739.13	5,983.40	6,844.06	5,503.46	6,001.80	7,437.20	5,250.35	5,419.26	6,576.41	5,446.69	73,352.06
New Mexico	7.71	26.52	.00	48.01	12.03	18.36	40.88	.00	34.08	.00	22.48	14.73	224.80
North Carolina	1,069.86	1,087.32	936.56	1,020.15	748.55	977.18	1,297.48	1,538.33	1,278.63	1,400.79	1,170.40	2,598.44	15,123.69
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	723.35	2,864.66	620.32	1,233.06	1,737.09	1,115.54	1,354.79	1,732.43	832.07	1,536.97	.00	2,991.85	16,742.13
Oklahoma	4,267.28	4,324.66	4,716.20	4,774.64	5,020.32	4,270.61	7,865.48	5,841.27	3,321.06	4,347.10	5,353.15	4,978.43	59,080.20
South Carolina	.00	.00	.00	.00	59.37	.00	56.90	42.00	23.14	.00	66.10	.00	247.51
Tennessee	1,322.20	554.90	193.37	1,090.05	890.03	678.40	1,797.01	816.09	447.81	936.45	809.45	350.08	9,885.84
Texas	138.92	138.52	138.37	193.68	113.92	156.78	131.15	73.35	164.84	118.76	129.87	223.31	1,721.47
Virginia	.00	.00	.00	.00	.00	74.95	.00	.00	.00	59.06	59.06	.00	193.07
West Virginia	51.55	21.60	36.02	68.11	17.39	38.73	44.25	17.11	30.32	22.50	45.28	39.04	431.90
Totals	\$29,059.33	\$24,668.10	\$23,194.97	\$24,877.10	\$32,863.27	\$22,835.83	\$33,190.86	\$28,562.16	\$22,928.92	\$20,339.57	\$27,374.97	\$28,916.59	\$318,811.67

**2000
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	\$ 123.64	\$ 124.77	\$ 146.91	\$.00	\$ 371.08	\$ 168.17	\$ 167.59	\$ 172.44	\$ 114.59	\$ 313.71	\$ 22.39	\$ 143.13	\$ 1,868.42
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	5.05	5.01	5.01	4.91	4.81	4.87	54.53
Colorado	.00	.00	9.91	4.98	4.97	5.01	.00	.00	214.64	.00	.00	.00	427.55
Florida	.00	.00	100.00	.00	.00	112.91	.00	27.66	26.25	24.71	29.88	25.68	335.46
Georgia	27.82	29.28	26.87	31.98	36.98	.00	48.35	.00	.00	.00	.00	.00	.00
Illinois	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Indiana	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Iowa	.00	.00	.00	.00	.00	.00	.00	.00	374.48	.00	.00	.00	937.66
Kansas	.00	.00	.00	.00	.00	.00	.00	.00	40.00	.00	20.00	10.00	90.00
Kentucky	.00	.00	.00	.00	20.00	.00	.00	.00	.00	.00	.00	.00	.00
Louisiana	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Maryland	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Michigan	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Mississippi	25.00	50.00	.00	50.00	25.00	.00	25.00	.00	.00	25.00	.00	.00	250.00
Missouri	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Mexico	646.91	190.62	178.29	173.75	166.95	520.44	160.00	457.19	417.35	207.50	304.00	222.90	3,645.90
North Carolina	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	35.00	20.00	10.00	10.00	10.00	85.00	10.00	10.00	10.00	85.00	.00	.00	330.00
Oklahoma	25.00	25.00	.00	25.00	25.00	.00	25.00	.00	25.00	25.00	.00	.00	200.00
South Carolina	123.44	745.90	809.75	463.57	746.67	769.92	399.92	838.72	261.10	1,127.92	408.37	1,177.38	4,584.40
Tennessee	1,262.32	68.64	59.96	58.66	60.59	51.63	54.57	45.22	129.47	66.33	44.98	53.97	8,864.91
Texas	68.64	.00	37.48	78.80	88.79	30.15	30.15	84.35	38.95	31.07	34.70	69.40	402.61
Virginia	38.33	38.33	38.33	38.33	38.33	38.33	38.33	38.33	38.33	38.33	38.33	38.33	480.14
West Virginia	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Totals	\$2,376.10	\$1,321.34	\$2,028.16	\$1,727.77	\$2,374.22	\$1,784.50	\$1,626.36	\$2,275.78	\$2,115.46	\$1,911.15	\$1,854.45	\$1,827.33	\$23,222.62

The Together Way Totals - 2000

States	Executive Office	Foreign Missions	Free Will Baptist Bible College	Home Missions	Retirement and Insurance	Master's Men	Commission for Theological Integrity	Women Nationally Active for Christ	Free Will Baptist Foundation	Historical Commission	Media Commission	Music Commission	Total
Alabama	\$ 2,732.13	\$ 470,991.27	\$ 75,616.18	\$ 380,381.15	\$ 859.00	\$ 1,996.95	\$ 36.19	\$ 5,458.44	\$ 300.46	\$ 34.83	\$ 34.83	\$ 34.83	\$ 938,476.26
Alaska	95.85	6,480.37	51.95	20,760.65	16.40	116.40	.71	640.00	7.03	.59	.59	.59	28,271.13
Arizona	83,096.30	466,617.30	83,076.76	255,464.34	14,218.69	16,418.69	509.31	11,181.36	6,093.73	507.81	507.81	507.81	938,199.91
Arkansas	4,382.02	54,838.91	8,114.27	187,941.05	749.80	749.80	26.79	4,608.43	321.34	26.79	26.79	26.79	261,812.78
California	117.82	5,604.62	1,185.72	3,099.46	10.84	7,498.80	48	3.42	4.65	40	40	40	10,028.21
Colorado		2,553.62	250.00	71,927.06		10.84							74,730.68
Connecticut			1,350.00										1,360.84
Delaware			3,124.00										3,124.00
Florida	5,881.87	148,201.01	105,879.28	58,105.26	933.30	1,293.30	33.96	1,504.38	399.98	33.33	33.33	33.33	322,332.33
Georgia	9,045.12	266,342.99	105,090.34	137,229.08	1,940.05	2,501.55	562.17	5,343.29	638.71	53.20	53.20	53.20	528,852.90
Hawaii		300.00											300.00
Idaho		4,003.93		11,366.99				60.00					15,430.92
Illinois	11,337.96	134,987.11	35,860.94	113,680.00	1,490.30	3,495.05	99.28	2,654.25	831.46	69.28	69.28	69.28	304,674.19
Indiana	1,130.92	59,739.79	6,724.25	53,262.68	514.40	6,144.40	247.56	5,733.93	323.60	6.90	6.90	6.90	123,392.89
Iowa	1,564.36	1,530.76	405.00	4,217.99	267.68	542.68	9.57	300.00	114.72	9.57	9.57	9.57	8,981.47
Kansas	219.16	2,904.57	844.25	22,556.38	37.50	37.50	1.34	30.00	16.08	1.34	1.34	1.34	26,650.80
Kentucky	6,314.31	69,483.95	15,370.32	79,602.92	919.66	1,359.66	32.85	3,325.00	394.14	32.85	32.85	32.85	178,661.36
Louisiana	159.75	1,167.80	534.67	37,849.39	11.94	11.94	.43	3,325.00	5.12	.43	.43	.43	39,742.33
Maine			2,221.06										2,221.06
Maryland	206.71	54,823.13	124.70	33,223.87	35.38	35.38	1.55	39.35	15.16	1.26	1.26	1.26	88,509.01
Massachusetts			2,217.56										2,217.56
Michigan	16,109.81	200,983.27	22,862.59	134,756.32	2,756.57	3,681.57	106.67	3,768.58	1,181.40	98.46	98.46	98.46	386,502.16
Minnesota													
Mississippi	3,380.53	82,577.40	14,871.46	125,575.84	535.67	1,535.67	19.51	2,364.00	229.56	19.14	19.14	19.14	231,117.06
Missouri	73,352.06	485,614.54	45,550.33	223,380.01	12,552.36	13,252.11	450.36	7,421.00	5,379.14	448.27	448.27	448.27	868,299.72
Montana		2,100.00		466.00									2,566.00
Nebaska		6,772.00											6,822.00
Nevada													
New Hampshire				1,272.50									1,272.50
New Jersey			21,720.00	770.55	38.47	38.47	1.37	219.95	16.50	1.37	1.37	1.37	22,490.55
New Mexico	224.80	1,580.19	319.37	13,762.70									16,205.93
New York			7,103.00										7,103.00
North Carolina	18,769.59	804,840.98	215,881.84	346,374.43	2,587.84	4,388.84	107.03	10,910.69	1,109.07	99.33	99.33	99.33	1,405,268.30
Ohio	17,072.13	142,136.03	20,593.99	167,685.72	3,389.75	4,157.08	106.53	3,810.68	1,227.76	102.32	102.32	102.32	360,484.63
Oklahoma	59,280.20	451,102.89	23,078.40	401,212.73	10,109.28	12,369.28	362.97	10,293.46	4,332.54	361.06	361.06	361.06	973,224.93
Oregon		259.50	260.00	69,718.44									70,237.94
Pennsylvania													
Rhode Island													
South Carolina	4,831.91	395,479.43	103,118.20	150,421.25	945.23	772.79	3.51	5,664.08	23.25	2.14	2.14	2.14	661,866.09
South Dakota	18,750.75	778,244.99	293,983.13	522,526.46	5,201.75	12,587.07	310.58	12,304.26	2,914.08	60.42	60.42	60.42	1,647,304.11
Tennessee	2,470.51	95,828.60	7,718.24	114,433.88	359.25	659.25	39.07	2,761.86	152.10	36.38	36.38	36.38	224,531.90
Texas				1,270.00									1,270.00
Utah													
Virginia	595.68	75,074.29	18,659.70	148,787.36	33.04	313.04	2.46	2,775.28	14.16	1.18	1.18	1.18	246,258.55
West Virginia			1,301.95	2,169.52									3,471.47
Wisconsin	912.04	119,911.65	16,053.87	72,666.14	554.06	203.92	242.77	2,050.99	31.67	2.66	2.66	2.66	212,875.20
Wyoming			210.00	42,794.53									43,004.53
Foreign				25,087.35									25,087.35
Northwest Assoc.		2,749.93											2,751.20
Northwest Assoc.		13,563.67											13,651.79
Northwest Assoc.				5,535.00				88.12					5,535.00
Puerto Rico		3,183.25	1,210.00	53,765.10				100.00					58,258.35
Virgin Islands		19,070.46		6,437.31									25,507.77
Free Will Baptist Foundation		128,802.71		109,863.24	17.00								238,702.95
WNAC		89,584.66		297,281.59									485,933.12
Totals	\$347,034.29	\$5,650,131.57	\$1,356,040.57	\$4,536,070.24	\$61,085.21	\$83,146.23*	\$3,316.29	\$100,264.80*	\$27,277.41	\$2,251.97	\$2,850.16	\$2,162.37	\$12,166,581.11

*FM—Other includes miscellaneous sources, state and interest income.
 *FNBBC—Other includes gifts to Alumni, Estate gifts, Matching Gifts and gifts from foreign countries.
 *HM—Other includes interest, miscellaneous accounts and state.
 *Master's Men Total does not include state conference or retirement fees. Diocese 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.

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

Financial Statements

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)

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

Table of Contents

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

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 206
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, 2000 and 1999, 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, 2000 and 1999, and its changes in net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernest R. Harper
Ernest R. Harper : Associates

May 10, 2001

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

Statements of Financial Position

December 31, 2000 and 1999

<u>Assets</u>	<u>2000</u>	<u>1999</u>
Cash and interest bearing deposits	\$ 52,929	25,000
Accounts receivable	52,412	10,596
Prepaid expenses	4,067	2,168
Property and equipment:		
Land and land improvements	209,671	209,671
Building	1,314,240	1,309,865
Building services equipment	70,140	70,140
Departmental workstations	65,060	64,135
	<u>1,659,111</u>	<u>1,653,811</u>
Less accumulated depreciation	646,475	570,692
Net property and equipment	<u>1,012,636</u>	<u>1,083,119</u>
	<u>\$1,122,044</u>	<u>1,120,883</u>
<u>Liabilities and Net Assets</u>		
Notes payable and long-term debt	\$25,768	68,251
Accounts payable and accrued expenses	21,984	228
Total liabilities	<u>47,752</u>	<u>68,479</u>
Net assets:		
Operations	87,424	37,536
Net investment in property, plant and equipment	986,868	1,014,868
Total net asset	<u>1,074,292</u>	<u>1,052,404</u>
	<u>\$1,122,044</u>	<u>1,120,883</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, 2000 and 1999

	<u>Unrestricted Funds</u>			<u>Capital</u>	<u>2000</u>	<u>1999</u>
	<u>Operations</u>	<u>Services for Departments</u>	<u>Stewardship Campaign</u>		<u>Totals</u>	<u>Totals</u>
Revenues:						
Building rental and other revenues	\$ 243,948	—	—		243,948	243,948
Contributions, net of campaign expenses	—	—	2,393		2,393	6,881
Reimbursement from departments	—	400,885	—		400,885	326,471
Other	734	—	—		734	1,492
Recovery of doubtful accounts	—	—	—		—	—
Net assets released from restrictions and departmental reimbursements	403,278	(400,885)	(2,393)		—	—
Net revenues	647,960	—	—		647,960	578,792
Expenses:						
Expenses incurred for departments:						
Employee benefits	207,307	—	—		207,307	173,499
The Together Way Plan	6,482	—	—		6,482	11,940
Leadership Conference	32,568	—	—		32,568	21,206
Property and liability insurance	26,325	—	—		26,325	22,827
Telephone	21,577	—	—		21,577	19,530
Mailroom and other	68,671	—	—		68,671	58,863
Depreciation — telephone system	9,793	—	—		9,793	9,793
Interest expense — telephone	2,575	—	—		2,575	3,246
	375,298	—	—		375,298	320,904
Building operating expenses:						
Salaries	54,653	—	—		54,653	48,651
Payroll taxes	4,181	—	—		4,181	3,453
Employee benefits	14,326	—	—		14,326	13,240
Janitorial services	27,264	—	—		27,264	25,546
Depreciation	65,990	—	—		65,990	67,438
Amortization of loan costs	—	—	—		—	2,889
Audit and legal	7,792	—	—		7,792	5,087
General insurance	13,182	—	—		13,182	14,731
Interest expense	651	—	—		651	6,838
Supplies and office expense	9,942	—	—		9,942	7,133
Utilities / telephone	28,094	—	—		28,094	23,269
Repairs and maintenance	11,390	—	—		11,390	21,472
Mailroom and other	13,309	—	—		13,309	15,881
	250,774	—	—		250,774	255,628
Total expenses	626,072	—	—		626,072	576,532
Increase in net assets	21,888	—	—		21,888	2,260
Net assets at beginning of year	1,052,404	—	—		1,052,404	1,050,144
Net assets at end of year	\$1,074,292	—	—		1,074,292	1,052,404

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash Flows from Operating Activities	\$21,888	2,260
Net increase in net assets		
Adjustments to reconcile net increase in net assets to net operating activities :		
Depreciation and amortization	75,783	77,231
Amortization of loan costs	—	2,889
(Increase) decrease in:	(41,816)	110,358
Receivables	(1,899)	(545)
Prepaid expenses		
Increase (decrease) in:	21,756	(5,743)
Accounts payable and accruals		
	75,712	186,450
Net operating activities		
Cash Flows from Investing Activities	(5,300)	(699)
Purchase of equipment		
	(5,300)	(699)
Net investing activities		
Cash Flows from Financing Activities	(42,483)	(161,368)
Repayment of debt		
	(42,483)	(161,368)
Net financing activities		
	27,929	24,383
Net increase in cash	25,000	617
Cash and cash equivalents, at beginning of year		
	\$52,929	25,000
Cash and cash equivalents, at end of year		
Supplemental disclosures:	\$3,226	10,084
Interest paid		

See accompanying notes to financial statements.

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
Notes to Financial Statements

December 31, 2000 and 1999

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 follows 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.

Presentation of Financial Statements

Certain amounts as reported in the 1999 financial statements have been reclassified to conform to current year presentation.

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>2000</u>	<u>1999</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 required minimum monthly payments of \$11,970 including principal and interest, which retired during 2000.	\$—	34,225
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.	25,768	34,026
	<u>25,768</u>	<u>68,251</u>
Less scheduled current maturities of notes payable, long-term debt	8,988	42,483
Long-term portion	\$16,780	25,768

The following is a schedule, by years, of maturities of long term debt as of December 31, 2000.

	2001	\$ 8,988
	2002	9,781
	2003	6,999
		<u>\$25,768</u>
Total maturities of notes payable and long-term debt		<u><u>\$25,768</u></u>

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
Notes to Financial Statements, continued

(3) **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 \$2,290 in 2000 and \$2,358 in 1999. 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.

(4) **Operating Lease**

The Fund has entered into a non-cancelable lease arrangement relating a truck. Total expenses amounted to \$1,32. The minimum payments required are \$3,984 for 2001 and 2002; and \$2,656 for year 2003.

(5) **Rental Income**

The Fund rents office space of the National Office Building located in Antioch, Tennessee to various denominational agencies. The lease covers the period from September 1 through August 31 of each year, to be renegotiated and renewed by mutual agreement from year to year. Each lease agreement is cancelable by either party with a 90 day written notice. Rental income amounted to \$243,948 for 2000 and 1999. Subject to the renegotiation and renewal provisions of the each lease agreement, rental income for 2001 is expected to be \$248,948.

(6) **Contingencies and Commitments**

The Fund entered into an agreement to repair the roof of the National Office Building. The contract includes a financial obligation for completion of the repairs amounting to \$50,900.

2002
Projected
Building Services Budget

	2000	2001	2002
Projected Income			
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	\$243,948.00	\$243,948.00	\$243,948.00
Total Income	<u>\$243,948.00</u>	<u>\$243,948.00</u>	<u>\$243,948.00</u>
Projected Expenses			
Audit & Legal	\$10,000.00	\$10,000.00	\$10,000.00
General Supplies	3,500.00	5,000.00	5,000.00
Insurance (Plant)	18,000.00	18,000.00	18,000.00
Janitorial Services	25,000.00	30,000.00	30,000.00
Janitorial Supplies	2,500.00	2,500.00	3,500.00
Mail Room	6,500.00	12,000.00	12,000.00
Mail Truck	3,000.00	3,000.00	4,000.00
Maintenance (General/Emergency)	30,000.00	40,000.65	36,946.11
Payroll Taxes (Employer's S.S.)	3,813.25	3,882.21	4,037.50
Postage Meter/UPS	1,000.00	1,500.00	1,500.00
Retirement	1,946.94	2,348.32	2,442.26
Salaries	49,846.36	50,747.88	52,777.80
Telephone	4,500.00	4,500.00	5,500.00
Utilities	28,797.27	29,000.00	28,000.00
Home Missions' Note Payable			0.00
Principal & Interest Payments	36,963.92	0.00	0.00
Principal	34,225.85	0.00	0.00
Interest (8.0%)	2,738.07	0.00	0.00
Insurance (Employee)	11,259.55	17,208.04	19,156.27
Network Expense	4,000.00	10,000.00	7,000.00
Christmas Bonus/Extra Week's Salary	900.00	903.20	939.33
Other	2,420.71	3,357.70	3,148.73
Total Expenses	<u>\$243,948.00</u>	<u>\$243,948.00</u>	<u>\$243,948.00</u>

Building Services Salary Breakdown

	2000	2001	2002
Maintenance Superintendent			
Salary	\$23,715.24 (4%)	\$24,663.85 (4%)	\$25,650.40 (4%)
Social Security	1,814.22 (7.65%)	1,886.78 (7.65%)	1,962.26 (7.65%)
Insurance	7,971.74	9,097.36	11,035.22
Dental	586.22	626.87	598.32
Health	7,024.32	8,109.29	10,092.36
Life/Disability	361.20	361.20	344.54
Retirement	1,185.76 (5%)	1,233.19 (5%)	1,282.52 (5%)
	<u>\$34,686.96</u>	<u>\$36,881.18</u>	<u>\$39,930.40</u>
Receptionist			
Salary	\$15,223.60 (4%)	\$22,302.59 (4%)	\$23,194.70 (4%)
Social Security	1,164.61 (7.65%)	1,706.15 (7.65%)	1,774.39 (7.65%)
Insurance	3,287.81	8,110.68	8,121.05
Dental	222.42	416.52	416.52
Health	2,777.28	7,374.48	7,374.48
Life/Disability	288.11	319.68	330.05
Retirement	761.18 (5%)	1,115.13 (5%)	1,159.74 (5%)
	<u>\$20,437.20</u>	<u>\$33,234.55</u>	<u>\$34,249.88</u>
Receptionist			
Salary (52 days)	\$3,635.84 (4%/8.74 hr.)	\$0.00	\$0.00
Social Security	278.14 (7.65%)	0.00	0.00
	<u>\$3,913.98</u>	<u>\$0.00</u>	<u>\$0.00</u>
Part-time Worker			
Salary	104 days \$7,271.68 (4%/8.74 hr.)	52 days \$3,781.44 (4%/9.09 hr.)	52 days \$3,932.70 (4%/9.45 hr.)
Social Security	556.28 (7.65%)	289.28 (7.65%)	300.85 (7.65%)
	<u>\$7,827.96</u>	<u>\$4,070.72</u>	<u>\$4,233.55</u>

Free Will Baptist Foundation

The work of the Foundation continues to be an exciting challenge. There is a great need within our denomination for additional funds, but even more importantly a need to produce real stewards. Stewards who appropriately supply the financial needs of our kingdom responsibilities during life and also after death.

The picture of the growth of the Foundation and our efforts in developing these stewards beginning with \$0 in 1980 to just over \$8 million in 2000 is one of steady progress.

Some indication of the acceptance of the Foundation is the growth of Together Way/Coop gifts from \$2.21 in 1982 to \$23,839 in 2000. Of course this has been possible due to the growth of that program, the willingness of the various departments to share with us, and the commitment of those states and churches who fund it.

Fee income, which has a direct relationship to the assets managed, has grown fairly steadily through the years. However, 1990 and 1994 were severely negative exceptions because of the economy. As you may remember the market was not kind to investors either of those years.

Expenses have certainly increased over the years. That has occurred due to "payment for services rendered" to the Board of Retirement, \$176,500 in the past eight years alone. In addition one-half of my travel expense have been covered since 1995 and for three years (1996-1998) we had a full-time field man. We are transferring David Brown's entire salary package to the Foundation for 2002. This is part of the process of establishing the operation of the Foundation as a stand-alone operation.

We faced the toughest experience of our short history during the first half of last year. Due to requests by several agencies we had a \$2 million drain in just over three months. I am certainly glad to say we were able to meet every request.

The future success of the Foundation is dependent on:

Acquiring Agreements

The first requirement in our work is to establish an acquaintance and develop a sense of confidence and comfort in our operation with the prospective donor or agency. This has become much easier over the past few years. Word of mouth from trustors along with ads in our adult Sunday School materials is helping. We have contracts with Randall House for the summer, fall and winter for the next few years. However, many of our people still have no concept of our purpose or program.

We follow these steps in creating an agreement:

1. *Contact* - find a prospect who has a need, or one in which a need can be identified and illuminated.
2. *Acquire* - get pertinent personal information, learn the wishes and need of the prospective donor/donors.
3. *Explain* - explain the operation of each specific agreement.
4. *Finalize* - get the agreement signed and funded.
5. *Invest* - manage the assets involved.
6. *Account and report* to the donor, and the IRS—The Foundation is presently managing some agreements that can be expected to last 25-40 years.
7. *Delivering* - following the death of the donor/donors, transfer the assets to the

charity or charities benefitted as directed by the original donor's instructions. The agreements we offer fall into two groups:

1. Revocable Trust Agreements - These trusts are also called Money Management Trusts. An opening deposit of \$1,000 or more is required. The funds are invested in government bonds, CD's or agency issues. Any denominational agency or church may use these with 100% access to the funds. Individuals must designate a minimum of 20% of any remaining funds in the event of their death before withdrawal.

Presently managed - \$4,236,997.

2. Higher Yield Revocable Trusts - These agreements are invested in a blend of 50% Revocable Trust type investments and 50% of a stock index fund (presently the Vanguard S&P 500 Index Fund).

This area was opened to satisfy the request for a more aggressive approach to investing surplus funds for limited agencies and individuals. Individuals must designate a minimum of 20% for a Free Will Baptist agency in the event of death.

Presently managed - \$113,236.

3. Special Trust - Various trusts that are specifically tailored for the needs of our agencies, especially those of a national scope. These agreements may have a time-based need, or absolute liquidity or a combination of these and others.

Presently managed - \$1,458,311.

Then there are those agreements which are irrevocable and provide income tax charitable deductions immediately, life time income, and finally a gift:

1. Gift Annuities - Presently managed - \$698,699.

2. Unitrusts - Presently managed - \$281,680.

3. Annuity Trusts - Presently managed - \$0

4. Endowments - Presently managed - \$1,352,834.

The future is open for us. The Foundation provides education about and management of both charitable gifts and investment of account balances of charities.

William Evans
Director

Synopsis of Free Will Baptist Foundation Board Meeting

May 1, 2000

Annual Meeting, all members present except: Tom Malone, Marge Workman, Tom Dooley, James Forlines, Ron Barber and Roger Harwell.

The board reviewed the activities and financial reports and approved the proposed budget.

Table of Contents

	<u>Page</u>
Independent auditor's report.....	1
Financial statements	
Statements of Financial Position	2
Statement of Activities.....	3
Statement of Cash Flows	4
Notes to the financial statements	5-8

HINTON, WARREN,
DENNEY & WALLACE

CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 2000 and 1999, 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, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

April 5, 2001

FREE WILL BAPTIST FOUNDATION, INC.
Statements of Financial Position
December 31, 2000 & 1999

ASSETS

	2000	1999
Cash and cash equivalents	\$ 645,565	\$ 228,436
Accrued earnings receivable	63,218	86,062
Other accounts receivable		1,687
Investments, at fair market value - Note 2	231,028	281,559
Certificates of deposit	5,164,942	5,907,897
U.S. Government instruments	868,558	781,393
Common Stocks	567,010	567,010
Real estate investments	449,299	398,977
Mutual funds	109,504	93,798
Corporate bonds	73,504	
Trusts	7,463,845	8,030,634
Total investments	26,910	38,737
Notes receivable - Note 3	<u>\$ 8,199,538</u>	<u>\$ 8,385,556</u>
Total assets		

LIABILITIES AND NET ASSETS

Liabilities		
Liabilities to beneficial owners:		
Interest bearing revocable and savings trusts - Note 4	\$ 5,767,888	\$ 6,280,027
Future gift interests payable - Note 5	991,126	877,350
Funds held for Free Will Baptist Foreign Missions	7,272	6,754
Total liabilities	<u>6,766,286</u>	<u>7,164,131</u>
Net Assets		
Unrestricted	80,418	50,320
Permanently restricted (endowment) - Note 6	1,352,834	1,171,105
Total net assets	<u>1,433,252</u>	<u>1,221,425</u>
Total liabilities and net assets	<u>\$ 8,199,538</u>	<u>\$ 8,385,556</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2000 and 1999

	2000		
	Unrestricted	Permanently Restricted	Total
Revenue and Support			
Investment income:			
Interest and dividends, net of investment fees	\$ 258,417	\$	\$ 258,417
Realized net gains (losses) on sale of investments	(4,972)	(4,972)	(4,972)
Unrealized net gains (losses) from investments	557,895	557,895	557,895
Earnings added to permanently restricted endowments	(72,091)	72,091	(72,091)
Total investment income	<u>739,249</u>	<u>72,091</u>	<u>811,340</u>
Support through "The Together Way"			
Plan and other contributions	26,575	109,638	136,213
Interest income - note receivable	1,767	1,767	1,767
Endowment income	648	648	648
Miscellaneous	4,545	4,545	4,545
Total revenue and support	<u>772,784</u>	<u>181,729</u>	<u>954,513</u>
Allocations of earnings to revocable trusts, savings trust, beneficiaries and annuitants			
Revenue and support after allocations	(665,161)	(665,161)	(665,161)
	<u>107,623</u>	<u>181,729</u>	<u>289,352</u>
Expenses			
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	40,000	40,000	40,000
Salaries	1,139	1,139	1,139
Equipment expense	16,155	16,155	16,155
Travel and promotion	2,124	2,124	2,124
Office expense	3,647	3,647	3,647
Publications	6,838	6,838	6,838
Training and education	7,375	7,375	7,375
Legal and auditing	247	247	247
Interest expense	77,525	77,525	77,525
Miscellaneous	247	247	247
Total Expenses	<u>77,525</u>	<u>77,525</u>	<u>77,525</u>
Increase (decrease) in net assets	30,098	181,729	211,827
Net assets at beginning of year	50,320	1,171,105	1,221,425
Net assets at end of year	<u>\$ 80,418</u>	<u>\$ 1,352,834</u>	<u>\$ 1,433,252</u>

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

	1999		
	Unrestricted	Permanently Restricted	Total
Revenue and Support			
Investment income:			
Interest and dividends, net of investment fees	\$ 395,547	\$	\$ 395,547
Realized net gains (losses) on sale of investments	66,602	66,602	66,602
Unrealized net gains (losses) from investments	44,967	44,967	44,967
Earnings added to permanently restricted endowments	(22,535)	22,535	(22,535)
Total investment income	<u>484,581</u>	<u>22,535</u>	<u>507,116</u>
Support through "The Together Way"			
Plan and other contributions	25,275	182,011	207,286
Interest income - note receivable	3,920	3,920	3,920
Endowment income	562	562	562
Miscellaneous	183	183	183
Total revenue and support	<u>514,521</u>	<u>204,546</u>	<u>719,067</u>
Allocations of earnings to revocable trusts, savings trust, beneficiaries and annuitants			
Revenue and support after allocations	(407,390)	(407,390)	(407,390)
	<u>107,131</u>	<u>204,546</u>	<u>311,677</u>
Expenses			
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	27,000	27,000	27,000
Salaries	19,675	19,675	19,675
Equipment expense	1,295	1,295	1,295
Travel and promotion	14,739	14,739	14,739
Office expense	1,708	1,708	1,708
Publications	740	740	740
Training and education	1,075	1,075	1,075
Legal and auditing	6,851	6,851	6,851
Interest expense	667	667	667
Miscellaneous	1,428	1,428	1,428
Total Expenses	<u>75,178</u>	<u>75,178</u>	<u>75,178</u>
Increase (decrease) in net assets	31,953	204,546	236,499
Net assets at beginning of year	18,367	966,559	984,926
Net assets at end of year	<u>\$ 50,320</u>	<u>\$ 1,171,105</u>	<u>\$ 1,221,425</u>

FREE WILL BAPTIST FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2000 and 1999

	2000	1999
Cash flows for operating activities		
Cash received for:		
Contributions	\$ 28,262	\$ 25,275
Interest and dividends	281,261	358,115
Other income	6,960	4,665
Cash paid to suppliers and employees	(77,525)	(81,935)
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(665,161)	(407,390)
Net cash used by operating activities	(426,203)	(101,270)
Cash flows from permanently restricted (Endowment) activities		
Contributions		
Net cash provided by permanently restricted (endowment) activities	109,638	182,011
	109,638	182,011
Cash flows from investing activities		
Principal payments received on notes receivable	11,827	23,673
Proceeds from sale of investment securities	1,671,600	2,275,146
Purchases of investment securities	(551,888)	(4,881,517)
Net cash provided (used) by investing activities	1,131,539	(2,582,698)
Cash flows from financing activities		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	(398,363)	2,217,078
Net change in funds held for Free Will Baptist Foreign Missions	518	48
Net cash provided (used) by financing activities	(397,845)	2,217,126
Net (decrease) increase in cash	417,129	(284,831)
Cash and cash equivalents at beginning of year	228,436	513,267
Cash and cash equivalents at end of year	\$ 645,565	\$ 228,436
Reconciliation of increase in net assets to cash flows from operating activities		
Increase in net assets	\$ 211,827	\$ 236,499
Less increase in net assets considered capital additions	(109,638)	(182,011)
Realized and unrealized gains on investment transaction	(552,923)	(111,569)
Decrease (increase) in accrued investment income	24,531	(37,432)
Increase (decrease) in accrued earnings payable	(6,757)	(6,757)
Net cash used by operating activities	(\$ 426,203)	(\$ 101,270)

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

-4-

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2000 and 1999

Note 1 -

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, contributions, expenses, gains, and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Foundations 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 statements of activities. The foundation had no temporarily restricted net assets at December 31, 2000 and 1999.

Income Taxes

The Foundation 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 Baptist, Inc. In addition, the foundation 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 2000.

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.

-5-

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2000 and 1999

Note 1 - 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. 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.

Note 2 - Investments

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

	2000		
	Market/ Stated Value	Cost	Appreciation (depreciation)
Investments:			
Marketable Securities:			
Certificate of deposits	\$ 231,028	\$ 227,370	\$ 3,658
U.S. Government instruments	5,164,942	5,071,765	93,177
Common stocks	868,558	809,578	58,980
Mutual funds	449,299	509,855	(60,556)
Corporate bonds	109,504	111,594	(2,090)
Trusts	73,504	73,504	-0-
Real estate investment trust	567,010	500,000	67,010
Total Investments	<u>\$ 7,463,845</u>	<u>\$ 7,303,666</u>	<u>\$ 160,179</u>

	1999		
	Market/ Stated Value	Cost	Appreciation (depreciation)
Investments:			
Marketable Securities:			
Certificate of deposits	\$ 281,559	\$ 250,171	\$ 31,388
U.S. Government instruments	5,907,897	6,266,245	(358,348)
Common stocks	781,393	752,720	28,673
Mutual funds	398,977	312,296	86,681
Corporate bonds	93,798	98,552	(4,754)
Real estate investment trust	567,010	500,000	67,010
Total Investments	<u>\$ 8,030,634</u>	<u>\$ 8,179,984</u>	<u>(\$ 149,350)</u>

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2000 and 1999

Note 2 - Investments (continued)

Total investment income amounted to \$811,340 for 2000, consisting of investment gains of \$552,923 and interest and dividends of \$258,417. This investment income represents yields of 10.47% and 10.48% based on the average market value and average cost of such investments for 2000.

Total investment income amounted to \$507,116 for 1999, consisting of investment gains of \$111,569 and interest and dividends of \$395,547. This investment income represents yields of 7.60% and 7.57% based on the average market value and average cost of such investments for 1999.

Note 3 - Notes Receivable

Notes receivable consist of obligations from related parties as follows:

	2000	1999
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.	\$ 1,142	\$ 4,711
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.	25,768	34,026
	<u>\$ 26,910</u>	<u>\$ 38,737</u>

Note 4 - Interest Bearing Revocable and Saving Trusts

The Foundation maintains revocable trusts and savings trusts which totaled \$5,767,888 and \$6,280,027 at December 31, 2000 and 1999, 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 30-90 day notice, is without penalty, and the trusts are without maturity.

Note 5 - Future Gift Interests Payable

The foundation maintains charitable unitrusts amounting to \$281,680 and \$276,451 and gift annuities amounting to \$709,446 and \$600,899 as of December 31, 2000 and 1999, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 8.7%.

Note 6 - 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, 2000 and 1999, the permanently restricted endowment funds totaled \$1,352,834 and \$1,171,105, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2000 and 1999

Note 7 - Related Party Transactions

The Board of Retirement and Insurance of the National Association of Free Will Baptists provided office space and certain administrative services to the Foundation for fees of \$40,000 and \$27,000 for 2000 and 1999, respectively.

Note 8 - 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, 2000 and 1999:

	December 31, 2000		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 230,377	\$ 100,000	\$ 130,377
Short term liquid investments	415,188	415,188	
Certificates of deposit	231,028	231,028	
U.S. Government instruments	5,164,942	5,164,942	
Common stock	868,558		868,558
Mutual funds	449,299		449,299
Corporate bonds	109,504		109,504
Real estate investment	567,010		567,010
Trusts	73,504		73,504
	\$ 8,109,410	\$ 5,911,158	\$ 2,198,252

	December 31, 1999		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 110,479	\$ 100,000	\$ 10,479
Short term liquid investments	117,956	117,956	
Certificates of deposit	281,559	281,559	
U.S. Government instruments	5,907,898	5,907,898	
Common stock	781,393		781,393
Mutual funds	398,977		398,977
Corporate bonds	93,797		93,797
Real estate investment	567,010		567,010
	\$ 8,259,069	\$ 6,407,413	\$ 1,851,656

Foundation Audit
Page 12

Dear Friends,

It is a pleasure to share with you the results of our audit of the Foundation's financial statements for the year ending December 31, 2000. The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and was performed by the audit firm of Messrs. [Name], CPAs, of [City, State]. The audit was completed on [Date].

The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and was performed by the audit firm of Messrs. [Name], CPAs, of [City, State]. The audit was completed on [Date].

The audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and was performed by the audit firm of Messrs. [Name], CPAs, of [City, State]. The audit was completed on [Date].

Foundation Audit
Page 12

We are glad to have [Name] & [Name] as our new auditors. Mr. [Name] and his wife [Name], who works for Dr. Cox's secretary, are also a part of the [Name] family. Also, Mr. [Name] was appointed as the [Name] of [Name].

Please continue to support Free Will Baptist. Your prayers and support are doing so you are [Name].

Respectfully submitted,
 [Name], President

Free Will Baptist Foundation Budget

	Actual 1998	Actual 1999	Approved 2000	Actual 2000	Approved 2001	Proposed 2002
Income						
The Together Way	22,899	24,310	24,000	23,839	25,000	26,000
Gifts	1,007	965	1,000	1,646	1,000	1,500
Interest Income	3,109	2,720	2,500	9,080	4,500	6,900
Endowment	195	562	300	648	500	500
Miscellaneous	59	183	100	4,545	100	100
Management Fees	50,685	78,391	70,000	67,865	85,000	85,000
Total	77,954	107,131	97,900	107,623	116,100	120,000
Expenses						
Salaries	61,613	19,675	45,000	1,139	29,150	44,045
Employee Benefits	0	0	0	0	0	17,866
Salary Reimbursement		22,000	32,000	35,000	35,000	0
Travel	12,405	14,740	14,000	10,218	12,000	14,000
Promotion	N/A	N/A	6,000	5,937	8,000	9,000
Office Expense	3,794	1,708	4,500	1,663	3,450	2,264
Rent	4,000	5,000	8,000	5,000	5,000	5,000
Printing	500	0	6,000	3,281	6,000	6,000
Publications	1,718	738	1,200	366	1,200	1,000
Training & Education	5,201	1,075	5,000	6,838	6,000	9,000
Auditing	6,500	6,825	7,000	7,200	7,500	6,500
Legal	0	27	1,000	175	250	250
Bank Fees	N/A	N/A	100	95	125	125
Postage	N/A	N/A	400	366	425	450
Equipment	13,134	1,295	1,000	0	1,000	2,000
Miscellaneous	1,155	2,095	1,000	247	1,000	2,500
	110,020	75,178	132,200	77,525	116,100	120,000
	(32,066)	31,953	(34,300)	30,099		

Salaries & Benefits

David Brown	
Salary	44,045
Soc Security/ Medicare	3,369
Retirement	3,029
Insurance	11,468
Life	403
Hospitalization	10,691
Dental	227
Disability	147
Total	61,912

Free Will Baptist Bible College

Dear Friends,

This year's Commencement exercise in May was a wonderful and exciting event on campus. As the word "commencement" suggests, it was a day of "beginning" for 39 graduates who had faithfully finished their college career. They were beginning a new phase in their lives in which the things they had learned would be put to the test. It was time to launch out, full-force, into their ministries.

As these graduates marched across the stage my mind turned to those who would come after them. How many churches, pastors, friends or families would challenge their young people to come to Free Will Baptist Bible College to prepare for a life of service? I sensed the urgency of the need of the Lord in our world. Where did we fit into the plan? Our place is right where it has always been. We are to advance the light of the gospel through training men and women for ministry. From the Relocation Campaign to each program offering, our mission is to train those whom God has called to serve Him. Our responsibility is to prepare young people who have laid aside *their* ambitions and committed themselves to a life of selfless service to God's work. We are staying true to that purpose.

Relocation efforts are at a critical point. There are many things that have to fit together, so we are marching on in faith. Now more than ever, we realize our dependence on God, but also on the people of our denomination to make sure that this move happens. Many are realizing that the vision for this new campus was not just something we conjured up, but was rooted in a God-given desire to launch out beyond the status quo meeting the forces of darkness head-on. In other words, these efforts are rooted in our sense of responsibility to do what God has called your College to do. We need people of faith to help us push back the darkness by advancing the light through the unique training of Christian education. Now, more than ever before, Free Will Baptists need Free Will Baptist Bible College.

The faculty and staff of our College are people of faith. Through their unselfish efforts and heartfelt callings, they not only instruct, but they inspire. I am grateful to the Lord for them.

This year one of our most distinguished administrators, Dr. Charles Hampton, retired after 26 years of service. He is a man of Christian character and will be greatly missed. At the beginning of this year we honored him for his contributions to the Lord's work.

We are glad to have secured Mr. Fred Burch as our new registrar. He and his wife Kaye, who works as Dr. Cox's secretary, are assets to the College family. Also, Mr. Stewart Clark was appointed acting director of Enrollment Management. Assisting in his office are Mr. Jeff Caudill and Mr. Shiloh Hackett, along with Mr. Joe Tolbert, who is a summer employee.

Please continue to support Free Will Baptist Bible College with your prayers and finances. By doing so, you are making eternal investments in lives. Thank you for all you do.

Respectfully submitted,

Tom Malone, President

Free Will Baptist Bible College Board of Trustees Synopsis of Minutes

December 2000

The Board of Trustees of Free Will Baptist Bible College met on campus December 5-6 following the Leadership Conference. The various administrators and heads of departments gave reports to the Board and discussed needs, concerns and objectives. Prayer was offered for each college department. The Board received an update from the Relocation Committee. The Board gave prolonged and prayerful consideration to various campus concerns including enrollment, morale, finances, accreditation and relocation issues.

May 2001

The Board met on campus May 14-16 to consider business and participate in graduation week activities. A letter of resignation from board member Reverend Larry Powell was read and approved. Reports from President Malone, Academic Dean Milton Fields and other members of the administration were received.

It was agreed to drop the Sports Medicine major and Accounting minor. The Board reviewed the SACS and AABC visits, and made recommendations to meet accreditation requirements. We reviewed the college's pension plan and investment policy and programs. After meeting with the Relocation Committee, it was agreed to proceed with construction of an athletic field on the new property. The Board gave consideration to issues of governance on campus, received the financial reports and approved the 2001-2002 budget. The Board approved the hiring of Jon Forlines as Student Dean and Shiloh Hackett to serve in recruitment.

Financial Aid Report

Type of Aid	No. of recipients	Amount of Aid
Institutional loans issued	85	\$ 147,907.67
Student worker earnings	63	99,500.00
Scholarship recipients	95	60,798.35
Tennessee State Grant Program	12	28,158.00
Federal SEOG	24	15,748.00
Federal Work Study Program	18	24,996.25
Federal Pell Grant	102	175,173.00
Federal Subsidized Stafford Loan Program	157	480,185.43
Federal Unsubsidized Stafford Loan Program	82	245,663.72
PLUS Loan Program	36	197,020.00
Total Financial Aid Administered 2000-2001		\$1,475,150.42

Registration Report Annual Report 2000-2001

Enrollment347

Enrollment Breakdown

By State

Alabama27	Illinois22	Missouri12	Tennessee104
Arizona1	Indiana9	Nebraska1	Texas5
Arkansas23	Iowa2	North Carolina25	Virginia10
California2	Kansas3	Ohio7	West Virginia2
Delaware1	Kentucky10	Oklahoma4	
Florida11	Michigan9	South Carolina7	*Foreign (10)17
Georgia25	Mississippi6	South Dakota2	

(The student body represents 25 states and 10 foreign countries.)

By Classification

Freshmen 122	Sophomores96	Special **9
Juniors ...63	Seniors57	

[**Includes those who have not graduated from high school, college graduates who are taking additional courses, etc.]

Other Categories

New73	Free Will Baptist ...310	Full-time280	Married53
Returning15	Other37	Part-time67	Ministerial*61
Male175	Continuing206	Dormitory220	Missionary36
Female172	Transfer44	Town127	
	Other9	Single294	

[* Includes PT and YM]

*Foreign (17):

Albania1	Korea2
Bahamas1	Panama1
Brazil2	South Korea1
Canada4	Spain3
France1	Zimbabwe1

Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc.108,445

Free Will Baptist Bible College Salary Breakdown

	1999-2000	2000-2001	2001-2002
President *			
Salary	\$56,354	59,172	\$59,172
Social Security	4,311	4,526	4,526
Retirement	2,536	2,958	2,958
Medical Insurance	2,107	2,528	2,500
Life Insurance	240	240	263
	<u>\$65,548</u>	<u>\$69,424</u>	<u>\$69,419</u>
Academic Dean			
Salary	\$45,015	47,266	\$47,266
Social Security	3,444	3,616	3,616
Retirement	2,026	2,363	2,363
Medical Insurance	2,107	2,528	2,500
Life Insurance	240	240	263
	<u>\$52,832</u>	<u>\$56,013</u>	<u>\$56,008</u>
Advancement Director Relocation Campaign			
Salary	\$38,208	40,118	\$40,118
Social Security	2,923	3,069	3,069
Retirement	1,719	2,006	2,006
Medical Insurance	2,107	2,528	2,500
Life Insurance	240	240	263
	<u>\$45,197</u>	<u>\$47,961</u>	<u>\$47,956</u>
Stewardship Development Director			
Salary			\$36,750
Social Security			2,811
Retirement			1,838
Medical Insurance			2,500
Life Insurance			263
			<u>\$44,162</u>
Treasurer			
Salary	\$43,607	45,787	\$45,787
Social Security	3,336	3,503	3,503
Retirement	1,962	2,289	2,289
Medical Insurance	2,107	2,528	2,500
Life Insurance	240	240	263
	<u>\$51,252</u>	<u>\$54,347</u>	<u>\$54,342</u>

Salary includes housing allowance where applicable.
* vehicle provided

Free Will Baptist Bible College General Fund Gift Goals 2001-2002

State	Goals
Alabama	\$72,600.00
Alaska	
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	
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	
Mississippi	22,080.00
Missouri	50,760.00
Montana	
Nebraska	360.00
Nevada	
New Hampshire	
New Jersey	
New Mexico	360.00
New York	
North Carolina	258,710.00
North Dakota	
Ohio	21,840.00
Oklahoma	22,560.00
Oregon	
Pennsylvania	600.00
Rhode Island	
South Carolina	65,640.00
South Dakota	100.00
Tennessee	282,480.00
Texas	13,200.00
Utah	
Vermont	
Virginia	23,280.00
Washington	840.00
West Virginia	8,520.00
Wisconsin	50.00
Wyoming	
Canada	840.00
Virgin Islands	1,440.00
W.N.A.C.	5,520.00
Other	24,480.00
Total	\$1,200,000.00

2000-2001 FINANCIAL REPORT

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

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

HHA Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

Steve A. Hill
Ernest R. Harper

The Board of Trustees
Free Will Baptist Bible College:

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2001 and 2000, 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, 2001 and 2000, and its changes in net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

*Steve A. Hill
Ernest R. Harper*

July 5, 2001

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2001 and 2000

	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 330,032	332,872
Investments in marketable securities, at market value	4,900	-
Accounts receivable:		
Student accounts, net of allowance for doubtful accounts of \$6,000	30,851	30,273
Pledges	28,500	33,700
Employee and other	30,957	34,910
Prepaid expenses	32,036	10,320
Inventories	43,822	41,012
Total current assets	501,098	483,087
Non current assets:		
Cash:		
Restricted for endowments	57,305	484,787
Restricted for student loans	567,400	548,182
Held under life income agreements	-	5,000
Investments in marketable securities, at market value:		
Restricted for endowments	570,268	132,670
Held under life income agreements	4,352	-
Campaign pledges	253,100	411,800
Loans to students, less allowance for doubtful loans of \$15,000	171,989	191,158
Total non current assets	1,624,414	1,773,597
Property, plant and equipment:		
Investment in property, plant and equipment	6,553,176	6,117,135
Accumulated depreciation	2,824,804	2,669,860
Net property, plant and equipment	3,728,372	3,447,275
Total assets	\$ 5,853,884	5,703,959
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 73,807	171,431
Current portion of long-term debt	3,611	-
Notes payable to individuals	149,062	165,543
Student deposits and agency funds	56,809	52,312
Accrued salaries	123,213	112,656
Deferred revenues - summer school and other	23,910	20,564
Total current liabilities	430,412	522,506
Long-term debt	51,070	-
Total liabilities	481,482	522,506
Net assets:		
Unrestricted funds	3,805,530	3,514,497
Temporarily restricted funds	352,015	479,151
Permanently restricted funds	1,214,857	1,187,805
Total net assets	5,372,402	5,181,453
Total liabilities and net assets	\$ 5,853,884	5,703,959

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, 2001 and 2000

	2001				
	Temporarily			Total	Total
	Unrestricted	Restricted	Restricted		
Funds	Funds	Funds	2001	2000	
Revenues:					
Tuition and fees	\$ 1,753,373	-	-	1,753,373	1,706,782
Federal grants and contracts	-	35,965	-	35,965	33,756
Private gifts	1,161,446	327,339	76,442	1,565,227	1,300,808
Endowment income	3,950	14,018	-	17,968	23,205
Investment income	10,275	33	10,202	20,510	19,856
Loss on investment transactions	-	(648)	(60,566)	(61,214)	(5,826)
Sales and services of auxiliary enterprises	938,574	-	-	938,574	1,047,490
Other sources	32,112	-	974	33,086	13,790
	3,899,730	376,707	27,052	4,303,489	4,139,861
Net assets released from restrictions	503,843	(503,843)	-	-	-
Total revenues	4,403,573	(127,136)	27,052	4,303,489	4,139,861
Expenditures:					
Educational and general:					
Instruction	1,086,864	-	-	1,086,864	1,043,004
Academic support	323,147	-	-	323,147	308,362
Student services	431,102	-	-	431,102	376,198
Operation and maintenance of plant	426,357	-	-	426,357	376,597
Institutional support	972,373	-	-	972,373	866,835
Scholarships and fellowships	71,403	-	-	71,403	76,354
Total educational and general expenditures	3,311,246	-	-	3,311,246	3,047,350
Auxiliary enterprises:					
Dormitories	291,732	-	-	291,732	281,683
Dining hall	405,231	-	-	405,231	430,820
Bookstore	89,419	-	-	89,419	104,417
Snackshop	14,912	-	-	14,912	12,075
Total auxiliary enterprises expenditures	801,294	-	-	801,294	828,995
Total expenditures	4,112,540	-	-	4,112,540	3,876,345
Increase (decrease) in net assets	291,033	(127,136)	27,052	190,949	263,516
Net assets at beginning of year	3,514,497	479,151	1,187,805	5,181,453	4,917,937
Net assets at end of year	\$ 3,805,530	352,015	1,214,857	5,372,402	5,181,453

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2001 and 2000

	2001				
	Temporarily			Total	Total
	Unrestricted	Restricted	Restricted		
Funds	Funds	Funds	2001	2000	
Cash flows from operating activities					
Cash collected from students	\$ 2,699,212	-	-	2,699,212	2,766,066
Federal grants	-	35,402	-	35,402	32,670
Federal Pell grants considered to be agency fund transactions	-	175,173	-	175,173	203,031
Private gifts and grants	1,161,746	70,385	-	1,232,131	969,323
Endowment income	3,950	14,018	-	17,968	23,205
Investment income	10,275	33	-	10,308	12,093
Other revenues	36,628	-	-	36,628	25,544
Cash paid for scholarships, to vendors and for payroll	(3,860,769)	(202,582)	-	(4,063,351)	(3,704,168)
Cash paid for Federal Pell grants	-	(175,173)	-	(175,173)	(203,031)
Net operating activities cash flows	51,042	(82,744)	-	(31,702)	124,733
Cash flows from investing activities					
Marketable securities purchased	-	(5,000)	(607,300)	(612,300)	-
Proceeds from sale of marketable securities	-	-	109,137	109,137	-
Expended for plant assets	(140,213)	(301,261)	-	(441,474)	(240,090)
Student notes receivable advances	-	-	(154,329)	(154,329)	(44,453)
Student note receivable collections	-	-	169,656	169,656	59,472
Net investing activities cash flows	(140,213)	(306,261)	(482,836)	(929,310)	(225,071)
Cash flows from capital activities					
Campaign pledges receivable collected	-	98,678	-	98,678	64,840
Gifts received for:					
Endowments and student loans	-	-	76,442	76,442	50,241
Proposed new campus	-	316,976	-	316,976	179,454
Other student loan transactions:					
Interest income on student loans	-	-	7,404	7,404	7,404
Investment income	-	-	10,202	10,202	7,763
Collection costs and other transactions	-	-	(2,993)	(2,993)	(3,662)
Net capital activities cash flows	-	415,654	91,055	506,709	306,040
Cash flows from financing activities					
Proceeds from long-term debt	57,158	-	-	57,158	-
Repayment of long-term debt	(2,476)	-	-	(2,476)	-
Interfund activities	31,649	(31,649)	-	-	-
Notes payable for student loans, net	-	-	(16,483)	(16,483)	1,650
Net financing activities cash flows	86,331	(31,649)	(16,483)	38,199	1,650
Net increase (decrease) in cash and cash equivalents	(2,840)	(5,000)	(408,264)	(416,104)	207,352
Cash and cash equivalents at beginning of year	332,872	5,000	1,032,969	1,370,841	1,163,489
Cash and cash equivalents at end of year	\$ 330,032	-	624,705	954,737	1,370,841

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2001 and 2000

	2001			Total 2001	Total 2000
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds		
Cash and cash equivalents consist of the following:					
Current assets	\$ 330,032	-	-	330,032	332,872
Non current assets:					
Cash restricted for endowments	-	-	57,305	57,305	484,787
Cash restricted for student loans	-	-	567,400	567,400	548,182
Cash held under life income agreements	-	-	-	-	5,000
Total cash and cash equivalents	\$ 330,032	-	624,705	954,737	1,370,841
Reconciliation of increase (decrease) in net assets to net operating activities cash flows					
Increase (decrease) in net assets	\$ 291,033	(127,136)	27,052	190,949	263,516
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(76,442)	(76,442)	(50,241)
Proposed new campus	-	(316,976)	-	(316,976)	(179,454)
Campaign pledges receivable collected	-	(98,678)	-	(98,678)	(64,840)
Change in Campaign pledges receivable	-	158,700	-	158,700	(45,900)
Net other transactions from student loan funds	-	-	(10,771)	(10,771)	(2,709)
Depreciation	160,377	-	-	160,377	170,202
Loss on investment transactions	-	648	60,566	61,214	5,826
Net interfund transfers	(301,261)	301,261	-	-	-
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts, net of allowance	(578)	-	-	(578)	(7,887)
Pledges	5,200	-	-	5,200	8,950
Employee and other	4,516	(563)	-	3,953	5,579
Investments in marketable securities	(4,900)	-	-	(4,900)	-
Inventories	(2,810)	-	-	(2,810)	731
Prepaid expenses	(21,716)	-	-	(21,716)	(3,326)
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	(97,219)	-	(405)	(97,624)	(5,612)
Student deposits and agency funds	4,497	-	-	4,497	8,505
Accrued salaries	10,557	-	-	10,557	10,217
Deferred revenues	3,346	-	-	3,346	11,176
Net operating activities cash flows	\$ 51,042	(82,744)	-	(31,702)	124,733

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 2001 and 2000

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". 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.

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.

Pledges Receivable (note 7)

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 costs related to proposed new campus 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.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

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.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(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	Unrealized Cumulative Losses
Balance May 31, 2001:					
Permanently Restricted Funds:					
Common stock	\$ 305,664	367,184	61,520	63,140	(1,620)
Bonds	75,000	75,054	54	54	-
Variable annuity contracts	147,081	128,030	(19,051)	-	(19,051)
Temporarily Restricted Funds:					
Variable annuity contracts	5,000	4,352	(648)	-	(648)
Unrestricted Funds:					
Common stock	4,900	4,900	-	-	-
	<u>\$ 537,645</u>	<u>\$ 579,520</u>	<u>41,875</u>	<u>63,194</u>	<u>(21,319)</u>
Balance May 31, 2000:					
Common stocks	\$ 38,224	132,670	94,446	94,446	-
Realized loss on sale of securities			\$ (8,643)		
Unrealized loss due to change in the cumulative change in market value pools			(52,571)		
			<u>\$ (61,214)</u>		
Loss on investment transactions					

(3) **Net Assets Released From Restrictions**

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

Expenditures made for donor imposed restrictions:	\$	45,155
Private scholarships		16,798
Federal Supplemental Educational Opportunity Grant		19,167
Federal Work Study Program		2,848
Equipment capitalized		10,297
Other instructional and institutional		
Proposed new campus related costs:	\$	301,261
Capitalized expenditures		4,403
New campus land maintenance and expense		103,914
Campaign office expense		-
Allocation to unrestricted gifts (see note 7)		409,578
	<u>\$</u>	<u>503,843</u>
Net assets released from restrictions		

Federal Pell grants to students amounting to \$175,173 and \$203,031 for 2001 and 2000, respectively, are not included in expenditures or net assets released from restrictions, as scheduled above. Federal 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:

	2001	2000
Proposed new campus	\$ 259,175	411,800
Scholarships	74,057	48,419
Life income funds	4,077	4,725
Other instructional and institutional	14,706	14,207
	<u>\$ 352,015</u>	<u>479,151</u>

(5) Net Assets

Net assets of the College consist of the following as of May 31, 2001 and 2000:

	2001				2000 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Operations	\$ 131,839	-	-	131,839	265,048
Net investment in plant assets	3,673,691	-	-	3,673,691	3,353,261
Life income funds	-	4,077	-	4,077	4,725
Unexpended funds restricted for:					
Operating purposes	-	88,763	-	88,763	62,626
Plant facilities	-	259,175	-	259,175	411,800
Student loan funds	-	-	587,284	587,284	570,348
True endowment funds	-	-	179,705	179,705	190,454
Scholarship endowment funds	-	-	447,868	447,868	427,003
Total net assets	<u>\$ 3,805,530</u>	<u>352,015</u>	<u>1,214,857</u>	<u>5,372,402</u>	<u>5,285,265</u>

(6) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2001	2000
Land	\$ 296,519	296,519
Proposed new campus, land and costs incurred to date	966,096	664,834
Buildings	3,412,885	3,412,885
Equipment	1,372,113	1,284,882
Library books	505,563	458,015
Accumulated depreciation and amortization	6,553,176	6,117,135
Net investment in plant	2,824,804	2,669,860
	<u>\$ 3,728,372</u>	<u>3,447,275</u>

Depreciation and amortization charged to expenditures was \$160,376 and \$170,202 in 2001 and 2000, respectively.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(7) Relocation Campaign and New Campus, Proposed Sale of Existing 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 (see following) 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 and bank debt.

Proposed Sale of Existing Campus

The "Letter of Intent" the College held as of May 31, 2000 to sell the existing campus expired without being consummated. As of the balance sheet date (May 31, 2001) the College had executed another "Letter of Intent" with a prospective purchaser for the existing campus. The "Letter of Intent" agreement was to have been transferred into a formal agreement by June 1, 2001, but has been verbally extended. Contingencies exist for the purchaser relating to obtaining financing and land use approvals by September 1, 2001. If all contingencies are met the closing is scheduled for June 1, 2003. The purchase price has been agreed to be \$12,000,000.

Pledges Receivable

Pledges receivable are recorded at estimated realizable value after an allowance for potential uncollectible pledges. Further, pledges receivable expected to be collected in years after the next fiscal year are discounted to their present values of future cash flows using an 8% interest factor. The following summarizes pledges receivable as of May 31, 2001 and 2000.

Unrestricted Operations:

The College receives post dated check books, deposited monthly for general operations, which are collectible over in one year period and are considered fully collectible.

Relocation Campaign:

Uncollected pledges for the joint purpose of general operations and relocation to and construction of the new campus in Joelton, Tennessee.

	2001	2000
Unrestricted Operations:	\$ 28,500	33,700
Relocation Campaign:		
Uncollected pledges for the joint purpose of general operations and relocation to and construction of the new campus in Joelton, Tennessee.	\$ 544,000	604,300
Less allowance for potential uncollectible pledges	(264,900)	(120,900)
Less present value of future cash flows discounted at 8%	(26,000)	(71,600)
	<u>\$ 253,100</u>	<u>411,800</u>

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(8) 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, 2001 and 2000.

Reconciliation of benefit obligations:

	2001	2000
Benefit obligation at beginning of year		
Service cost	\$ 1,873,733	1,913,243
Interest cost	68,152	77,426
Participant contributions	157,706	141,724
Plan amendments	-	-
Loss due to actuarial experience	-	-
Gain due to changes in actuarial assumptions	63,625	35,698
Benefits paid to plan participants	212,464	(266,868)
Benefit obligation at end of year	\$ 2,329,830	1,873,733

Reconciliation of asset value:

Plan assets at beginning of year		
Actual return of plan assets	\$ 2,099,369	1,855,533
Employer contributions	38,636	198,340
Benefits paid to plan participants	66,529	72,986
Plan assets at end of year	\$ 2,158,684	2,099,369

Reconciliation of funded status:

Funded status at end of year (liability)		
Unrecognized net transition obligation asset	\$ (171,145)	225,636
Unrecognized prior service cost	(74,737)	(99,648)
Unrecognized net (gain) or loss	43,259	64,890
Amount included in prepaid expense / (accounts payable and accrued expenses)	219,393	(194,882)
Accumulated benefit obligation at end of year	\$ 16,770	(4,004)

Vested benefit obligation at end of year

\$ 1,972,112 1,593,736

Reconciliation of unrecognized net loss:

Unrecognized loss at beginning of year		
Amount of loss recognized during the year	\$ (194,882)	78,728
Loss due to actuarial experience	-	-
Gain due to changes in actuarial assumptions	63,624	35,698
Gain due to assets	212,464	(266,868)
Unrecognized (gain) or loss at end of year	138,187	(42,440)
	\$ 219,393	(194,882)

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(8) Pension Plan, continued

	2001	2000
Net periodic benefit cost:		
Service cost at end of year	\$ 68,152	77,426
Interest cost on projected benefit obligation	157,706	141,724
Expected return on plan assets	(176,823)	(155,900)
Amortization of transition obligation	(24,911)	(24,911)
Amortization of prior service costs	21,631	21,631
Amortization of net loss	-	-
Net periodic benefit cost	\$ 45,755	59,970

Assumptions used for determination of net pension cost:

Assumed discount rate	8.50%	7.50%
Rate of compensation increase	4.00%	4.00%
Expected long-term rate of return	8.50%	8.50%
Actuarial valuation method	Projected Unit Credit	Projected Unit Credit

Assumptions used for determination of end of year obligations:

Assumed discount rate	7.75%	8.50%
Rate of compensation increase	4.00%	4.00%
Expected long-term rate of return	N/A	N/A
Actuarial valuation method	Projected Unit Credit	Projected Unit Credit

(9) Notes Payable and Long-Term Debt

	2001	2000
Permanently Restricted Funds - Student Loan Funds		
5% demand notes payable to individuals	\$ 149,062	165,543
Unrestricted Funds - Long-Term Debt		
10.99% installment obligation, with monthly payments of \$786.89, including interest and principal, maturing September 2010, secured by a grand piano.	\$ 54,681	-
Less current portion of long-term debt	3,611	-
Long-term debt	\$ 51,070	-

Principal maturities of long-term are as follows: 2003 - \$4,028; 2004 - \$4,487; 2005 - \$5,019; 2006 - \$5,593; 2007 - \$6,240; and \$25,703 in years thereafter.

(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 \$715,000 since the balance at certain financial institutions is greater than the insurable limit. The College also owns marketable securities 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 Revenues and Expenditures

Total Unrestricted Funds Revenues for the year ending May 31, 2001, amounted to \$4,403,573. Total Unrestricted Funds Expenditures were \$4,112,540, providing a \$291,033 increase in net assets at the end of the fiscal year.

Negative Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financial activities showed cash and cash equivalents decreasing \$2,840 in Unrestricted Funds, \$5,000 in Temporarily Restricted Funds, and \$408,264 in Permanently Restricted Funds for a cumulative cash flow decrease of \$416,104. The decrease in Permanently Restricted Funds reflects management's decision to invest in marketable securities. This decision converted \$517,479 from cash to securities.

Unrestricted Giving

Private gifts provided \$1,161,446 in Unrestricted Funds Revenues. Of that amount, \$926,234 was provided from General Fund gifts, \$229,708 from Estate gifts, and \$5,504 from special gifts.

General Fund Giving Keeps Tuition Costs Down

Because of above-mentioned General Fund gifts, FWBBC students were in essence "awarded" \$120 for every semester hour taken in 2000-2001. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$209, instead of \$329. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$3,600 this past academic year.

Financial Obligations

The College is free of long-term debt, with the exception of two items: First, Notes Payable to Individuals (the proceeds are restricted for the purpose of providing low-interest student loans) amounts to \$149,062. 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. Second, the College purchased a grand piano for \$61,658 on a 10-year note. The balance as of May 31, 2001 is \$51,070.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

SUMMARY OF FINANCIAL INFORMATION (continued)

Assets to Debt Ratio

FWBBC's assets to debt ratio is extremely good. Total assets amount to \$5,853,884. Our long term liabilities (listed in "Financial Obligations" above) comes to \$200,132, giving a 29.25 to 1 ratio. Adding all other liabilities brings the total to \$481,482, and gives a 12.16 to 1 ratio.

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 \$907,038 in cash and \$544,000 in pledges and commitments as reflected in the audited financial statements. The pledge amount does not include verbal commitments. Cash has been expended for the following: \$75,500 to supplement unrestricted gifts, \$306,704 to fund the campaign office and to retain a campaign consultant, \$13,153 for land maintenance, and \$575,610 for construction project such as engineering, architects, etc.

These campaign-related expenditures total \$970,968, of which the excess has been funded from unrestricted net assets.

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. Even without the campaign, the college would budget \$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 2000-2001, the total came to only \$926,234, with no allocation from campaign funds.

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.

SPECIAL NOTE - URGENT NEED:

The Bible College is deeply appreciative for over \$900,000 in cash gifts received toward the \$6 million goal. However, in order to continue toward our goal of beginning construction once the sale of the campus has been consummated, cash gifts must increase dramatically from this point forward.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

FREE WILL BAPTIST BIBLE COLLEGE
Proposed Budget for the Year Ending May 31, 2002
As Compared to
Actual as Summarized for the Year Ended May 31, 2001

	Proposed Budget May 31, 2002	Audit May 31, 2001
Revenues:		
Tuition & fees:		
Gifts:	2,260,720	1,753,373
Together/Capital Campaign	1,200,000	926,234
Estates & Miscellaneous	70,500	235,212
Endowment income:	7,500	3,950
Investment income:	15,000	10,275
Sales & services of auxiliary enterprises:	1,063,656	938,574
Other sources:		
Net assets released from restrictions:	167,682	32,112
Total revenues:	<u>4,785,058</u>	<u>4,403,573</u>
Expenditures:		
Educational & General:		
Instruction:	1,181,604	1,086,864
Academic Support:	436,768	323,147
Student Services:	504,171	431,102
Operation & maintenance of plant:	493,258	426,357
Institutional support:	1,169,543	972,373
Scholarships	55,000	71,403
Total educational & general expenditures:	<u>3,840,344</u>	<u>3,311,246</u>
Auxiliary enterprises:		
Expenditures:	944,714	801,294
Total expenditures:	<u>4,785,058</u>	<u>4,112,540</u>
Increase in net assets:	<u>-</u>	<u>291,033</u>

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

BY-LAWS AND RULES OF DECORUM OF FREE WILL BAPTIST BIBLE COLLEGE

I

Organization, Objective and Purposes

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

**To Magnify Christ Jesus as Our Lord
and to Glorify Our Heavenly Father.**

II

Board of Trustees

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

1. Number, election and authority of Trustees. The Board of Trustees shall be composed of nine members who are elected by the National Association for a term of six years. These terms are to be arranged so that they expire in groups of three biennially. A Trustee shall serve no more than two full consecutive terms. The Trustees shall act in their Trustee capacity only as a Board and individual Trustees have no power to act for the College without prior specific Board authority. The Board shall institute the overall policies of the College and the administrative officers of the College shall administer these policies and supervise its operation. The Board shall be responsible for the actions of the College to the National Association of Free Will Baptists, Inc.
2. Qualification of Trustee. Each Trustee shall hold membership in a regular Free Will Baptist Church that belongs to a Free Will Baptist District or State Association, or to a church which is recognized by the National Association as being affiliated. Except for the President, no employee of the College shall hold membership in the Board of Trustees.
3. Reports to the National Association. The Board shall prepare an annual budget of its proposed financial expenditures at the beginning of each fiscal year and shall present the same for approval to the National Association along with a properly qualified independent audit with an unqualified opinion of the College's fiscal condition.
4. Vacancies. The Board of Trustees may seek to replace on an ad interim basis irregular vacancies that may occur among its members for any reason by requesting the General Board of the National Association of Free Will Baptists, Inc., to fill said vacancies.
5. Removal of Trustees. The National Association at any regular annual session shall have the power and right to declare the Trustee position vacant only for cause deemed valid by said Association and to elect suc-

cessors to those who may thus be removed from office. Such cause may include: moral turpitude, conflict of interest, failure to perform duties of the office, or ceasing to meet any of the requirements of election to office.

6. Executive Committee. With the President as an Ex Officio member, the Executive Committee of the Board shall be composed of the Chairman, Vice Chairman and Secretary of the Board and shall have authority to consider and act upon all questions affecting the interests of the College which may be brought before it between the stated meetings of the Board, or whenever it is deemed impractical to convene the entire Board, or whenever a quorum of the Board fails to attend a called or regular meeting. It shall transact such business as may be committed to it by the Board and shall act as an advisory council to the President of the College on such matters as he may submit to it. The committee shall meet at the call of its Chairman or the President of the College. A quorum of the executive committee shall be all three of its members. Actions of the executive committee shall be reviewed at the Board's next scheduled meeting.

7. Regular and special meetings. The Board of Trustees shall set the time, occasion or place of the annual meetings of the Board of Trustees which thereafter may be held without notice. Special meetings may be held at any time upon the call of the President or upon the call of six Trustees. Notice and purpose of such special meetings shall be sent in writing by those calling the meeting and postmarked at least thirty days before the meeting.

8. Quorum. A Quorum shall consist of at least five duly elected Trustees and a majority vote of the Trustees present shall decide the issues brought before the meeting except as otherwise required by the Charter, By-Laws of the College and/or by the National Associations Constitution and By-Laws.

9. Duties. It shall be the duty of the Board to determine general policies governing the operation of the College and to ensure that these policies are carried out effectively. Included in this responsibility are the following duties:

- A. To elect the President of the College and to review his performance at least annually;
- B. To review reports from the President and his staff, at least annually, and to act on the recommendations that arise from those reports, including recommendations relative to the employment of personnel and the establishment of policies;
- C. To review financial statements that provide a complete picture of the College's operations, to ensure that they are accurate and complete, to ensure that the College is being operated efficiently, and to adopt a sound financial budget each year;
- D. To invest in the President the authority to confer degrees, certificates, or diplomas attesting to the satisfactory completion of programs of study that have been approved by the Board;
- E. To promote the College's educational program and to ensure that the College has the financial resources to enable it to achieve its goals; and
- F. To evaluate the College's investment policy and the performance of its investments at least as often as every other year. The Executive Committee of the Board shall review the policy and the performance of the College's investments and make report of its findings and appropriate the recommendations to the Board.

10. Standing committees. The Board shall maintain the following standing

committees, each one composed of three members of the Board as elected by the Board. Each committee shall devote special attention to obtaining current information concerning its assigned area, and to inform the entire Board about needs and concerns in those areas:

- A. Faculty Affairs: This committee shall review matters affecting faculty personnel policies and procedures and faculty welfare. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
 - B. Student Affairs: This committee shall review matters affecting student life, including residential policies, the government and discipline of students, and student welfare and morale. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
 - C. Plant and Finance: This committee shall review matters affecting the physical plant maintenance and operations and matters affecting the financial support of the College. It shall consider proposals on such matters and make recommendations to the Board as may be required or deemed appropriate.
11. Compensation and expenses. Trustees shall serve as such without compensation. Expenses incurred in connection with the performance of their official duties may be reimbursed to Trustees upon approval of the Board of Trustees.

III

Officers, Election and Duties

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

IV

Officers of the College

1. Officers. The officers of the Corporation shall be a President (the president of the College, by virtue of his office), Secretary (the Secretary of the

Board, by virtue of his office), and Assistant Secretary (the Treasurer of the College, by virtue of his office).

2. General Administrative Officers. The general administrative officers of the College shall include the President, Academic Dean, Dean of Students, and Treasurer/Assistant Secretary.

3. Election and Term. Each of the general administrative and corporate officers shall be elected by the Board of Trustees and shall serve until their respective successors are chosen subject to the removal as set forth in this section, IV, paragraph 9.

4. President. The President of the College shall be the Chief Executive Officer and responsible to administer the policies of the Board and supervise the entire operation of the College. In so doing, he shall exercise general oversight of the College, including its officers, faculty, students and business affairs.

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

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

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

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

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

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

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

6. Dean of Students. Under the general supervision of the President, the Dean of Students shall give direction to the College's program of student services. In carrying out the functions of this office, he shall be responsible for the supervision of the student deans, the establishment and enforcement of rules governing student behavior, student counseling, the student

council and other student organizations, and other matters relating to the students' lives and activities. In addition to these duties, he shall assume any other responsibilities which may be delegated to him by and for the assistance of the President of the College, commensurate with his office.

7. Registrar. Under the general supervision of the Academic Dean, at the administrative staff level, the Registrar shall enroll the students in the College, keep accurate records of enrollment and grades and furnish transcripts for students.

He shall supervise the College's program of academic advising and arrange class schedules. In addition to these duties, he shall assume any other responsibilities which may be delegated to him by and for the assistance of the Academic Dean of the College, commensurate with this office.

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

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

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

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

- A. Whether the position is intended to be permanent or temporary, and if temporary for what duration;
- B. Whether the person filling the position shall report directly to the President of the College or to some other general administrative officer; and
- C. A description of the staff duties.

Such staff may include, but are not necessarily limited to Director of Public Relations, Director of Stewardship Development, Director of Plant Operations, Assistant Treasurer, Director of Advancement, Director of Institutional Effectiveness, and Director of Enrollment Management.

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

V

Faculty of the College

1. Constituency. The faculty of the College shall include:
 - A. All those employed primarily to teach; and
 - B. The President, Academic Dean, Dean of Students, Registrar, Student Deans, Librarian, Director of Christian Service, *Director of Institutional Effectiveness*, and *Director of Enrollment Management*.
2. Denominational Affiliation. It shall be the policy of the Board to employ on the College faculty those who are members of Free Will Baptist churches that are affiliated with the National Association of Free Will Baptists. However, when equally qualified Free Will Baptists are not available, faculty who are active Christians and affiliated with an evangelical denomination may be employed at the discretion of the President and the Board.
3. Term of Employment. The employment of faculty members, unless otherwise stated at the time of employment, shall be by annual contracts. This employment shall continue so long as general satisfaction and usefulness are manifest. It shall be the general policy of the College to notify the faculty member annually by *February 15* if any changes affecting the employment are contemplated. The College shall likewise assume a commitment on the part of the faculty member to continue employment unless notified by February 15. Exceptions to these provisions shall be arranged by mutual agreement of concerned parties.
4. Responsibilities. The faculty shall be primarily responsible to the Board through the President and Academic Dean for the curriculum, for admission and graduation requirements, and for policy affecting student life and activities. It shall exercise such authority and powers as are delegated to it by the Board. Its functions within the area of its jurisdiction are legislation and the making of policy. It shall also serve in an advisory capacity through the President to the Board in making recommendations of major importance concerning its area of jurisdiction.
5. Organization. The faculty shall be organized with the Academic Dean of the College as its Chairman. It shall meet regularly and keep a record of its proceedings. Both regular and special meetings shall occur at the time and place designated by the Chairman of the faculty. The details of faculty organization shall be set forth in formal By-Laws of faculty organization, arranged by the faculty in harmony with the Charter and By-Laws of the College and subject to the approval of the Board of Trustees of the College.

VI

Contracts, Loans and Checks

1. Contracts. The Board of Trustees may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the College, and such authority may be general or confined to specific instances.
2. Loans. No loans shall be contracted on behalf of the College and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances; provided, however, no loans shall be made by the College to its Trustees or officers which are prohibited by TCA Section 48-58-303.
3. Checks and Other Instruments. All checks, drafts or other orders for

the payment of money, notes or other evidences of indebtedness issued in the name of the College shall be signed by such officer or officers, agent or agents of the College in such manner as shall from time to time be determined by resolution of the Board of Trustees.

VII

Limiting and Indemnifying the Liability of Trustees

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

VIII

Transactions with Trustees

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

IX

Miscellaneous

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

X

Amendments

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

Free Will Baptist Foreign Missions

Digest of Reports - 2001

By James Forlines, General Director

A Year of Excitement and Challenge

The Foreign Missions Department unveiled our plans for complete denominational mobilization last year at the National Association. Several major steps have been taken in the last year in order to help this vision become a reality.

- (1) Staff reorganization is now making a profound impact on the operation and effectiveness of the Mission. A new Director of Member Care has been chosen. Neil Gilliland will assume those duties as of August 1, 2001.
- (2) Cameron Lane has been named as volunteer coordinator of the Professional Volunteers Network. The vision of this network is to provide opportunities for laymen and laywomen to use their gifts, training, and abilities to touch the world.
- (3) A video series was produced to allow local churches to discover God's heart to reach all people groups in the world. Suggestions are made on how local churches and individual Christians can be involved. This four-part series is titled "Embracing The Vision." Over 500 churches have ordered this series.
- (4) An historic occasion occurred in the spring of this year. A consultation for all current and former missionaries, staff members, and board members convened in Atlanta April 30-May 3, 2001. The effect of this meeting may be felt for generations.

A Summary of the Activities on Our Fields

As we anticipate the day when the trumpet will sound, our Lord will return, and those from every "kindred, tongue, tribe, and nation" will be gathered around the throne to praise the crucified and risen Lamb of God, we must recommit ourselves to greater efforts in global evangelism. Each Free Will Baptist must find his or her role in reaching the world with the gospel, and then fulfill that role by the enabling of the Holy Spirit. In the meantime, significant things are happening around the world as more and more people are becoming worshippers of the living God through the efforts of Free Will Baptists.

Free Will Baptist Foreign Missions had missionaries in 10 countries in 2000: Brazil, France, India, Ivory Coast, Japan, Panama, Russia, Spain, South Korea, and Uruguay. We have no missionaries in Cuba and Nepal, but work closely with national pastors. We also work in restricted access countries such as Mongolia and China by using non-traditional means to have a Christian witness. In addition, Free Will Baptist nationals are taking the gospel to other restricted access countries which are not here named for security reasons.

Our missionary force numbered 110 in the year 2000. We are praying that this number will double during the decade of 2000-2010. Our reports show that we have 90 ordained pastors and 255 licensed and lay preachers, and we sponsor seven seminaries or Bible institutes (Brazil—two, Cuba, France, Ivory Coast, Panama, and Russia). One hundred and thirty-seven students were enrolled in

these training institutions during 2000, and South Korea has enrolled over 600 part-time students via the Internet in an innovative new approach. Other countries such as Spain and Japan are on the verge of implementing more formal approaches to training in the near future. Free Will Baptist national churches are positioning themselves well for expansion by focusing on training those whom God calls.

We give glory to God for the 288 organized churches and 413 mission works reported from our fields in 2000. There were 1,704 conversions reported, and 1,466 baptisms during the year, and an overall average Sunday attendance of 17,789. Praise the Lord!

Spiritual warfare and opposition threaten the continuation of the Kuna ministry in Panama, as the Bowermans continue to try to begin a church-planting effort among an indigenous people group.

France, Uruguay, Spain, and Japan recorded 62 professions of faith in 2000, up from 51 during 1999. God seems to be moving in preparation for a seventh-day victory in Jericho. The Nantes church in France has purchased a new building and is relocating. Spain is reaching immigrants from Colombia and Ecuador. Japan now has seven pastors. Uruguay is reorganizing and positioning itself for the future.

Two new couples, the Moores and the David Aycocks, arrived in Brazil early in 2001 to begin language school. Lar Nova Vida (the children's home) in Araras, under the direction of Shirley Combs, continues to save lives and win souls in an ever-growing ministry. Brazil has seven ordained pastors and 12 licensed and lay preachers, and combined with the missionary presence in the states of Sao Paulo and Minas Gerais, there is the potential for a major impact for the gospel both among unreached Brazilians and in international missions.

Cuba now has 29 organized churches and 142 mission churches. They saw 539 converts during 2000 and baptized 350. Eighteen young men are studying at the Cedars of Lebanon Seminary in Pinar del Rio.

Our missionaries in Ivory Coast endured a year of turmoil and uncertainty due to political upheaval during 2000. Nevertheless, 288 people were baptized during the year, and the average attendance was 2,500 among all the churches. National pastors such as Silas and Jerome are maturing and assuming larger leadership roles. We also play a significant role in the life of International Christian Academy in Bouake.

Mike and Cathy Corley continue their vital role as missionary facilitators in Russia. In addition to working in a church in Chelyabinsk, they help to supervise several church-planting efforts led by Russian pastors in the Ural Mountain region. Mike coordinates the scheduling of the Chelyabinsk Bible Institute, in which both Dr. Robert Picirilli and Cuba/Panama missionary Ron Callaway taught during 2000.

The year 2000 saw the opening of the Asia Free Will Baptist Theological Seminary in Seoul, Korea, under the leadership of John and Esther Chang. Eighteen students were enrolled during the year. There are now 20 ordained and 12 licensed pastors in the Free Will Baptist movement in Korea. Seventy people were converted and 25 baptized during the year.

We rejoice that God has enabled Brother Carlisle Hanna to continue his ministry in North India. Early 2001 marked the celebration of the jubilee year of the beginning of the Free Will Baptist work in North India, with 5,000 in attendance. Five hundred and twenty-nine people were baptized in 2000 between the works in North and South India, and average attendance swelled to over 9,000. Indian Free Will Baptist evangelists are also taking the gospel into Nepal.

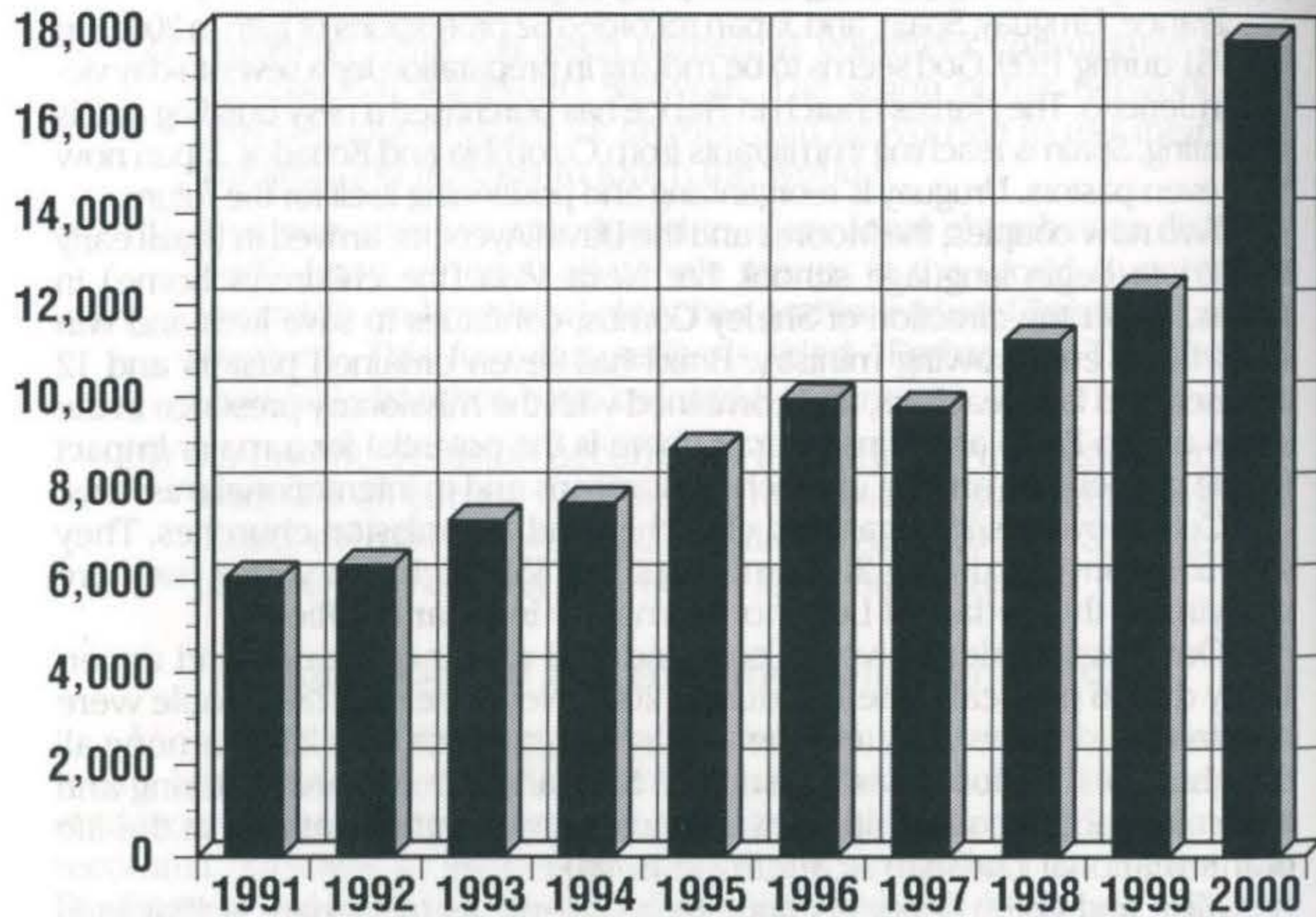
As Free Will Baptist Foreign Missions strives to challenge and mobilize

our entire denomination for Acts 1:8 (local and global) evangelism, we are committed to reaching those people groups of the world that have limited or no access to the gospel. Clint Morgan is on special assignment (Project Restricted Access Countries) to research, investigate, and develop an approach to entering 10/40 window countries. A Muslim team is being formed to carry the gospel to part of the 1.2 billion Muslims. God is truly on the move, and Free Will Baptists are privileged to follow His leading.

See Figure 1.

Overseas Attendance Growth (Last 10 Years)

Figure 1



2000 - Financial Summary

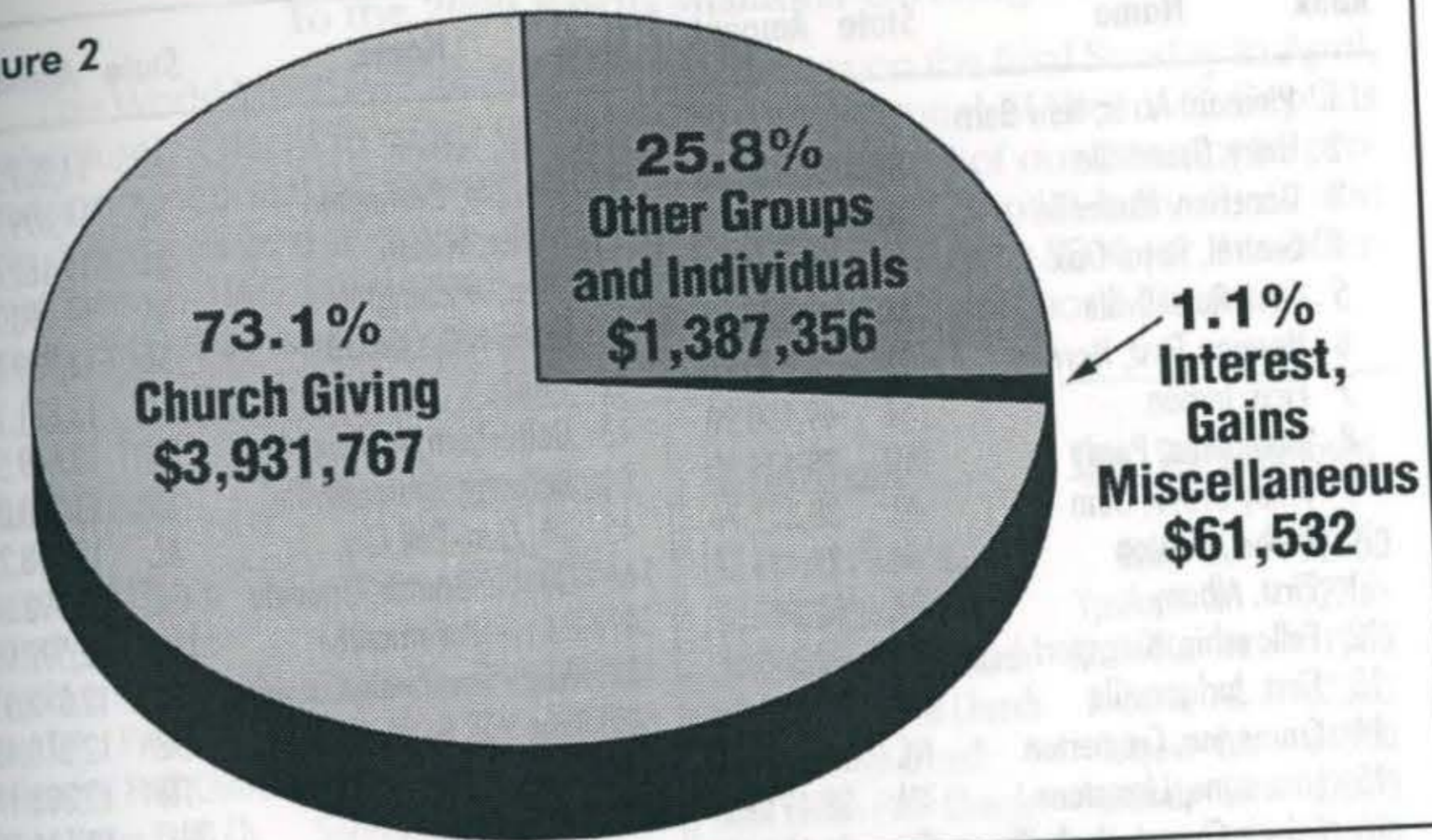
During 2000 our Free Will Baptist people responded to God's prompting to financially support foreign missions efforts by giving, on a cash basis, \$5,650,132. This is \$269,475 above our 1999 income. Of this year's total, 73.1% was given through our churches. See Figure 2 on following page.

Through the cooperation of our missionaries and staff we were able to keep our expenses at \$5,962,656. Although our total income was \$2,575,678 under budget (including VISION funding), our expenses were only \$312,524 over our actual income. Praise God that this deficit was kept to this level in light of projected spending.

We are thankful for the 1,474 churches that supported our ministry last year. They are all-important members of the body of Christ. We want to pay special tribute to those very generous churches which gave more than \$10,000 in 2000. See Figure 3 on following page.

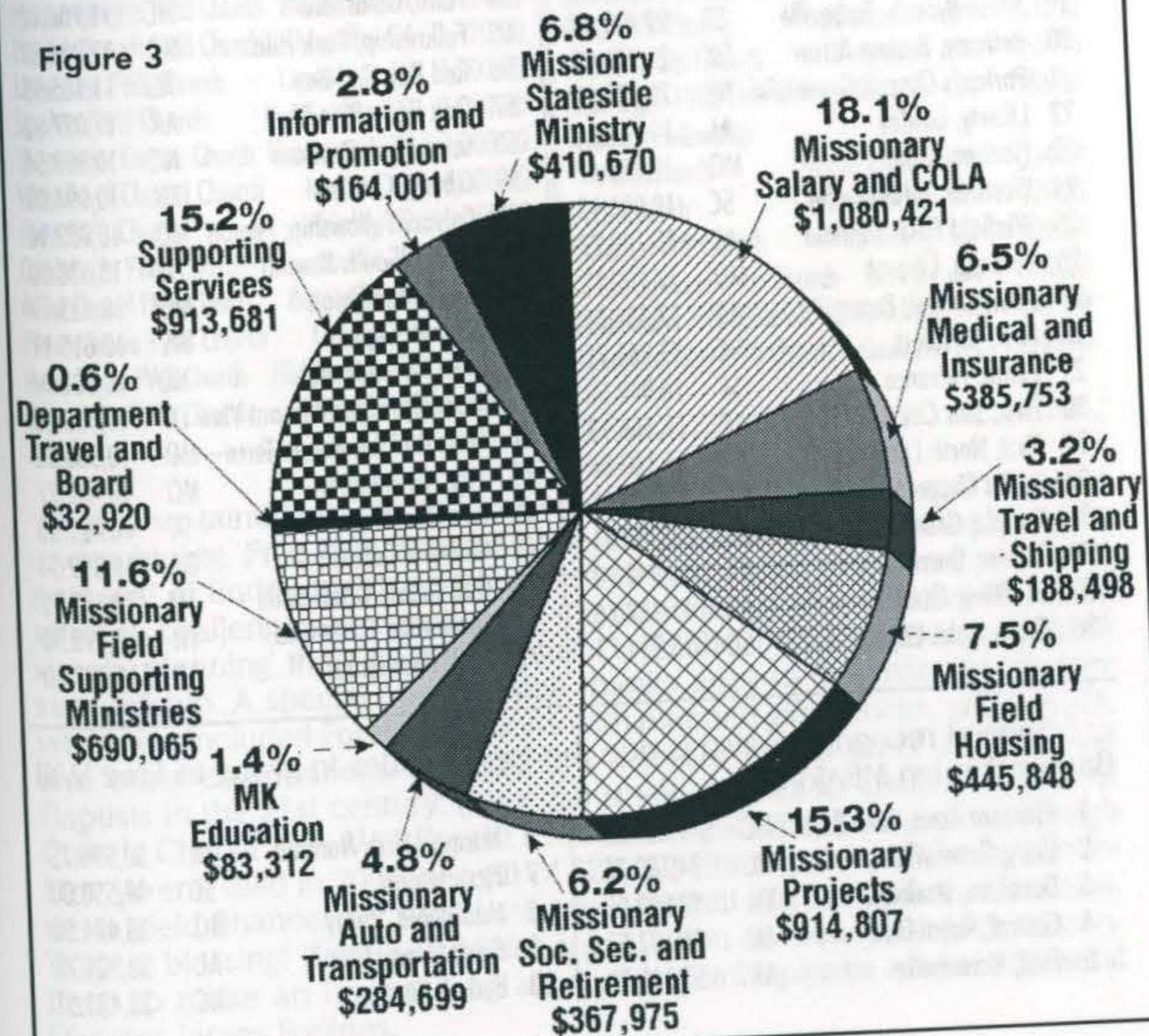
Sources of Income for 2000

Figure 2



Expenditures for 2000

Figure 3



72 Churches Gave Over \$10,000 in 2000

Rank	Name	State	Amount	Rank	Name	State	Amount
1	Pleasant Acres, New Bern	NC	\$99,825.03	37	First, Vernon	AL	14,807.74
2	Unity, Greenville	NC	94,180.36	38	Temple, Darlington	SC	14,699.13
3	Donelson, Nashville	TN	92,872.95	39	Peace, Wilson	NC	14,462.66
4	Central, Royal Oak	MI	76,697.52	40	First, Washington	NC	14,198.72
5	First, Russellville	AR	57,145.50	41	Sand Hill, Coward	SC	13,939.82
6	Norman First, Norman	OK	50,590.75	42	Phillip's Chapel, Northport	AL	13,821.13
7	First, Inman	SC	49,550.00	43	Bethlehem, Ashland City	TN	13,649.55
8	Macedonia, Purdy	MO	38,474.50	44	Bethany, Timmonsville	SC	13,506.00
9	Piney Grove, Guin	AL	38,321.76	45	Mt. Zion, Pell City	AL	13,038.22
10	Bethel, Kinston	NC	33,431.51	46	Double Branch, Unadilla	GA	12,598.66
11	First, Albany	GA	32,595.57	47	Porter, Portsmouth	OH	12,597.95
12	Fellowship, Kingsport	TN	32,368.68	48	White Savannah, Conway	SC	12,572.51
13	First, Jacksonville	NC	28,852.21	49	Free Will Baptist, Townsend	DE	12,318.43
14	Cramerton, Cramerton	NC	28,677.70	50	New Hope, Joelton	TN	12,303.17
15	Limestone, Limestone	TN	28,491.00	51	Fulton, Fulton	MS	12,134.75
16	Cofer's Chapel, Nashville	TN	26,694.47	52	Emmanuel, Jacksonville	NC	11,804.00
17	Cross Timbers, Nashville	TN	25,520.43	53	New Hope, Ina	IL	11,712.36
18	Ina, Ina	IL	23,715.00	54	Faith, Goldsboro	NC	11,706.12
19	Horse Branch, Turbeville	SC	22,471.47	55	Fellowship, Park Hills	MO	11,386.37
20	Bethany, Broken Arrow	OK	21,971.00	56	Red Bay, Red Bay	AL	11,165.55
21	Parker's Chapel, Greenville	NC	20,354.50	57	Oak Park, Pine Bluff	AR	11,027.92
22	Liberty, Lawley	AL	19,731.01	58	Immanuel, Durham	NC	10,999.54
23	Hannon, Liberal	MO	19,095.47	59	Liberty, Chuckey	TN	10,994.00
24	Westside, Johnsonville	SC	19,006.13	60	Calvary Fellowship, Fenton	MO	10,882.16
25	Winfield First, Winfield	AL	18,722.27	61	Bethel, South Roxana	IL	10,638.00
26	Verdella, Liberal	MO	17,962.12	62	Trinity, Bridgeton	MO	10,615.19
27	Allen Chapel, Batesville	AR	17,334.86	63	Sophia, Sophia	WV	10,615.11
28	First, Beaufort	NC	17,261.72	64	New Haven, Ernul	NC	10,601.54
29	Peace, Florence	SC	16,842.50	65	Good Springs, Pleasant View	TN	10,550.38
30	First, Star City	AR	16,666.93	66	Gospel Light, Bonne Terre	MO	10,530.00
31	First, North Little Rock	AR	16,163.06	67	First, Farmington	MO	10,432.77
32	Ruth's Chapel, New Bern	NC	16,158.01	68	First, Florence	SC	10,425.00
33	Temple, Greenville	NC	16,154.81	69	Bellview, Colquitt	GA	10,399.54
34	Garner, Garner	NC	15,940.90	70	Oak Grove, Greeneville	TN	10,362.72
35	Mt. Olive, Guin	AL	15,432.76	71	Cookeville, Cookeville	TN	10,098.50
36	Grace, Lake City	SC	15,204.73	72	First, Pocahontas	AR	\$10,037.50

Special recognition also is due the top 10 states in giving to Free Will Baptist Foreign Missions:

1	Pleasant Acres, New Bern	NC	\$99,825.03	6	Norman First, Norman	OK	50,590.75
2	Unity, Greenville	NC	94,180.36	7	First, Inman	SC	49,550.00
3	Donelson, Nashville	TN	92,872.95	8	Macedonia, Purdy	MO	38,474.50
4	Central, Royal Oak	MI	76,697.52	9	Piney Grove, Guin	AL	38,321.76
5	First, Russellville	AR	57,145.50	10	Bethel, Kinston	NC	33,431.51

Churches Giving Over \$500

To the 2000 World Missions Offering

The World Missions Offering, held each year on the final Sunday in April, is absolutely critical in order to maximize the potential of Free Will Baptists for denominational mobilization. This is the lifeblood of our attempt to provide resources and avenues of service for Free Will Baptist individuals and churches. In 1999 there were 23 churches that gave over \$500 for this offering. In 2000 that number swelled to 38. Below is a list of those churches:

Church Name	City	State	Amount	Church Name	City	State	Amount
Bethel FWB Church	Kinston	NC	\$10,324.51	Blue Point FWB Church	Cisne	IL	728.50
Unity FWB Church	Greenville	NC	3,207.00	First FWB Church	Ypsilanti	MI	722.65
Woodbine FWB Church	Nashville	TN	2,766.02	Cross Timbers FWB Church	Nashville	TN	715.00
West Tulsa FWB Church	Tulsa	OK	2,500.00	North Valley FWB Church	Phoenix	AZ	670.00
Fellowship FWB Church	Kingsport	TN	2,000.00	Bellview FWB Church	Colquitt	GA	648.00
Forest Valley FWB Ch.	Springfield	OH	1,946.00	New Salem FWB Church	Blakely	GA	620.00
Ten Mile FWB Church	Madison Hts.	MI	1,173.00	Shallowford FWB Church	Marietta	GA	615.00
LaVergne FWB Church	LaVergne	TN	1,160.35	Porter FWB Church	Portsmouth	OH	601.45
Horton Heights FWB Church	Nashville	TN	1,134.55	East Nashville FWB Church	Nashville	TN	583.00
Double Branch FWB Church	Unadilla	GA	1,120.00	First FWB Church	Owensboro	KY	570.00
Limestone FWB Church	Limestone	TN	1,000.00	Central FWB Church	Royal Oak	MI	559.00
Sophia FWB Church	Sophia	WV	1,000.00	New Light FWB Church	Morgan	GA	556.00
Thomaston Comm. Church	Thomaston	TX	1,000.00	Riverside Fellowship			
Woodland Chapel Church	Ironton	OH	1,000.00	FWB Church	Clinton Tnship	MI	554.08
First FWB Church	Chipley	FL	855.00	FWB Church	Christiansted	VI	526.25
Cookeville FWB Church	Cookeville	TN	823.00	Liberty FWB Church	Manning	SC	502.34
Allen Chapel FWB Church	Batesville	AR	815.00	Cedar Springs FWB Church	Blakely	GA	500.00
Piney Grove FWB Church	Chipley	FL	795.00	Good News FWB Church	Chesterfield	VA	500.00
Roan Street FWB Church	Elizabethton	TN	783.00	Mountain View FWB Church	Newland	NC	500.00
Glennville FWB Church	Glennville	GA	755.00				

Any sustained growth and expansion must have a strong and sizeable underpinning. Free Will Baptists have not traditionally capitalized on the potential of Endowments and Planned Giving. There must be a renewed effort to challenge our people with the opportunity to touch the world by simply planning their financial future with the commitment to biblical stewardship. A special and heartfelt thanks goes to the visionary people who have included Foreign Missions with planned gifts, stocks, wills, trusts, and other contributions to undergird a major global push of Free Will Baptists in the 21st century. A special mention goes to Thelma Wrenn of Cofer's Chapel Free Will Baptist Church in Nashville, Tennessee. Though Mrs. Wrenn died in 2000, her gift of \$23,762 (through her will) will continue to yield finances for world evangelism until the Lord Himself returns. What a blessing! If you would like information on how your gift can continue to make an impact long after your death, please contact General Director James Forlines.

Endowments to the Benefit of Foreign Missions

Year	Realized Total Endowments	Anticipated Planned Gifts	Total Endowments	Annual Earnings
1997	\$282,753.65	\$239,532.08	\$522,285.73	\$28,888.54
1998	287,091.86	235,717.96	522,809.82	21,180.00
1999	325,837.93	230,225.07	556,063.00	29,462.29
2000	357,041.26	222,757.39	579,798.65	39,973.04

Tribute to a Totally Committed Staff and Board

The cause of world evangelism is accomplished by the combined efforts of many people. Of course, the frontline soldiers are our career missionaries. They carry the torch in some of the darkest places on earth. For effective mobilization of all the potential stateside resources there must also be a highly motivated and creative staff as well as a committed and visionary board. This combination is perhaps more evident at this point in Free Will Baptist history than at any previous time. We praise the Lord for the unusual synergy that He has created through the combined talents of these dedicated servants of the Lord.

Board Meetings and Actions

Missions Retreat Meeting – July 31-August 3, 2000

The board met at Free Will Baptist Bible College in conjunction with the annual Foreign Missions Retreat. The following actions were taken:

The board accepted the resignation of Fred Warner with grateful appreciation for over 14 years of service to Free Will Baptist Foreign Missions as a member of the administrative staff. Dave and Pat Franks submitted their request for retirement. The board accepted this with much thanksgiving for their pioneer work of over 40 years in Brazil.

A leave of absence was granted for one year to Justin and Leslie Banks.

The following budgets were amended: The budget of Carlisle Hanna was increased \$20,000 for the 50-year Jubilee Celebration in North India. The budget of David and Annette Aycock was increased \$24,000 for children's schooling.

A proposal was approved to allow up to 10% of each VISION project to be allocated to the expenses of raising the funds for that particular VISION project.

Semi-Annual Meeting – December 6-7, 2000

The semi-annual meeting of the board was held at the National Offices building. Members present were: Doug Little, chairman; Milton Worthington, vice-chairman; David Shores, secretary; Terry Eagleton, Sherwood Lee, Bill Van Winkle, and David Williford. The following actions were taken:

The board approved the subsidization of 20 church planters in Cuba. They also approved a \$20,000 project for Cuba to purchase a van.

Clint and Lynette Morgan were given a special assignment to develop a ministry to restricted access countries for Free Will Baptist Foreign Missions.

A recommendation was approved to bring all missionary personnel to a mobilization training conference in the spring of 2001. The initial expenses

related to Global Focus were approved.

There was a joint breakfast meeting with the home missions staff and board for fellowship and the discussion of a potential partnership with Global Focus.

The board directed that all seconded missionaries endorsed by the Foreign Missions board have their annual budgets approved by the board and included in the annual Free Will Baptist Foreign Missions budget.

A Support Services Endowment was created under the direction of the Free Will Baptist Foundation.

The board approved 18 college students to serve as overseas apprentices (including 10 on the GO & BE team going to Ivory Coast). Thirty-nine high school students from 16 states and one foreign country were selected to serve with TEAM (Teens Equipped and Active in Missions). TEAMS will be going to Cuba, Japan, Virgin Islands, and Puerto Rico.

Annual Meeting – May 3-4, 2001

The annual meeting of the board was held at the Simpsonwood Conference and Retreat Center in Norcross, Georgia. The board meeting was after the Atlanta Consultation 2001 in which all of our current missionaries, board members, staff, and many of our former missionaries were involved. Terry Eagleton had to leave early due to family needs. All other board members were present. The following actions were taken:

Final approval was given for Terry and D.D. Vandivort to go to Ivory Coast. The first two years will be an assignment at ICA in Bouake.

Approval was given for the financial commitment of the mission to approved interns through the partnership with Free Will Baptist Bible College. One-half of the anticipated costs of the 9-10 month internships will be loaned to approved students. These funds will be paid back through their years of service with the mission, or, through the repayment of the loan personally.

Neil Gilliland was hired as the director of the Department of Member Care as of August 1, 2001.

Shannon Little and Tonya Blanchard were granted approval to continue for an additional year in Japan. Brenda Wendlandt was approved for a two-year assignment in Japan.

Ernest and Elaine Holland were granted a one-year leave of absence. The 2000 financial audit was accepted. The 2002 budget was adopted. 2002 VISION projects were accepted.

A 10-week summer internship was created under the direction of the general director. Individuals interested must have completed their junior year in college (as a minimum) and have maintained at least a 3.25 GPA.

The board expressed their deepest appreciation to the staff and the mission for the work involved in planning and carrying out the Atlanta Consultation 2001.

The board elected the following officers:

Chairman	—	Doug Little
Vice-Chairman	—	Milton Worthington
Secretary	—	David Shores

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

December 31, 2000 and 1999

Contents

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

**HINTON, WARREN,
DENNEY & WALLACE**
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 2000 and 1999, 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, 2000 and 1999 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

April 5, 2001

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Financial Position
December 31, 2000 and 1999

<u>ASSETS</u>		
	<u>2000</u>	<u>1999</u>
Cash and cash equivalents - Notes 1 & 2	\$ 977,457	\$ 905,025
Investments in trusts - Notes 1 & 2	1,305,340	1,121,988
Investments - Notes 2 & 10	80,021	168,300
Accounts receivable from employees and missionaries - Note 2	123,992	162,637
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 3	158,938	116,775
Deposit - Korea building		351,200
Prepaid expenses	4,552	3,304
Total assets	<u>\$2,650,300</u>	<u>\$2,829,229</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 209,978	\$ 305,505
Supplemental retirement insurance payable	324,893	293,279
Accrued severance pay payable	148,104	154,111
Total liabilities	<u>682,975</u>	<u>752,895</u>
Commitments - Notes 7 & 8		
Net assets (deficit) as restated for 1999:		
Unrestricted	(167,828)	(177,854)
Temporarily restricted - Note 4	2,108,912	2,252,978
Permanently restricted - Note 4	26,241	1,210
Total	<u>1,967,325</u>	<u>2,076,334</u>
Total liabilities and net assets	<u>\$2,650,300</u>	<u>\$2,829,229</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, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>Unrestricted</u>		
Revenue:		
Contributions - Notes 1 & 5	\$1,068,342	\$ 849,763
Investment income	146,462	25,247
Gain (loss) on investments	(95,778)	76,704
Gain on disposal of property & equipment	10,498	19,286
Net assets released from restrictions:		
Restrictions satisfied by payments	4,639,592	4,255,683
Total revenue	<u>5,769,116</u>	<u>5,226,683</u>
Expenses:		
Informational and promotional	198,016	165,389
Travel and board	97,861	87,384
Administrative	823,621	721,624
Missionaries	4,027,284	4,113,365
VISION campaign	612,308	142,318
Total expenses	<u>5,759,090</u>	<u>5,230,080</u>
Increase (decrease) in unrestricted net assets	<u>10,026</u>	<u>(3,397)</u>
<u>Temporarily restricted</u>		
Revenue:		
Contributions - Notes 1 & 5	4,495,526	4,430,104
Net assets released from restrictions:		
Restrictions satisfied by payments	(4,639,592)	(4,255,683)
Increase (decrease) in temporarily restricted net assets	<u>(144,066)</u>	<u>174,421</u>
<u>Permanently restricted</u>		
Revenue:		
Contributions - Notes 1 & 4	25,031	-
Increase in permanently restricted net assets	<u>25,031</u>	<u>-</u>
Total increase (decrease) in net assets	<u>(109,009)</u>	<u>171,024</u>
Net assets - beginning of year	<u>2,076,334</u>	<u>1,905,310</u>
Net assets - end of year	<u>\$1,967,325</u>	<u>\$2,076,334</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, 2000 and 1999

	2000	1999
<u>Operating activities</u>		
Increase (decrease) in net assets	(\$ 109,009)	\$ 171,024
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	56,443	57,277
Loss (gain) on investments	95,778	(76,704)
Gain on disposal of property and equipment	(10,498)	(19,286)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	38,645	40,912
Decrease (increase) in prepaid expenses and deposits	349,952	(347,830)
Increase (decrease) in accounts payable and accrued expenses	(88,895)	30,342
Net cash provided (used) by operating activities	332,416	(144,265)
<u>Investing activities</u>		
Purchases of equipment	(108,278)	(76,738)
Proceeds from sale of equipment	39,145	127,023
Purchases of investment	(197,747)	(32,174)
Proceeds of investment redeemed	6,896	-
Net cash provided (used) by investing activities	(259,984)	18,111
<u>Financing activities</u>		
Net cash provided by financing activities	-0-	-0-
Increase (decrease) in cash and cash equivalents	72,432	(126,154)
Cash and cash equivalents at beginning of year	905,025	1,031,179
Cash and cash equivalents at end of year	\$ 977,457	\$ 905,025
<u>Supplemental noncash investing and financing information</u>		
Purchases of equipment	\$ 127,253	\$ 76,738
Less: accounts payable	(18,975)	-0-
	\$ 108,278	\$ 76,738

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, 2000 and 1999

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 2000 and 1999.

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.

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.

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to the Financial Statements
December 31, 2000 and 1999

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

Contributions (continued)

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 \$2000 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 composed of equity securities and are valued at quoted market price.

Investments in Trusts

Investments in Trusts are composed of six trusts established and maintained by the Free Will Baptist Foundation. The Foundation invests the two largest trusts in debt securities and preferred stock and values the trusts at market value. The remaining trusts are invested in government securities and valued at cost, which approximates market value.

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 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, 2000 and 1999

Note 2 -

Summary of significant concentrations of financial instruments

As of December 31, 2000 and 1999, 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:

	December 31, 2000		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Interest bearing deposit accounts with financial institution	\$ 977,457	\$100,000	\$ 877,457
Total cash and cash equivalents	<u>977,457</u>	<u>100,000</u>	<u>877,457</u>
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,305,340		1,305,340
Common stock	80,021		80,021
Total investments	<u>1,385,361</u>		<u>1,385,361</u>
Accounts receivable from employees and missionaries	123,992		123,992
Total	<u>\$2,486,810</u>	<u>\$100,000</u>	<u>\$2,386,810</u>

	December 31, 1999		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Interest bearing deposit accounts with financial institution	\$ 905,025	\$100,000	\$ 805,025
Total cash and cash equivalents	<u>905,025</u>	<u>100,000</u>	<u>805,025</u>
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,121,988		1,121,988
Common stock	168,300		168,300
Total investments	<u>1,290,288</u>		<u>1,290,288</u>
Accounts receivable from employees and missionaries	162,637		162,637
Total	<u>\$2,357,950</u>	<u>\$100,000</u>	<u>\$2,257,950</u>

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to the Financial Statements
December 31, 2000 and 1999

Note 3 - Property and equipment

A summary of property and equipment is as follows:

	2000	1999
Office furniture and equipment	\$ 56,832	\$ 55,952
Cameras and projectors	132,717	85,293
Automobiles	104,400	82,300
Computer equipment	79,235	61,186
	373,184	284,731
Less: Accumulated depreciation	(214,246)	(167,956)
	<u>\$ 158,938</u>	<u>\$ 116,775</u>

Depreciation expense, computed utilizing the straight-line method amounted to \$56,443 (\$57,277 in 1999).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	2000	1999
Missionaries	\$2,374,689	\$2,133,946
VISION campaign	(265,777)	119,032
	<u>\$2,108,912</u>	<u>\$2,252,978</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:

	2000	1999
Support Services Endowment	\$ 25,031	\$
MK Scholarship Endowment	1,210	1,210
	<u>\$ 26,241</u>	<u>\$ 1,210</u>

Note 5 - Informational and promotional material and equipment transfers

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

Note 6 - Pension plan

The Board participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The Board contributes 5% of gross salary for missionaries and administrative employees. Employees are allowed to contribute but are not required to contribute. Employees with two years of service may participate. Pension expenses amounted to \$91,113 (\$86,196 in 1999). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to the Financial Statements
December 31, 2000 and 1999

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 expires when all mortgages on the building are satisfied, the mortgage was retired this year. The board entered into a new lease agreement on July 1, 2000. The term of the lease was July 1, 2000 to August 31, 2000, then beginning September 1, 2000 the lease became a year to year lease. The rent expense for the years amounted to \$74,988 (\$74,988 for the year ended December 31, 1999).

Note 8 - Commitments

The Board had 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. This mortgage was repaid during the year.

The Board provides health insurance for its 84 employees on a partially self-insured basis. The board has an insurance policy with International Medical Group for claims in excess of the deductible. The deductible is \$2,500 and the coinsurance is 80% of the next \$5,000. The deductible and coinsurance are paid out of Missionary funds. All claims are processed by International Medical Group. During the year the Board paid \$128,925 in benefit payments and \$107,246 in insurance premiums.

The Board provided a health insurance for its 95 employees on a self-insured basis in 1999. The Board had a stop loss policy with Boston Mutual Life Insurance for individual claims in excess of \$25,000. During the 1999 the Board paid \$337,093 in benefit payments and \$85,855 in stop loss premiums.

The Board has entered into an Indemnity and Hold Harmless Agreement with AmSouth Bank. As part of the agreement, AmSouth Bank will guarantee to Citibank that it will honor checks written on the Board of Foreign Missions' AmSouth 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 AmSouth Bank from any and all claims, liabilities, actions or causes of action that arise as a result of AmSouth 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.

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to the Financial Statements
December 31, 2000 and 1999

Note 10 - Investments

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

	December 31, 2000		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 79,520	\$ 80,021	\$ 501

Investment return is summarized as follows:

Net realized and unrealized income	(\$ 95,778)
------------------------------------	-------------

	December 31, 1999		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 65,775	\$ 168,300	\$ 102,525

Investment return is summarized as follows:

Net realized and unrealized income	\$ 76,704
------------------------------------	-----------

Note 11 - Correction of an error

Certain project revenue and expenses were reclassified on the 1999 Statement of Activity to properly reflect the revenue and expenses as restricted. Temporarily restricted revenue increased \$46,163 and unrestricted revenue decreased \$46,163 while temporarily restricted project expenses increased \$77,743, and unrestricted project expenses decreased \$77,743. This resulted in a \$31,580 decrease in temporarily restricted net assets and a \$31,580 increase in unrestricted net assets on the 1999 financial statements.

**HINTON, WARREN,
DENNEY & WALLACE**
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 2000 and 1999 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

April 5, 2001

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Informational and promotional expenses:		
Video and audio visual	\$ 26,818	\$ 8,630
Heartbeat	35,004	31,652
Other publications expense	23,752	16,343
Postage	35,471	42,088
Publicity	23,971	23,458
Telephone	12,120	11,615
Dues	789	280
Paper and supplies	1,614	8,155
Together Way Program	5,940	5,778
Retreat	11,191	7,163
Tracts and books	5,254	3,572
Seminar and training	7,752	2,025
Convention expense	8,340	4,630
Total informational and promotional expenses	<u>198,016</u>	<u>165,389</u>
Travel and board expenses:		
Department auto	27,208	21,682
Board members	20,311	14,903
Administrative - overseas travel	24	5,984
Department insurance	3,933	3,234
Department travel	33,184	33,575
Travel insurance	320	248
Honorariums	1,237	500
Missions promotion	10,277	5,950
Recruiting and candidate expense	1,367	1,308
Total travel and board expenses	<u>97,861</u>	<u>87,384</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, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Administrative expenses:		
Salaries	\$ 415,619	\$ 327,094
Housing	78,975	94,600
Social Security	29,389	27,500
Employer payroll taxes	18,384	16,078
Retirement	21,933	20,224
Hospitalization	59,381	41,160
Office travel allowance	2,815	1,490
Legal and professional	6,947	9,187
Office rent	74,988	74,988
Off-site storage expense	1,430	1,351
Computer software expense	6,438	5,599
Office equipment	16,926	3,718
Maintenance of office equipment	1,849	2,403
Office supplies	17,288	17,826
Bank service charges	1,118	3,333
Office help	170	963
Staff recognition	1,173	1,735
COLA indexes	4,330	6,450
Benevolence	53	136
Staff retreat	775	203
Miscellaneous	4,945	8,309
Depreciation	56,443	57,277
Visitor meals, entertainment & lodging	1,073	
Mobilization network	1,179	
Total administrative expense	<u>823,621</u>	<u>721,624</u>
Missionary expenses:		
Ivory Coast	899,080	856,566
France	374,156	389,204
India	176,139	200,070
Brazil	663,054	629,859
Japan	482,284	496,117
Panama	256,001	317,316
Spain	294,380	313,388
Uruguay	336,849	323,625
Commonwealth of Independent States	109,406	99,806
Unreached people	22,280	65,241
Korea	134,870	126,398
Overseas Apprentices	106,490	67,889
Other projects	224,017	134,174
Missionary medical	(51,722)	93,712
Total missionary expenses	<u>4,027,284</u>	<u>4,113,365</u>
VISION campaign expenses:		
Project expenses	612,308	142,318
Total VISION campaign expenses	<u>612,308</u>	<u>142,318</u>
Total expenses	<u>\$5,759,090</u>	<u>\$5,230,080</u>

See accountants' report on supplementary information.

Free Will Baptist Foreign Missions
2002 Budget Summary

Fields and Projects

Ivory Coast	1,121,245.99
Brazil	705,695.66
France	917,463.52
India	213,214.48
Japan	749,692.34
Korea	326,371.48
C.I.S.	127,647.65
Unreached peoples	30,500.00
Panama	305,700.24
Spain	519,944.42
Uruguay	304,844.14
Cuba	25,000.00
Other fields	537,973.45
Projected missionary appointments	200,000.00
Other anticipated opportunities	250,000.00
Total fields and projects	\$6,335,293.37

Administrative

Office of the General Director	195,604.81
Department of Field Operations	124,233.26
Department of Stateside Development	163,750.36
Department of Mobilization & Recruitment	196,894.34
Department of Public Relations	474,340.38
Department of Member Care	101,419.96
Department of Financial Operations	403,915.04
Total Administration	1,660,158.15
Less: missionary/project allocations - 9%	(400,102.75)
Net Administration	1,260,055.40

Total Operational

Additional Approved VISION Projects	\$2,586,500.00
Additional Approved Special Projects	\$18,000.00
Total Budget	\$10,199,848.80

Salary Breakdown

	1999	2000	2001	2002
General Director - Vehicle Provided				
Salary	33,438	31,576	35,799	37,231
Housing and Utilities	20,000	24,000	22,000	22,880
Social Security	8,617	8,962	9,321	9,693
Retirement	2,672	2,779	2,890	3,006
Insurance	5,430	5,974	8,099	10,691
Total Dept. Expense to Employ	70,157	73,291	78,109	83,501
Director of Public Relations - Vehicle Provided				
Salary	28,600	32,076	33,840	35,194
Housing and Utilities	11,400	12,000	12,000	12,480
Social Security	6,450	7,108	7,392	7,688
Retirement	2,000	2,204	2,292	2,384
Insurance	7,363	8,099	8,099	10,691
Total Dept. Expense to Employ	55,813	61,487	63,623	68,436
Director of Field Operations - Vehicle Provided				
Salary	25,000	29,077	30,840	32,074
Housing and Utilities	15,000	15,000	15,000	15,600
Social Security	6,450	7,108	7,392	7,688
Retirement	2,000	2,204	2,292	2,384
Insurance	5,430	8,099	8,099	10,691
Total Dept. Expense to Employ	53,881	61,488	63,623	68,436
Director of Stateside Development - Vehicle Provided				
Salary	26,800	29,077	30,240	31,450
Housing and Utilities	13,200	15,000	15,600	16,224
Social Security	6,450	7,108	7,392	7,688
Retirement	2,000	2,204	2,292	2,384
Insurance	5,430	5,974	5,974	10,691
Total Dept. Expense to Employ	53,881	59,362	61,498	68,436
Director of Financial Operations - Vehicle Provided				
Salary	40,000	44,081	45,844	47,678
Social Security	6,374	7,024	7,305	7,597
Retirement	2,000	2,204	2,292	2,384
Insurance	7,363	8,099	8,099	10,691
Total Dept. Expense to Employ	55,737	61,408	63,540	68,350
Director of Mobilization & Recruitment - Vehicle Provided				
Salary	21,600	29,076	30,240	31,449
Housing and Utilities	14,400	15,000	15,600	16,224
Social Security	2,903	7,108	7,392	7,688
Retirement	1,800	2,204	2,292	2,384
Insurance	2,827	3,110	3,110	4,105
Total Dept. Expense to Employ	43,530	56,498	58,634	61,850
Director of Member Care - Vehicle Provided				
Salary	0	29,076	30,240	31,449
Housing and Utilities	0	15,000	15,600	16,224
Social Security	0	7,108	7,392	7,688
Retirement	0	2,204	2,292	2,384
Insurance	0	5,974	5,974	10,691
Total Dept. Expense to Employ	0	59,362	61,498	68,435

Sunday School and Church Training Report

The ministry of developing and publishing Free Will Baptist Sunday school literature continues to be a joy as we champion our doctrinal teachings and the Word of God.

The new imagesetter we purchased last year has really enhanced our graphics and aids our production departments. This expensive machine is now paid for.

Our website on the Internet continues to show an increase in inquiries and sales. Both Free Will Baptists and non-Free Will Baptists are responding to our web page at www.randallhouse.com. This website also keeps our viewers aware of new products and events.

We continue to work with other national departments and print two of our national magazines. We print stewardship materials and *The Free Will Baptist Yearbook* complimentary for our Free Will Baptist churches. We printed much of the material for Operation Saturation, promoted last year on September 30, 2000, and shared in the project.

We are still able to give our Spanish curriculum to our Spanish Free Will Baptist churches that serve under the Home and Foreign Mission Departments and other Spanish speaking Free Will Baptist churches in our denomination. We have done some free printing for our new Russian and Korean churches as well. The book, *Handbook for Free Will Baptists*, was printed in Korea last year and our new book, *The Quest for Truth*, will be translated and printed in Korea and perhaps Russia this year. There are plans for an additional 14 of our books to be translated and printed in Korea. Last year we printed *Biblical Systematics* in Russian, 30 of our Spanish teacher guides, and 5 Korean books for our American market. We will release the *Handbook for Free Will Baptists* for the American Korean market this year.

Last year we printed the following new books, *And a Child Shall Lead Them*, *Two Views of the Millennium*, *Welcome to Real Life*, *The Right Foundation*, *Making Life's Big Decisions*, *Doing Life*, *Out of This World*, *The Search for Significance* and *Notango Veyo* (the New Testament in Koulango). This year we have already released *The Quest for Truth* written by Leroy Forlines and an updated version of *The Free Will Baptist History* by Dr. Bill Davidson. A *Workbook for Free Will Baptist Doctrines*, that will correlate with our book *Free Will Baptist Doctrines* and the *Treatise*, will also be printed this year.

Two additional youth publications are to be printed this spring entitled, *Life's Secret Formula* and *Extreme Journey*. All of the remaining books for the Randall Commentary series have been assigned to writers, but dates of publication are still unknown.

Our endeavor with LightningSource, a division of Ingram, the world's largest distributor of books, has enabled us to fill many requests for titles that have been out of print. We have reprinted over 90 books such as *Romans* by Dr. Robert Picirilli, *Biblical Systematics* by Leroy Forlines, and *The Future* by Dr. Cecil Sanders, etc. We now have 52 of our books available in three electronic book formats for the new Electronic book market. This relationship with LightningSource has also enabled our products to be added to the databases of Spring Arbor which distributes to the Christian bookstore market, Barnes and Noble, Borders, numerous mail-order book companies, and Amazon. These are among the world's largest book retailers which gives us a much larger marketing area. In March, we signed an agreement that all our

books presently contracted by LightningSource can also be printed in the United Kingdom with their partner in London, England.

Our full-color magazine, *Outreach* for Sunday school and church growth, is filled with ideas and helps for the local church. It continues to be well accepted throughout our denomination. This beautiful and informative publication is sent free of charge to every pastor, church, and interested individual. It contains a Sunday school and church growth campaign for the spring and fall, free of charge, designed to help churches and Sunday schools who want to enlarge.

Our beloved employee, Ray Sanders, went home to be with the Lord. Delbert Wood, manager of Printing Production, and Helen Massia, Wilma Wood, and Barbara Foster all from the Customer Service Department have retired this year after many years of service. These have been very faithful and dedicated employees who are greatly missed.

The budget for 1993, the year before I became general director, was \$2,257,148.00. Since that time, sales have continued to rise and the goal for reaching additional churches is on schedule. This year our unit sales remained steady, but our other income areas were down for the first time in seven years. Expenses to the national in California were up and sales at the convention were down. Likewise, we continue to underwrite the National Youth Conference which provides a ministry to the youth of our denomination. Their expenses this year were \$296,793.33. After their revenues of \$145,119.62, there was still a difference of \$151,623.71. We also gave \$36,458.00 in free printing to our denomination during 2000. Both of these contributed to a loss in assets this last year. This does not include gifts of over \$8,000 of Spanish material. Our total budget for 2002 is \$3,529,403.90.

My short-term goal involves the continual updating of curriculum, and the building of a Christian Education network of workshop leaders. My long-term goal involves producing a full-color curriculum and increasing our distribution into more Armenian believing churches. Today, more than 40 denominations are using Randall House Sunday School literature and we are beginning to see a demand for cross-cultural materials in various languages.

In December of 1993, I moved to Nashville and assumed the position of General Director on January 1, 1994. I am grateful for all the blessings the Lord has given Randall House over these years. Besides lifting our financial burden, He has allowed many other accomplishments and given me many fine people with whom to work.

This April, I submitted my plans for retirement to the Board to be finalized on August 10, 2002. It has been good to work for this Board and with the Randall House employees. It was a blessing to have had a good foundation laid by Dr. Roger C. Reeds.

Your brother and friend,

Alton Loveless
General Director

**Summary of the Minutes
for the Sunday School and Church Training Board.**

The Board had three meetings in the past year. The first meeting was held at the National Association in Anaheim, California. At that meeting we approved one writer, elected officers and determined committee assignments.

The second meeting was held at Randall House in December after the Leadership Conference. At that meeting we approved three writers, approved the speakers for the Youth Worship Services for NYC '01, replaced Delbert Wood with Dean Jones as the Vice President of RHP Corporation and made a statement concerning Bible translations.

The third meeting was held April 23-24, 2001 at Randall House. At that meeting we reviewed the audit and approved the budget. We accepted the 2002 NYC theme, approved a new youth retreat program, and approved the Student and Children Ministries joining a steering committee for the Campus Revolution. In addition, we authorized several proposals concerning funding for the Student and Children Ministries. Randall House's new logo was approved. The Board received Dr. Loveless' retirement announcement for August 10, 2002, and set up a procedure for a search for our new General Director.

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

Financial Statements

December 31, 2000 and 1999

(With Independent Auditors' Report Thereon)

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

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Activity and Changes in Net Assets	3
Statement of Cash Flow	4
Notes to Financial Statements	5-7



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 sheets of Sunday School and Church Training Board and Randall House Publications as of December 31, 2000 and 1999, and the related statements of activity and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our 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 Sunday School and Church Training Board and Randall House Publications as of December 31, 2000 and 1999, and changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

Hill, Harper & Associates

March 22, 2001

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

Balance Sheets

December 31, 2000 and 1999

<u>Assets</u>	2000	1999
Current assets:		
Cash and interest bearing deposits	\$ 200,716	387,014
Certificates of deposit	50,000	50,000
Cash invested with the Free Will Baptist Foundation	166,704	150,000
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$7,000	112,818	125,602
Employees and other	5,600	3,143
Total receivables	118,418	128,745
Inventory	443,198	422,336
Deferred charges and prepaid expenses	4,053	13,464
Total current assets	983,089	1,151,559
Property, plant and equipment, at cost:		
Land	110,341	110,341
Building	728,696	712,470
Printing service equipment	569,612	471,336
Office and administrative equipment	571,313	551,060
Automobiles and trucks	51,698	51,698
	2,031,660	1,896,905
Less accumulated depreciation and amortization	1,436,782	1,330,816
Net property, plant and equipment	594,878	566,089
	\$ 1,577,967	1,717,648
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 70,461	70,783
Accrued expenses	42,461	40,610
Current portion of long term debt	9,841	16,164
Due to affiliated organization	7,970	1,472
Total current liabilities	130,733	129,029
Long term debt		
Note payable	-	78,836
Total long term debt	-	78,836
Unrestricted net assets	1,447,234	1,509,783
Commitments	\$ 1,577,967	1,717,648

See accompanying notes to financial statements.

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

Statements of Activity and Changes in Net Assets

For the Years Ended December 31, 2000 and 1999

	2000	1999
Revenues:		
Net sales:	\$ 1,987,219	1,967,311
Curriculum	66,915	67,386
Randall House books	18,515	32,121
Merchandise	25,000	29,024
Vacation Bible School	322,834	368,098
Bookstore	156,467	157,197
Printing	43,917	49,812
Other sales	2,620,867	2,670,949
Net sales	117,504	118,272
Freight and handling	45,162	61,249
Other income	9,562	9,732
Interest income	38,906	42,434
Commission income on hymnal sales	2,832,001	2,902,636
Expenses:		
Cost of sales:		
Inventory at beginning of year, net of inventory written off (see other expense below)	422,336	514,909
Merchandise purchases	294,319	331,417
Depreciation	39,742	48,000
Editorial	362,722	361,865
Printing production	744,607	735,845
Spanish department	26,878	24,359
	1,890,604	2,016,395
Less inventory at end of year	418,999	422,336
	1,471,605	1,594,059
Selling, general and administrative:		
Administrative	133,882	123,593
Bookstore	115,565	120,434
Bookkeeping	241,336	230,824
Building	129,906	142,115
Sales and promotion	250,486	149,698
Shipping	223,188	211,765
General	69,820	94,222
Depreciation	66,224	57,311
Interest expense, including finance charges	4,296	718
	1,234,703	1,130,680
Total expenses	2,706,308	2,724,739
Increase in net assets from operations	125,693	177,897
Other expenses:		
Printing contributed to the denomination	36,458	55,192
Youth department	151,784	104,619
Inventory written off	-	394,871
Total other expenses	188,242	554,682
Decrease in net assets	(62,549)	(376,785)
Net assets, beginning of year	1,509,783	1,886,568
Net assets, end of year	\$ 1,447,234	1,509,783

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the Years Ended December 31, 2000 and 1999

<u>Cash Flows from Operating Activities</u>	2000	1999
Decrease in net assets	\$ (62,549)	(376,785)
Adjustments to reconcile decrease in net assets to net operating activities		
Depreciation and amortization	105,966	105,311
(Increase) decrease in:		
Receivables	10,327	40,233
Inventories	(20,862)	487,444
Deferred charges and prepaid expenses	9,411	210
Increase (decrease) in:		
Accounts payable	(322)	(26,698)
Accrued expenses	1,851	(10,655)
Due to affiliated organization	6,498	1,043
Net operating activities	<u>50,320</u>	<u>220,103</u>
<u>Cash Flows from Investing Activities</u>		
Cash invested with Free Will Baptists Foundation	(16,704)	(50,000)
Proceeds from certificate of deposit	-	50,000
Purchase of property, plant and equipment	(134,755)	(34,102)
Net investing activities	<u>(151,459)</u>	<u>(34,102)</u>
<u>Cash Flows from Financing Activities</u>		
Repayments of long term debt	(85,159)	-
Proceeds from long term debt	-	95,000
Net financing activities	<u>(85,159)</u>	<u>95,000</u>
Net increase (decrease) in cash	(186,298)	281,001
Cash at beginning of year	387,014	106,013
Cash at end of year	\$ <u>200,716</u>	<u>387,014</u>
Supplemental disclosures:		
Interest, including finance charges paid	\$ <u>4,296</u>	<u>718</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2000 and 1999

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.

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.

Changes in presentation

Certain amounts in the 1999 financial statements have been reclassified to conform to 2000 presentation.

**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 impractical 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 \$166,704 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, 2000 the Board was warehousing approximately 28,000 hymnals with an estimated replacement value of \$364,000. The following summarizes the transactions under this agreement as of December 31, 2000.

	2000	Since Inception
Amount due to Executive Office at beginning of period	\$ 1,472	-
Total sales of hymnals	74,202	564,354
Less total fees earned	(38,906)	(284,365)
Less remittances made to the Executive Office	(28,798)	(272,019)
Amount due to (from) Executive Office at end of period	\$ 7,970	7,970

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, 2000 the Board was warehousing approximately 5,800 hymnals with an estimated replacement value of \$58,000.

**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 \$32,459 and \$32,833 for the years ended December 31, 2000 and 1999, respectively. 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

During the year ended December 31, 1999 the Board determined that inventory previously classified as long term had become without significant value. This inventory consisted primarily of Spanish and other miscellaneous items. The effect of writing off this inventory amounted to \$394,871 and is reflected in the 1999 other expenses section in the accompanying financial statements.

(6) Note Payable

The Board has a note payable with interest at 8.00%, which is payable in monthly installments of \$1,932 (principal and interest) with an original maturity of December 2004, however the note will be repaid during 2001. The note is secured by a certificate of deposit. The proceeds from the note was used to purchase equipment. The balance of this note amounted to \$9,482 and \$95,000 at December 31, 2000 and 1999, respectively.

(7) Youth Department

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

	2000	1999
Revenue from conferences and related services	\$ 145,119	154,401
Expenditures for conferences and related services	154,027	134,671
General and administrative expenses	142,876	124,349
Total expenditures	296,903	259,020
Excess of expenses over revenues	\$ (151,784)	(104,619)

(8) Contributed Services to Denominational Ministries

During the years ended December 31, 2000 and 1999 the Board contributed printing costs to the Denomination as follows:

	2000	1999
Together Way	\$ -	2,710
Integrity Book	6,142	-
Church Directory	15,690	13,320
Outreach Magazine	12,666	39,162
Korean Books	1,582	-
Russian Books	378	-
Total contributed services	\$ 36,458	55,192

**Budget
2002**

REVENUES

Total Sales - RHP	\$2,697,403.90
Discounts to Bookstores	(440,000.00)
	<u>\$2,257,403.90</u>

OTHER SALES & INCOME

Bookstore Sales	\$ 360,000.00
Freight & Handling	135,000.00
Student and Children Ministries	180,000.00
	<u>\$ 675,000.00</u>

OTHER INCOME

Merchandise	\$ 50,000.00
Bulletin Service	32,000.00
Spanish Curriculum	35,000.00
Printing Sales	180,000.00
Miscellaneous Sales	120,000.00
RHP Books	85,000.00
Commission on Hymnals	75,000.00
Miscellaneous Income	20,000.00
	<u>\$ 597,000.00</u>
Total Revenue	\$3,529,403.90

COST OF SALES

Cost of Outside Purchases	\$ 327,000.00
Creative Services	407,900.00
Printing Production	782,700.00
Spanish	29,700.00
Depreciation	70,000.00
	<u>\$1,617,300.00</u>

GENERAL EXPENSES

Student and Children Ministries	\$ 296,900.00
Sales Division	262,100.00
Bookstore	126,400.00
Denominational Ministries	82,000.00
Administration	142,650.00
Accounting	238,700.00
Shipping	252,900.00
Building	171,000.00
General Expenses	\$ 284,500.00
	<u>\$1,857,150.00</u>

Grand Total of all Expenses \$3,474,450.00

Total Revenues \$3,529,403.90

WORKING CAPITAL \$ 54,953.90

**BUDGET 2002
SUNDAY SCHOOL LITERATURE**

<u>Quantity</u>	<u>Description</u>	<u>Cost</u>	<u>Revenue</u>
4,376	Nursery Teacher	4.15	18,160.40
17,245	Make N Do	2.50	43,112.50
13,607	My Bible Lesson Cards	2.50	34,017.50
4,424	Nursery-Preschool Flgraph	10.50	46,452.00
2,534	Nursery-Preschool Teaching Pict	10.50	26,607.00
8,285	Preschool Teacher	4.15	34,382.75
23,169	Preschool Student	2.50	57,922.50
34,435	Preschool Companion	2.50	86,087.50
23,182	Picture Lesson Cards	2.50	57,955.00
6,898	Bible Times	2.89	19,935.22
10,554	Primary Teacher	4.15	43,799.10
38,726	Primary Student	2.50	96,815.00
48,382	Primary Companion	2.50	120,955.00
2,982	Memory Verse Pac	9.99	29,790.18
9,599	Primary Days	2.89	27,741.11
3,522	Primary-Junior Flgraph	10.50	36,981.00
3,179	Primary-Junior Teaching Pict	10.50	33,379.50
11,910	Junior Teacher	4.15	49,426.50
54,999	Junior Student	2.50	137,497.50
52,102	Junior Companion	2.50	130,255.00
7,472	Junior Counselor	2.89	21,594.08
5,112	Turning Point Teacher	4.15	21,214.80
1,884	Turning Point Packet	10.50	19,782.00
23,822	Turning Point Student	2.50	59,555.00
12,785	Teen Power	2.89	36,948.65
7,278	Horizon Teacher	4.15	30,203.70
2,388	Horizon Packet	10.50	25,074.00
36,570	Horizon Student	2.50	91,425.00
39,864	Bible Teacher	4.15	165,435.60
13,946	Bible Challenge	2.50	34,865.00
17,506	Visitor's Lesson Leaflets	2.50	43,765.00
4,917	Power For Living	2.89	14,210.13
18,075	Depth	2.50	45,187.50
90,860	Bible Scholar	2.50	227,150.00
237,776	Bible Scholar LP	2.65	630,106.40
352	Bible Teacher Cassette	20.99	7,388.48
Total Sunday School Literature Sales			\$2,605,177.60

C. T. S. LITERATURE

<u>Quantity</u>	<u>Description</u>	<u>Cost</u>	<u>Revenue</u>
370	Helpers Leader's Guide	4.15	1,535.50
1,084	Helpers Packet	4.15	4,498.60
535	Discovers Leader's Guide	4.15	2,220.25
2,294	Discovers Packet	5.50	12,617.00
638	Learners Leader's Guide	4.15	2,647.70
2,546	Learners Student	2.50	6,365.00

610	Adventurers Leader's Guide	4.15	2,531.50
3,032	Adventurers Student	2.50	7,580.00
650	Destination Reality	14.95	9,717.50
8,255	Focus Student	2.65	21,875.75
8,255	Lifeline Student	2.50	20,637.50
Total C. T. S. Literature Sales			\$92,226.30
Total Sunday School and C.T.S. Sales			\$2,697,403.90
Less Discounts to Bookstores			\$ (440,000.00)
Grand Total Literature Sales			\$2,257,403.90
OTHER SALES & INCOME			
Spanish Curriculum			\$35,000.00
RHP Books			85,000.00
Merchandise			50,000.00
Bulletin Service			32,000.00
Bookstore Sales			360,000.00
Printing Sales			180,000.00
Miscellaneous Sales			120,000.00
Freight & Handling			135,000.00
Commission on Hymnals			75,000.00
Student and Children Ministries			180,000.00
Miscellaneous Income			20,000.00
			1,272,000.00
TOTAL REVENUE			\$3,529,403.90

EXPENSES

COST OF OUTSIDE PURCHASES

Curriculum	\$62,000.00
Merchandise	15,000.00
Bookstore	250,000.00
	<u>\$327,000.00</u>

CREATIVE SERVICES

Salaries	\$250,000.00
Housing	33,000.00
Travel	4,000.00
Supplies	12,000.00
Curriculum Development	1,000.00
Writers' Fees	25,000.00
Equipment & Maintenance	1,000.00
Color Separations	5,000.00
Freelance Artwork	4,000.00
Conventions & Seminars	2,500.00
Dues & Subscriptions	300.00
Postage	300.00
Telephone	2,000.00
FICA	16,900.00
Retirement	10,000.00
Insurance	40,000.00
Miscellaneous	900.00
	<u>\$407,900.00</u>

PRINTING PRODUCTION

Salaries	\$162,000.00
Travel	1,000.00
Pressroom Supplies	22,000.00
Pressroom Equipment Maintenance/parts	12,000.00
Pressroom Stock	120,000.00
Pressroom Ink	12,000.00
Bindery Supplies	4,300.00
Bindery Maintenance/parts	3,500.00
Outside Printing	470,000.00
Telephone	2,000.00
FICA	15,000.00
Retirement	8,000.00
Insurance	21,000.00
Camera Supplies	2,000.00
Camera Maintenance	500.00
Camera Film-Negatives	17,000.00
Plates	10,000.00
In-house printing	(100,000.00)
Dues & Subscriptions	100.00
Miscellaneous	300.00
	<u>\$782,700.00</u>

SPANISH

Salaries	\$16,000.00
Travel	300.00

Supplies	500.00
Equipment Maintenance	500.00
In-house Printing	100.00
Translation	500.00
Postage	200.00
Telephone	3,200.00
FICA	1,400.00
Retirement	800.00
Insurance	6,000.00
Dues & Subscriptions	100.00
Miscellaneous	100.00
	<u>\$29,700.00</u>

TOTAL COST OF SALES

\$1,547,300.00

GENERAL EXPENSES

STUDENT AND CHILDREN MINISTRIES

Salaries	\$76,000.00
Housing Allowance	15,000.00
Convention Workers' Salaries	7,000.00
Entertainment	300.00
Travel	6,000.00
Supplies	7,500.00
In-house Printing	6,000.00
NYC 2002	65,000.00
Truth & Peace 2002	42,000.00
NYET 2002	4,500.00
Fund Raising Expense	200.00
National Student & Children Workers' Retreat 2002	23,000.00
Conventions & Seminars	300.00
Dues & Subscriptions	200.00
Postage	3,200.00
Telephone	3,200.00
FICA	6,900.00
Retirement	2,600.00
Insurance	12,000.00
Miscellaneous	3,000.00
T & P2 2002	13,000.00
	<u>\$296,900.00</u>

SALES DIVISION

Salaries	\$49,000.00
Housing	12,000.00
Entertainment	200.00
Travel	7,000.00
Supplies	8,000.00
Advertising & Promotion	32,000.00
Printing & Color Separations	1,500.00
In-house Printing	85,000.00
Dues & Subscriptions	1,500.00
Postage	38,000.00

Telephone	2,000.00
FICA	2,000.00
Retirement	2,400.00
Insurance	13,000.00
Conventions & Seminars	6,500.00
Miscellaneous	2,000.00
	<u>\$262,100.00</u>

BOOKSTORE

Salaries	\$84,000.00
Entertainment	100.00
Travel	2,000.00
Supplies	2,500.00
In-house Printing	300.00
Software Yearly Fees/Services	4,000.00
Postage	3,500.00
Telephone	2,200.00
FICA	6,200.00
Retirement	2,000.00
Insurance	14,500.00
Advertising & Promotion	4,500.00
Dues & Subscriptions	400.00
Miscellaneous	200.00
	<u>\$126,400.00</u>

DENOMINATIONAL MINISTRIES

Outreach Magazine	\$20,000.00
Church Directory	20,000.00
Spanish Literature gifts	15,000.00
Stewardship Lessons	15,000.00
Together Way Printing	6,000.00
Korean Printing	2,000.00
Russian Printing	2,000.00
Scholarships	1,000.00
RHP Ministers' Fund	1,000.00
	<u>\$82,000.00</u>

ADMINISTRATIVE

Salaries	\$74,000.00
Housing Allowance	26,000.00
In-house Printing	1,200.00
Entertainment	650.00
Travel	12,000.00
Auto Expense	1,000.00
Auto Lease	5,600.00
Supplies	2,000.00
Equipment Maintenance	100.00
Equipment Rental	1,500.00
Conventions & Seminars	1,000.00
Dues & Subscriptions	300.00
Postage	500.00
Telephone	1,800.00

FICA	2,100.00
Retirement	4,600.00
Insurance	8,000.00
Miscellaneous	300.00
	<u>\$142,650.00</u>
CUSTOMER SERVICE/ACCOUNTING/BUSINESS OFFICE	
Salaries	\$150,000.00
Royalties	10,000.00
Equipment Rental	400.00
Supplies	10,000.00
Equipment Maintenance	3,500.00
Dues & Subscriptions	300.00
Postage	5,700.00
Telephone	4,000.00
FICA	13,000.00
Retirement	4,000.00
Insurance	34,000.00
Travel	1,500.00
In-house Printing	2,000.00
Miscellaneous	300.00
	<u>\$238,700.00</u>
SHIPPING	
Salaries	\$90,000.00
Supplies	14,000.00
Equipment Maintenance	3,000.00
Equipment Rental	8,400.00
Freight	105,000.00
Postage	6,200.00
Telephone	1,800.00
FICA	7,000.00
Retirement	2,200.00
Insurance	15,000.00
Miscellaneous	300.00
	<u>\$252,900.00</u>

BUILDING	
Salaries	\$50,000.00
Housing	0.00
Supplies	9,500.00
Equipment Maintenance	7,000.00
Building Maintenance	11,000.00
Utilities	55,000.00
Insurance (Building)	22,000.00
Telephone	1,800.00
FICA	3,000.00
Retirement	2,400.00
Insurance	9,000.00
Miscellaneous	300.00
	<u>\$171,000.00</u>

GENERAL EXPENSES	
Auto Expense	\$3,500.00
Supplies	2,000.00
Equipment Maintenance	8,000.00
Equipment Rental	10,000.00
Equipment/Lease/Purchase	75,000.00
Bad Debt	3,500.00
Board Travel & Expense	13,000.00
Legal & Auditing	10,000.00
Taxes	13,000.00
Payroll Services	5,500.00
Debt Retirement	50,000.00
Miscellaneous	10,000.00
Depreciation	70,000.00
Interest Expense	5,000.00
Service Charge Expense	6,000.00
	<u>\$284,500.00</u>

TOTAL GENERAL EXPENSES \$1,857,150.00

COST COMPARISONS 2001

	SP	GL	ST	**UGP	AY	DCC	GRP	RHP
Nursery Teacher	4.99	4.99	4.89	1.45	4.99	5.29	.00	4.00
Teacher's Resource Packet	10.49	10.99	10.99	6.25	11.49	11.49	.00	9.99
Pupil's Handwork	2.99	2.89	2.79	1.50	2.99	2.89	.00	2.40
Bible Lesson Cards	2.89	.00	.00	.85	2.89	.00	.00	2.40
Preschool Teacher	4.99	4.99	4.89	1.45	4.99	5.29	7.99	4.00
Teacher's Resource Packet	10.49	10.99	10.99	6.25	11.49	11.49	19.99	9.99
Preschool Student	2.99	.00	.00	1.50	.00	2.99	3.99	2.40
Preschool Workbook	2.89	2.89	2.79	.00	2.89	2.89	.00	2.40
Picture Lesson Cards	.00	.00	1.99	.85	2.89	.00	.00	2.40
Primary Teacher	4.99	4.99	4.89	1.45	5.29	5.29	7.99	4.00
Visual Packet	10.49	10.99	10.99	6.25	11.49	11.49	19.99	9.99
Primary Student	2.99	.00	.00	1.50	2.99	2.99	3.99	2.40
Primary Workbook	.00	2.89	2.79	.00	2.89	2.89	.00	2.40
*Memory Verse Packet	.00	.00	.00	.00	.00	.00	.00	8.99
Junior Teacher	4.99	4.99	4.89	1.45	4.05	5.29	7.99	4.00
Visual Packet	10.49	10.99	10.99	6.25	.00	11.49	19.99	9.99
Junior Student	2.99	.00	.00	1.70	3.25	2.99	3.99	2.40
Junior Workbook	.00	2.89	2.79	.00	3.15	.00	.00	2.40
Teen Teacher	4.99	16.99	4.89	1.55	5.05	4.99	19.99	4.00
Visual Packet	10.49	.00	10.99	.00	.00	11.29	.00	9.99
Teen Student	2.89	.00	2.79	1.70	3.25	2.89	.00	2.55
Teen Workbook	.00	.00	.00	.00	.00	.00	.00	***.00
High Teen Teacher	4.99	16.99	4.89	1.75	5.05	4.99	19.99	4.00
Visual Packet	.00	.00	10.99	.00	.00	11.29	.00	9.99
High Teen Student	4.29	.00	2.79	1.70	3.15	2.89	.00	2.55
High Teen Workbook	.00	.00	.00	.00	.00	.00	.00	***.00
Lifeline (Teen Devotional)	.00	.00	.00	.00	.00	.00	.00	*2.40
Bible Teacher (Young Adult)	.00	.00	.00	1.85	5.05	5.49	17.99	4.00
Bible Challenge	.00	.00	.00	0.00	.00	.00	.00	2.40
Bible Teacher	5.29	19.99	4.89	3.80	5.05	5.49	17.99	4.00
Bible Scholar	2.89	6.99	2.79	1.85	3.60	2.99	.00	2.40
Bible Scholar Large Print	3.99	.00	3.69	.00	4.30	3.49	.00	2.60
Depth (Adult Devotional)	.00	.00	1.99	.00	.00	2.89	.00	*2.40
Visual Packet	10.49	.00	10.99	.00	.00	11.99	.00	.00
Visitor's Lesson Leaflet	.00	.00	.00	.00	3.00	2.89	.00	2.40

SP = Scripture Press
AY = FWB Press

GL = Gospel Light
DCC = David C. Cook
GRP = Group

**UGP = Union Gospel Press
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 for more for their products than Randall House Publications. Save money, receive quality, and preserve sound doctrine by purchasing your literature from Randall House Publications.

Salaries

	2000	2001	2002
General Director			
Salary	\$37,795.34	\$39,307.15	\$39,307.15
Housing and Utilities	23,405.06	24,341.26	24,341.26
Social Security	4,681.83	4,869.10	4,869.10
Retirement	3,117.40	3,117.40	3,117.40
Insurance:			
Medical	6,140.70	6,500.00	6,500.00
Dental	765.36	765.36	765.36
Disability	375.12	375.12	375.12
	<u>\$76,280.81</u>	<u>\$78,916.09</u>	<u>\$78,916.09</u>
(The Board either pays mileage or furnishes a travel car.)			
Creative Services Director			
Salary	\$25,186.29	\$25,941.88	\$26,719.23
Housing Allowance	17,709.93	18,241.23	18,788.46
Social Security	3,281.56	3,380.01	3,481.28
Retirement	2,015.00	2,015.00	2,015.00
Insurance:			
Life	164.76	164.76	164.76
Medical	6,140.70	6,500.00	7,983.24
Dental	765.36	765.36	765.36
Disability	270.24	270.24	270.24
	<u>\$55,533.84</u>	<u>\$57,278.24</u>	<u>\$60,187.57</u>
Youth Division Director			
Salary	\$18,806.12	\$19,370.30	\$19,951.40
Housing Allowance	14,400.00	14,832.00	15,875.50
Social Security	2,540.26	2,616.47	2,740.75
Retirement	1,560.00	1,560.00	1,560.00
Insurance:			
Life	85.20	85.20	85.20
Medical	6,140.70	6,500.00	7,983.24
Dental	765.36	765.36	765.36
Long-term Care	18.00	18.00	18.00
Disability	217.92	217.92	217.92
	<u>\$44,533.56</u>	<u>\$45,965.25</u>	<u>\$49,197.37</u>

Home Missions Department Report on 2000

Greetings:

- This year has been a tremendous year for the National Home Missions Department. The following fourteen couples were sent into the harvest fields: Mark Shores, Albuquerque, NM; Don Bailey, San Antonio, TX; Greg Floars, Marquette, MI; Alex Polishchuk, San Leandro, CA; Pavel Yukhimets, Vancouver, WA; Allen Whitt, Danese, WV; Jin Koo Sim, Los Angeles, CA; Peter Ryu, Artesia, CA; Hong Hyun Lee, Buena Park, CA; Ken Dodson, St. Croix, VI.; Eric Thompson, Bend, OR; Jerry Rayburn, Sierra Vista, AZ; Rick Bowling, Director of Hispanic Ministries USA; Carlos Rubio, Director of the Seminary of the Cross Extension Program, Altamira, Mexico.
- Three military chaplains were approved and received endorsement for service through our department during this year. They are: CH (CPT) Steven Simpson, U.S. Army, AL; CH (CPT) David Trogdon, U.S. Army, GA, and CH(CPT) John Carey, U.S. Army, TX. After many years of faithful service to our country and to Free Will Baptists, CH (Col.) James Bishop retired because of serious health problems.
- It was our great joy to see the following missionaries and churches become self-supporting. Jose Rodriguez, Miami, FL; Tom Hunt, Tri-Cities, WA; Ron Parker, Shreveport, LA; George Harvey, Phoenix, AZ, and Tommy Jones, Pittsburgh, PA.
- Rev. Larry A. Powell was elected general director by the Home Mission Board to succeed Bro. Trymon Messer who is retiring.
- All the National Offices joined together in *Operation Saturation*. This was an all out effort to place the gospel into one million homes, and it was extremely successful.
- Two home missionaries, Rue Dell Smith and Terry Hardison each received \$35,000 from the "Build My Church Fund" to help them purchase land.
- Richard Atwood and David Crowe changed positions. Their background of experience will help them to serve more effectively in these areas. Richard is now Director of Missionary Assistance and David is now Director of Ministry Helps.
- The total income for Home Missions in 2000 was \$4,815,544.78. The CELF program loaned out \$4,490,777.15 during this year.
- The Home Missions Department needs your consistent prayer and financial support as we continue our cross-cultural ministry. We are presently reaching souls for Jesus among the Koreans, Russians and Hispanics. Help us as we seek to plant strong, self-supporting churches among the ethnic groups in America. Let's fulfill the Great Commission together.

In His Service,

Larry A. Powell
General Director

A Synopsis of Minutes of Home Missions Board Meetings for 2000

May 3, 2000

MSC to employ Rick Bowling as Director of Hispanic Ministries in the USA.

MSC that a letter of appreciation and commendation be sent to the Women Nationally Active for Christ, Free Will Baptist Bible College, Master's Men, Foreign Missions and Randall House Publications for their cooperative spirit in working together with the Home Missions Department on Operation Saturation.

MSC that the Chairman appoint a Search Committee for General Director replacement for May 2001.

July 25, 2000

MSC to accept Jin Koo Sim, Los Angeles, CA; Peter Ryu, Artesia, CA as Korean cross-cultural missionaries.

MSC to accept our Slavic Russian, Brother Pavel Yukhimets of Vancouver, WA as a cross-cultural missionary.

August 30, 2000

MSC to send Carlos Rubio to reopen the Seminary extension at Altamira as an extension of the Seminary of the Cross.

MSC to approve Don Bailey as a joint project to San Antonio, Texas.

September 14, 2000

MSC that we approve Mark Shores as a Home Missionary to Albuquerque, NM.

December 4, 2000

MSC that we make a change in positions and job description for two of our staff men Richard Atwood and David Crowe. Richard Atwood would become the Director of Missionary Assistance and David Crowe would become the Director of Ministry Helps to help our pastors and people.

MSC to equally divide the dividends from the Build My Church Trust Endowment Fund to Rue Dell Smith and Terry Hardison.

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

December 31, 2000 and 1999

Contents

	<u>Page</u>
 <u>Financial Statements</u>	
Independent auditor's report	1
Statements of financial position	2
Statements of activities	3
Statements of cash flows	4
Notes to the financial statements	5-9
 <u>Supplementary Information</u>	
Independent auditor's report on supplementary information	10
Schedule of functional expenses	11

HINTON, WARREN,
DENNEY & WALLACE
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. (a nonprofit organization) as of December 31, 2000 and 1999, 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 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, 2000 and 1999 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

January 31, 2001

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, 2000 and 1999

ASSETS

	2000	1999
<u>Assets</u>	\$ -0-	\$ 2,856
Cash - Note 9	163,278	415,626
Investments		
Investments in Church Extension	1,161,445	1,448,050
Loan Fund - Note 6	93,000	108,000
Accounts receivable - related party - Note 6	36,750	5,129
Inventory - Note 1		
Property and equipment, at cost		
less accumulated depreciation of \$117,461	155,684	152,206
(\$96,992 in 1999) - Notes 1 & 2	-0-	2,914
Capitalized lease - Note 3		
	<u>\$1,610,157</u>	<u>\$2,134,781</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	\$ 26,925	\$ -0-
Bank overdraft	26,063	19,728
Accounts payable and accrued expenses	<u>115,391</u>	<u>158,981</u>
Deferred compensation - Note 4		
	<u>168,379</u>	<u>178,709</u>
Total liabilities		
<u>Commitments - Notes 7 & 8</u>		
<u>Net assets</u>	747,153	876,494
Unrestricted	<u>694,625</u>	<u>1,079,578</u>
Temporarily restricted - Note 5		
	<u>1,441,778</u>	<u>1,956,072</u>
Total net assets		
	<u>\$1,610,157</u>	<u>\$2,134,781</u>
Total liabilities and net assets		

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, 2000 and 1999

	2000	1999
Unrestricted		
Revenue:		
Cooperative program	\$ 205,031	\$ 120,665
Designated contributions	578,364	537,384
Management fees - Note 6	120,000	120,000
Interest income	150,432	105,561
Donation of stock		252,194
Gain on sale of investment		96,210
Unrealized gain (loss) on value of investment	(252,454)	46,518
Net assets released from restrictions:		
Restrictions satisfied by payments	4,078,918	3,600,214
Total revenue	4,880,291	4,878,746
Expenses:		
Administrative expenses	930,714	794,311
Missionary expenses	3,358,034	3,105,281
Missionary land & building	720,884	494,933
Total expenses	5,009,632	4,394,525
Increase (decrease) in unrestricted net assets	(129,341)	484,221
Temporarily restricted		
Revenue:		
Cooperative program	895,720	718,172
Designated contributions	2,798,245	2,640,763
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,358,034)	(3,105,281)
Missionary land & building	(720,884)	(494,933)
Increase (decrease) in temporarily restricted net assets	(384,953)	(241,279)
Total increase (decrease) in net assets	(514,294)	242,942
Net assets - beginning of year	1,956,072	1,713,130
Net assets - end of year	\$1,441,778	\$1,956,072

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, 2000 and 1999

	2000	1999
Operating activities	(\$ 514,294)	\$ 242,942
Increase (decrease) in net assets		
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	20,470	18,235
Amortization	2,914	2,915
Donation of investment		(252,194)
(Gain) loss on disposal of property and equipment		(96,210)
(Gain) loss on disposal of investment		(46,518)
(Gain) loss on value of investment	252,454	
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	15,000	42,000
(Increase) decrease in inventories	(31,621)	(172)
Increase (decrease) in bank overdraft	26,925	
Increase (decrease) in accounts payable and accrued expenses	6,335	(12,667)
Increase (decrease) in deferred compensation	(43,590)	35,506
Net cash provided (used) by operating activities	(265,407)	(66,163)
Investing activities	711,979	736,477
Redemption of investments	(425,480)	(923,660)
Acquisition of investments	(23,948)	(12,921)
Purchases of property and equipment		
Net cash provided (used) by investing activities	262,551	(200,104)
	-0-	-0-
Financing activities	-0-	-0-
Net cash used by financing activities	-0-	-0-
Increase (decrease) in cash and cash equivalents	(2,856)	(266,267)
Cash and cash equivalents at beginning of years	2,856	269,123
Cash and cash equivalents at end of years	\$ -0-	\$ 2,856

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, 2000 and 1999

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 2000.

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.

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, 2000 and 1999.

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, 2000 and 1999

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

Contributions

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

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

Property and equipment and depreciation

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

Automobile	5 years
Office furniture and equipment	3 - 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, 2000 and 1999

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	<u>2000</u>	<u>1999</u>
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	52,375	36,222
Office furniture & equipment	<u>115,770</u>	<u>107,976</u>
	273,145	249,198
Less: Accumulated depreciation	<u>(117,461)</u>	<u>(96,992)</u>
	<u>\$ 155,684</u>	<u>\$ 152,206</u>

Note 3 - Capitalized leases and change in accounting estimate

The National Association of Free Will Baptists purchased an office building to house various departments and agencies of the denomination. The Board has entered into an agreement to lease space in this new building and agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$18,802 were capitalized in 1991 and were to be amortized over a period of twenty years. The Board of Home Missions voted to begin amortizing the remaining balance after a period of five years, beginning in 1996. Amortization expense for the years amounted to \$2,914 (\$2,915 in 1999).

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>2000</u>	<u>1999</u>
Balance at beginning of the year		
Contribution for the year:	\$ 158,981	\$ 123,475
Missionaries	36,334	27,954
Administrative employees		13,389
Transfer and terminations	(79,924)	(13,226)
Adjustment		7,389
Balance at end of the year	<u>\$ 115,391</u>	<u>\$ 158,981</u>

Note 5 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2000</u>	<u>1999</u>
Missionaries	\$ 685,905	\$1,079,573
Church Extension Loan Fund	8,720	5
	<u>\$ 694,625</u>	<u>\$1,079,578</u>

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

-7-

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, 2000 and 1999

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 \$120,000 (\$120,000 at December 31, 1999) 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 \$1,161,445 (\$1,448,050 at December 31, 1999). 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 \$93,000 (\$108,000 at December 31, 1999).

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 term of the lease expires when all mortgages on the building are satisfied, the mortgage was retired this year. The Organization entered into a new lease agreement on July 1, 2000. The term of the lease was July 1, 2000 to August 31, 2000, then beginning September 1, 2000 the lease became a year to year lease. The rent expense for the year amounted to \$50,220 (\$50,220 for the year ended December 1, 1999).

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. This mortgage was repaid during the year.

Note 9 - Concentration of credit risk

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2000, the excess amount over the federally insured limit was \$-0- (\$-0- in 1999). 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 \$1,161,445 (\$1,448,050 in 1999) invested in a demand note of the Church Extension Loan Fund. This note is uninsured.

-8-

**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, 2000 and 1999**

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:

	December 31, 2000		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$369,108	\$163,278	(\$205,830)

Investment return is summarized as follows:

Net realized and unrealized income (\$252,454)

	December 31, 1999		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$369,108	\$415,626	\$ 46,518

Investment return is summarized as follows:

Net realized and unrealized income \$142,728

Note 12 - Line of Credit

The Organization has a line of credit with a bank in the amount of \$200,000. The interest is the bank's prime rate and it matures on April 30, 2002. As of December 31, 2000, the Organization owes \$-0- against the line.

SUPPLEMENTARY INFORMATION

**HINTON, WARREN,
DENNEY & WALLACE**
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

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

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

**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 2000 and 1999 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

January 31, 2001

Office Space	\$ 12,000.00	\$ 12,000.00
Equipment & Supplies	10,000.00	10,000.00
Depreciation	(1,000.00)	(1,000.00)
Total	\$ 21,000.00	\$ 21,000.00
Cross-Cultural Ministry	\$ 295,000.00	\$ 295,000.00
Total Faith Budget	\$ 316,000.00	\$ 316,000.00

**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, 2000 and 1999

	2000	1999
Administrative expenses		
Salaries and wages	\$ 285,065	\$ 223,386
Payroll taxes	17,365	11,213
Housing allowance and employee benefits	81,100	73,211
Employee savings	13,259	19,778
Cost of literature	8,097	1,161
Promotion expense	41,620	33,119
Utilities	10,067	9,325
Office expense	28,734	25,290
Printing and postage	170,434	163,048
Rent expense	50,220	50,220
Professional fees	8,983	8,963
Auto and travel expense	67,741	50,013
Board meeting expense	16,779	14,612
Insurance expense	52,459	39,104
Telephone	11,071	11,953
Amortization	2,914	2,915
Together Way Office	3,817	7,522
Miscellaneous	40,519	31,243
Depreciation	20,470	18,235
Total administrative expenses	<u>930,714</u>	<u>794,311</u>
Missionary expenses		
Salary and wages	2,756,874	2,467,734
Employee savings	30,134	27,785
Promotion expense	9,938	10,292
Printing and postage	165,850	106,642
Literature	46,375	48,272
Auto and travel expense	194,420	244,739
Insurance expense	26,073	46,851
Designated contributions	79,793	79,365
Miscellaneous other expense	48,577	73,601
Total missionary expenses	<u>3,358,034</u>	<u>3,105,281</u>
Missionary land & buildings	<u>720,884</u>	<u>494,933</u>
Total expenses	<u>\$5,009,632</u>	<u>\$4,394,525</u>

See accountants' report on supplementary information.

**Home Missions Department
Proposed Faith Budget For 2002**

	2001	2002
Missionary Maintenance		
Salaries	\$2,500,000.00	\$2,750,000.00
Travel and Promotion	240,000.00	250,000.00
Employee Savings	31,000.00	35,000.00
Postage and Printing	85,000.00	175,000.00
Miscellaneous	20,000.00	20,000.00
Land & Building Fund	500,000.00	525,000.00
Total	<u>\$3,376,000.00</u>	<u>\$3,755,000.00</u>
Missionary Assistance		
Printing & Postage	\$ 140,000.00	\$ 175,000.00
Telephone	10,000.00	12,000.00
Board Member Expense	15,000.00	15,000.00
Auditing & Legal	13,000.00	10,000.00
Literature	2,000.00	5,000.00
Together Way Office	4,000.00	3,000.00
Supplies	25,000.00	30,000.00
Missionary Training	20,000.00	\$25,000.00
Total	<u>\$229,000.00</u>	<u>\$275,000.00</u>
Administration		
Salaries	\$ 265,000.00	\$ 276,500.00
Housing	55,000.00	73,500.00
Payroll Taxes	10,000.00	20,000.00
Employee Savings	14,000.00	15,000.00
Insurance	45,000.00	55,000.00
Utilities	10,000.00	12,000.00
Total	<u>\$399,000.00</u>	<u>\$452,000.00</u>
Evangelism and Church Growth		
Auto & Travel	\$ 50,000.00	\$ 70,000.00
Promotion	45,000.00	45,000.00
Revivals	20,000.00	20,000.00
Roll Call Sunday	1,500.00	2,000.00
Total	<u>\$ 116,500.00</u>	<u>\$ 137,000.00</u>
Plant		
Office Space	\$ 50,220.00	\$ 51,000.00
Equipment & Supplies	15,000.00	15,000.00
Depreciation	19,280.00	20,000.00
Total	<u>\$ 84,500.00</u>	<u>\$ 86,000.00</u>
Cross- Cultural Ministry	<u>\$ 295,000.00</u>	<u>\$ 295,000.00</u>
Total Faith Budget	<u>\$4,500,000.00</u>	<u>\$5,000,000.00</u>

Proposed State Goals for 2002
National Home Missions Department

State	2002 Goal
Alabama	\$ 390,000.00
Alaska	10,000.00
Arizona	25,000.00
Arkansas	275,000.00
California	195,000.00
Canada	5,000.00
CELF	100,000.00
Colorado	85,000.00
Florida	70,000.00
FWB Foundation	8,000.00
Georgia	145,000.00
Hawaii	500.00
Idaho	15,000.00
Illinois	115,000.00
Indiana	60,000.00
Iowa	5,000.00
Kansas	30,000.00
Kentucky	85,000.00
Louisiana	40,000.00
Maine	5,000.00
Maryland	40,000.00
Massachusetts	5,000.00
Michigan	175,000.00
Mid-Atlantic	5,000.00
Mississippi	130,000.00
Missouri	230,000.00
Montana	1,000.00
New Hampshire	2,000.00
New Jersey	1,500.00
New Mexico	18,000.00
North Carolina	355,000.00
Ohio	175,000.00
Oklahoma	425,000.00
Oregon	25,000.00
Other Income	280,000.00
Other States	20,000.00
Pennsylvania	75,000.00
Puerto Rico	8,000.00
South Carolina	160,000.00
South Dakota	2,000.00
Tennessee	550,000.00
Texas	125,000.00
Utah	4,000.00
Virginia	160,000.00
Virgin Islands	60,000.00
Washington	5,000.00
West Virginia	80,000.00
Wisconsin	55,000.00
WNAC	130,000.00
Wyoming	35,000.00
Total	\$5,000,000.00

Salaries

	2000	2001	2002
General Director:			
Salary	\$55,064.76	\$43,954.71	\$45,273.35
Housing	6,000.00	15,600.00	15,600.00
Utilities	1,736.94	1,900.00	2,100.00
Savings	3,010.03	2,994.84	3,067.06
Insurance:			
Travel	53.33	60.00	60.00
Life	283.20	283.20	283.20
Health	5,718.08	7,374.48	7,600.00
Dental	400.02	416.52	500.00
Totals	\$72,266.36	\$72,583.75	\$74,483.61
Office car furnished			
Director of Development:			
Salary	\$28,962.66	\$28,485.72	\$29,988.29
Housing	21,600.00	21,600.00	21,600.00
Utilities	2,074.53	2,100.00	2,300.00
Savings	2,479.96	2,504.28	2,579.41
Insurance:			
Travel	53.33	60.00	60.00
Life	283.20	283.20	283.20
Health	3,627.36	3,878.16	4,000.00
Dental	218.16	227.16	300.00
Totals	\$59,299.20	\$59,138.52	\$61,110.90
Office car furnished			
Director of Missionary Assistance:			
Salary	\$36,162.66	\$33,285.72	\$34,788.29
Housing	14,400.00	16,800.00	16,800.00
Utilities	2,916.23	2,000.00	2,200.00
Savings	991.95	1,001.64	1,031.76
Insurance:			
Travel	53.33	60.00	60.00
Life	283.20	283.20	283.20
Health	7,825.46	10,092.36	11,500.00
Dental	574.62	598.32	650.00
Totals	\$63,207.45	\$64,121.24	\$67,313.25
Office car furnished			
Director of Ministry Helps:			
Salary	\$29,884.28	\$35,685.72	\$37,188.29
Housing	14,600.00	14,400.00	14,400.00
Utilities	1,767.86	3,000.00	3,100.00
Savings	789.34	2,379.06	2,579.41
Insurance:			
Travel	53.33	60.00	60.00
Life	236.00	283.20	283.20
Health	5,651.56	10,092.36	11,500.00
Dental	403.29	598.32	650.00
Totals	*\$53,385.66	\$66,498.66	\$69,760.90
Office car furnished			
*from March 15, 2000			

CHURCH EXTENSION LOAN FUND

December 31, 2000 and 1999

Contents

Financial Statements

Page

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

*HINTON, WARREN,
DENNEY & WALLACE*

CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD
NASHVILLE, TN 37217-1005
(615) 366-5100

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

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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, 2000 and 1999, 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 Church Extension Loan Fund as of December 31, 2000 and 1999 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

January 31, 2001

CHURCH EXTENSION LOAN FUND
Statements of Financial Position
December 31, 2000 and 1999

	<u>ASSETS</u>	
	<u>2000</u>	<u>1999</u>
<u>Assets</u>		
Cash - Note 6	\$ 989,588	\$ 515,253
Notes receivable - Notes 1, 4 & 8	14,092,285	12,685,795
Bonds receivable	84,309	77,575
Accrued interest receivable	113,470	102,154
Investments in Free Will Baptist Foundation - Notes 1 & 4		1,546,823
Property and equipment - at cost, less accumulated depreciation of \$22,600 (\$17,687 in 1999) - Notes 1 & 2	<u>7,568</u>	<u>12,481</u>
Total assets	<u>\$15,287,220</u>	<u>\$14,940,081</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable - related party - Note 4	\$ 93,000	\$ 108,000
Accounts payable - Build my Church Project	70,000	70,000
Accrued interest	123,068	131,653
Revocable and irrevocable trusts - Note 9	1,631,858	1,668,490
Deferred compensation - Note 10	440,967	374,417
Notes payable - Notes 3, 4 & 8	<u>11,278,410</u>	<u>11,027,549</u>
Total liabilities	<u>13,637,303</u>	<u>13,380,109</u>
<u>Net assets</u>		
Unrestricted	<u>1,649,917</u>	<u>1,559,972</u>
Total net assets	<u>1,649,917</u>	<u>1,559,972</u>
Total liabilities and net assets	<u>\$15,287,220</u>	<u>\$14,940,081</u>

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

CHURCH EXTENSION LOAN FUND
Statements of Activities
For the Years Ended December 31, 2000 and 1999

	<u>Unrestricted</u>	
	<u>2000</u>	<u>1999</u>
<u>Revenue</u>		
Designated contributions - Note 5	\$ 89,813	\$ 71,564
Investment income	83,040	120,829
Interest income on notes receivable	1,282,415	1,101,914
Management fee	<u>13,126</u>	<u>7,017</u>
	<u>1,468,394</u>	<u>1,301,324</u>
<u>Expenses</u>		
Interest expense	935,496	862,261
Office expense	11,264	13,123
Auto and travel	23,752	34,761
Management fee - Note 4	120,000	120,000
Promotion	8,254	5,019
Postage	1,810	2,198
Professional fees	4,960	9,150
Depreciation	4,913	4,950
Build My Church Project expense	70,000	70,000
Transfer to Free Will Baptists Home Missions	<u>198,000</u>	<u>108,000</u>
	<u>1,378,449</u>	<u>1,229,462</u>
Increase in net assets	89,945	71,862
Net assets - beginning of year	<u>1,559,972</u>	<u>1,488,110</u>
Net assets - end of year	<u>\$ 1,649,917</u>	<u>\$ 1,559,972</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, 2000 and 1999

	2000	1999
Operating activities		
Increase in net assets	\$ 89,945	\$ 71,862
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,913	4,950
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(11,316)	(16,574)
Increase (decrease) in accounts payable	(15,000)	28,000
Increase (decrease) in accrued interest payable	(8,585)	12,773
Increase (decrease) in deferred compensation	66,550	55,945
Net cash provided by operating activities	126,507	156,956
Investing activities		
Proceeds from sale of investments	1,546,823	332,062
Purchase of investments		(1,546,823)
Collection on notes receivable	3,175,852	1,824,955
Additions to notes and bonds receivable	(4,589,076)	(3,863,026)
Net cash provided (used) in investing activities	133,599	(3,252,832)
Financing activities		
Addition to trusts	6,968	1,011,123
Termination of trusts	(43,600)	(1,691)
Additions to notes payable	2,422,485	2,276,404
Repayment of notes payable	(2,171,624)	(1,257,840)
Net cash provided by financing activities	214,229	2,027,996
Increase (decrease) in cash and cash equivalents	474,335	(1,067,880)
Cash and cash equivalents at beginning of year	515,253	1,583,133
Cash and cash equivalents at end of year	\$ 989,588	\$ 515,253
Supplemental disclosures		
Interest received	\$ 1,347,405	\$ 1,199,973
Interest paid	\$ 944,081	\$ 849,488

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2000 and 1999

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 2000.

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, 2000 and 1999

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.

Investments in Free Will Baptist Foundation

Investments in Free Will Baptist Foundation are composed of three money market type trust accounts maintained by the Foundation. These trust accounts are comprised of U.S. Government securities.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2000 and 1999

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:

2001	\$ 617,883
2002	679,206
2003	746,615
2004	820,715
2005	902,169
Thereafter	<u>10,325,697</u>
	<u>\$14,092,285</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>2000</u>	<u>1999</u>
Automobile	\$ 18,200	\$ 18,200
Office equipment	<u>11,968</u>	<u>11,968</u>
	30,168	30,168
Accumulated depreciation	<u>(22,600)</u>	<u>(17,687)</u>
	<u>\$ 7,568</u>	<u>\$ 12,481</u>

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2000 and 1999

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 - Related party transactions

The Fund paid the Board of Home Missions of the National Association of Free Will Baptists, Inc. a management fee of \$120,000 (\$120,000 at December 31, 1999) 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 \$486,884 (\$667,867 at December 31, 1999). The Fund had accounts payable to the Board of Home Missions in the amount of \$93,000 (\$108,000 at December 31, 1999).

The Fund holds a note receivable from the National Association of Free Will Baptists, Inc. in the amount of \$-0- (\$34,226 at December 31, 1999). This note is secured by a deed of trust note.

The Fund also has \$-0- (\$1,546,823 in 1999) invested in three trust accounts of the Free Will Baptist Foundation. This investment is uncollateralized.

Note 5 - 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. The total amount given for the first phase of the Build My Church program has reached \$1,000,000. In accordance with the provisions of the program payments totaling \$70,000 were made subsequent to year end to the land funds of two Home Mission's Churches from the interest earned on loans made with Build My Church contributions. The liability for these payments has been recorded on this financial statement. A second phase of the Build My Church program has begun. When the total amount given through the second phase of Build My Church program reaches \$1,000,000, then the interest earned from the loans made with the program will be used to assist the Cross Cultural Ministry and the Home Missions General Fund. The total amount given through the end of the year is \$1,611,868 (\$1,522,055 at December 31, 1999).

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2000 and 1999

Note 6 - Concentration of credit risk

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2000, the excess amount over the federally insured limit was \$889,588 (\$415,253 in 1999). 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.

The Fund also has \$-0- (\$1,546,823 in 1999) invested in three trust accounts of the Free Will Baptist Foundation. These trust accounts are unsecured.

Note 7 - 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, investment in Free Will Baptist Foundation, 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, 2000 and 1999.

Notes payable and trusts: Based on current interest rates, the carrying value approximates the fair value of the notes payable and trusts at December 31, 2000 and 1999.

Note 8 - Concentration

Included in notes receivable at December 31, 2000 are seventeen loans which total \$6,427,975 (twelve loans which total \$4,633,363 in 1999). This balance represents 45.61% (36.52% in 1999) of total notes receivable.

Notes payable include forty-six notes which total \$7,205,614 or 63.89% (forty-seven notes which total \$7,375,384 or 66.88% in 1999) of total notes payable. Of these forty-six (forty-seven in 1999) notes payable, two total \$986,884 or 8.75% (two notes total \$1,177,867 or 10.68% in 1999) of total notes payable.

Note 9 - Revocable and irrevocable trusts

Ten 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, 2000 amounted to \$134,813 (\$109,741 at December 31, 1999).

Note 10 - 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 and other employees upon their retirement or departure from Home Missions. These trusts pay interest at a rate of 5.5%-10% per year. Interest expense for the year ended December 31, 2000 was \$38,695 (\$34,196 at December 31, 1999).

Mexico Committee Recommendations

1. MSC to approve the following cover letter as a part of the Mexican Arbitration Committee report.

Problems have persisted in Mexico for years. Several things have complicated the problems—cultural differences, a change of generations, a passing of leadership and the balance between civil government and church polity. The practice of church autonomy was limited by their tradition and subject to the parameters of the Mexican government. These problems were brought to the attention of the National Home Missions Board by missionary James Munsey.

After numerous attempts were made by the National Home Missions Board to reconcile these differences, an attorney was hired to review the constitution of the Mexican National Association of Free Will Baptists and the Free Will Baptist *Treatise* in light of new laws enacted in 1992 by Mexican authorities. Suggested changes were made and agreed upon by the church leaders in Mexico.

In May 2000, Attorney Julio Montes was authorized to make the necessary constitutional changes and present them to the leadership of Mexico. The Mexican pastors voted to accept the changes, but those changes were never ratified by the NAFWBM in their July meeting.

In the fall of 2000, the aggrieved minority requested a meeting with the Executive Committee of the NAFWB. That request was granted and on December 5th and 6th, 2000, representatives from both groups met with the Executive Committee in Nashville, TN. From that meeting came a request that a five-member committee be authorized by the National Home Missions Board to arbitrate between the NAFWBM and the aggrieved minority in an attempt to bring closure to the matter.

The committee met with approximately fifty pastors and church leaders at the Institute in Altamira on March 26, 2001. Their report follows.

The findings of the Home Missions Board are consistent with the findings of the Mexico Arbitration Committee, and we believe that the following report will sound an urgency about changes that need to be made in Mexico.

Report of the Mexico Arbitration Committee

I. INFORMATION

The problems that have existed within the Mexican Association of Free Will Baptists among some of the churches and pastors are longstanding and deep-seated. An appeal by an Aggrieved Minority was made to the National Association of Free Will Baptists during the July 2000 annual convention in Anaheim, California.

Delegates voted to table action on the appeal with the understanding that the Mexican Association would address and resolve these matters during their annual convention later in July 2000. That meeting was unable to resolve the conflict.

During their December 2000 meeting in Nashville, Tennessee, the Executive Committee met separately with both Mexican groups and heard their grievances. As a result of those meetings, the following recommendations were forwarded from the Executive Committee to the Home Missions Board:

1. After hearing from representatives of both groups from Mexico, we respectfully encourage the Home Missions Board to use their influence to persuade the National Association of Free Will Baptists in Mexico to release all disputed local church properties to the Aggrieved Minority of the Mexico Free Will Baptist Association.
2. Because representatives of both groups from Mexico have appealed to the Executive Committee for assistance, we respectfully suggest that five members from the Executive Committee be authorized by the Home Missions Board to arbitrate between the National Association of Free Will Baptists in Mexico and the Aggrieved Minority of the Mexico Free Will Baptist Association.

Committee members include Carl Cheshier (chairman), Melvin Worthington, Nathan Ruble, Gene Norris, Keith Burden, J. L. Gore (alternate).

The Home Missions Board approved both recommendations.

The Arbitration Committee met with representatives from both Mexican groups at the Instituto Biblico La Cruz in Altimira, Mexico, on March 26, 2001. Moderator Carl Cheshier chaired the meeting. There were approximately 50 people present.

The purpose of the meeting was to investigate allegations made by an Aggrieved Minority that the Mexican Association of Free Will Baptists had violated the practices as set forth in the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*

II. OBSERVATIONS

After meeting with the two groups, the Arbitration Committee offers seven observations:

1. The central issue of contention between the two groups centered around the autonomy of the local church.
2. Because of changes in the statutes of Mexican law in 1992, the procedure for registering local churches also changed. Registration with the government may now be done by each local church rather than by the association.
3. These changes require that the constitution and by-laws of the Mexican Association of Free Will Baptists be brought into conformity with the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*
4. The *Treatise* recognizes the autonomy of the local church in Part IV, Chapter 1, Section I, "B", *The local church is an independent and self-governing body, with full authority to transact its business, choose its pastor and officers, receive, discipline and dismiss members, hold free title to all its properties, and conduct all its internal affairs.*

In 1962 the Mexican Association of Free Will Baptists adopted the *Treatise* as a requirement for membership in the National Association of Free Will Baptists, Inc.

5. Upon the advice of two reputable Mexican attorneys who were present at the meeting, both groups (representatives of the Mexican Association and the Aggrieved Minority) agreed for the attorneys to work together and draft a document that would reconcile the differences between the Mexican Association's constitution and by-laws and the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*

Copies of the attorneys' recommendations for change would be made available to both groups in April 2001. This document is to be ratified by the Mexican Association of Free Will Baptists at its annual convention in July 2001. If the document is not ratified in the July 2001 convention, the Mexican government officials have indicated that they will arbitrate the matter and that neither group will like the final outcome.

6. There appears to be widespread lack of familiarity with Free Will Baptist church polity as well as associational structure and organization in Mexico. This has led to irregularities in the way the Mexican Association of Free Will Baptists has dealt with some local churches. This problem needs to be addressed, particularly through Free Will Baptist educational institutions in Mexico. A course explaining these matters needs to be developed and offered to all prospective Mexican church and denominational leaders.

7. It is evident that God is blessing Free Will Baptists in Mexico. During its more than 40-year history, the church in Mexico has demonstrated an unusual resilience. All churches and their leaders are to be commended for the progress that has been made. We remain optimistic regarding the future of the Free Will Baptist work in Mexico.

III. RECOMMENDATIONS

1. We recommend that the National Association of Free Will Baptists during its July 2001 convention in Detroit, Michigan, recommend to the Mexican Association of Free Will Baptists that they ratify the necessary changes to reconcile the differences between their constitution and by-laws and the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*, thus preserving and insuring the autonomy of the local church.
2. We recommend that differences in personal matters and internal affairs between Mexican churches, pastors and associations be resolved in accordance with scriptural guidelines and procedures outlined in the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*
3. We recommend that all attacks against individuals, churches and departments of the denomination cease immediately.
4. We recommend that appropriate disciplinary action be taken by the National Association of Free Will Baptists in the event the Mexican Association of Free Will Baptists does not ratify the necessary changes to reconcile the differences between its constitution and by-laws and the *Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.*

Carl Cheshier, Chairman
J. L. Gore (Alternate)
Nathan Ruble

Gene Norris
Melvin Worthington
Keith Burden



OFFICE OF GENERAL DIRECTOR

Home Missions Department of the National Association of Free Will Baptists

P.O. BOX 5002 • ANTIOCH, TENNESSEE 37011-5002
PHONE (615) 731-6812, EXT. 220 • TOLL FREE (877) 767-7674
FAX (615) 731-7655

June 29, 2001

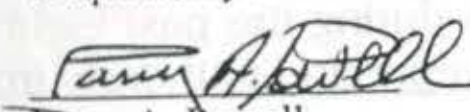
Greetings from the Home Missions Department:

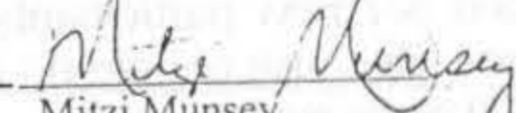
The following statement from the Home Missions Department concerns questions that have arisen regarding the use of mission money by the late James Munsey for special projects in Mexico. We believe it is prudent to share these findings with the denominational constituency in order to bring closure to this matter.

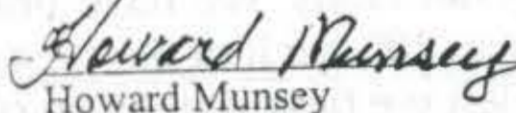
In light of questions that surfaced regarding the use of mission money for special projects in Mexico, representatives from the Home Missions Department (General Director Larry Powell and Board Chairman Jim Puckett) and Executive Secretary Melvin Worthington met June 27, 2001, in Morristown, Tennessee, with Reverend Howard Munsey, Mitzi (Mrs. James) Munsey, Laura Munsey and Matthew Munsey. During the discussion it was determined that no mission money was used by Missionary James Munsey for any purpose other than for approved, legitimate missions projects in Mexico.

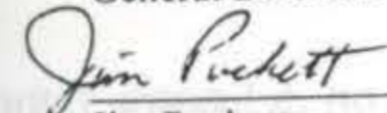
We believe that this statement can bring closure to the matter and allow us, in the words of Brother Howard Munsey, "To get on with the business of winning souls and building churches in Mexico."

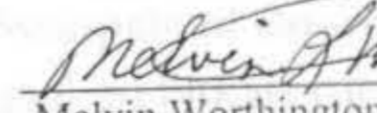
Respectfully submitted,


Larry A. Powell
General Director


Mitzi Munsey
Wife of the late James Munsey


Howard Munsey
Financial Secretary


Jim Puckett
Board Chairman


Melvin Worthington
Executive Secretary

Board of Retirement

Last year began with the excitement and promise of the longest bull market of our life. There were voices of caution and concern, but they were generally lost in the chorus that things were different this time.

The bullish euphoria continued for only a few weeks when the appreciating market was shocked by a reasonable but significant down turn. Many people saw that initial decline as a buying opportunity since our previous market drops had been quickly followed by a recovery with new highs. After a brief rise in the second quarter, the market again began a downward slide, ending the year well below its high.

Those changes make it a good time to evaluate progress or the lack thereof in investment strategy and retirement accumulations. The following areas should be used in evaluating our performance: returns, enrollments, settlements, assets and comparisons to other retirement plans.

Returns:

Of course, our funds were invested in this volatile market. We were able to deliver 6.5% for the first half of last year and 18% for the second half, yielding an annualized return of 12.543%. Our excellent return in the second half was the result of our manager's conservative value investment philosophy.

Plan earnings have been good throughout our history:

1 year - 2000	=	12.543%
3 years - 1998-2000	=	10.228%
5 years - 1996-2000	=	11.717%
10 years - 1991-2000	=	10.375%
Life of Plan - 1969-2000	=	9.041%

Enrollments:

New enrollees assure us of several things. Probably the most obvious is a perceived value in our product. An additional benefit is that both the present and future of the operation is assured, just as children assure the possibility of future generations. We have enrolled 567 new participants during the past eight years, over 100 each of the past three. Because people do retire and withdraw from the plan we have a net gain of 320 participants.

Settlements:

The goal in any retirement program should be focused on delivering benefits at or during retirement. Therefore settlement options need to meet the requirements of the individual retiree. We offer many choices, some of which may be tailored to meet individual needs.

In the past the settlement option of choice most often has been a lump sum or rollover. There are several reasons for that choice: small account values, desire to control investments, and a desire to benefit family members.

More individuals are choosing annuities today. This is to provide a life-time income for themselves and their spouse.

Settlements for clergy may be designated as housing allowance (up to 100%) subject to IRS regulations. Housing allowance paid from a denominational-controlled retirement account is not subject to income tax.

Remember we want to meet your retirement needs. Please give us the opportunity of discussing these options with you by calling 877-767-7738. The fund has delivered over \$6 million in settlements during the last seven years.

Assets:

Total assets managed by the Retirement Board at the close of 1993 were \$9,393,513.

New deposits and growth of investments have raised the value under our management to \$23,134,502, as of December 31, 2000, while also making \$6 million in settlements.

Comparisons:

All too often it's tempting to compare unequal things, the old "apples to oranges" process. It is inappropriate to compare our returns to a stock mutual fund. A better method is comparing us to other church retirement plans.

Annually our staff attends the Church Pensions Conference. This organization represents the retirement boards of approximately 45 denominations or organizations and provides us legal and political contacts. The following comparisons are based on the reports of 37 of those boards made in 1993 and 2000.

In 2000 these 37 plans managed in excess of \$56 billion. The largest had over \$12 billion and the smallest had \$2 million.

How do we compare?

<u>Comparison Basis</u>	<u>2000 Rank In the 37</u>	<u>% Change</u>
1. Assets managed (Up from 34th in 1993)	33rd	
2. Change in Assets (Two plans decreased while 35 increased. The mathematical average for all plans was 191.79%)	13th	+215.59%
3. Individual Account balance (\$10,014.27 to \$16,279.19 - in actual dollars per individual account we were 37th in 1993 and 33rd in 2000.)	24th	+162.56%
4. Increased number of Participants (The range for increase was from 75.58% to a negative -37.61% with an average increase of 15.62%. Eleven groups decreased in participants.)	9th	+32.62%

I encourage you and anyone on whom you have influence to "Come thou with us, and we will do thee good."

William Evans
Director

Retirement Synopsis of Board Meetings

May 2-3, 2000

Annual Meeting, all members present except Ron Barber, Bobby Bowers, and Roger Harwell.

The Board voted to continue the death benefit and the birthday and Christmas gifts for the annuity contracts. The staff was authorized to interview candidates for potential auditors and report back to the Board at the National in July. The Board voted to retain the professional services of Harris, Bretal, Sullivan & Smith Investment Managers and to terminate the services of Rittenouse. The proposed budget of \$399,668 was adopted. The Board voted to lease a 2000 Ford Taurus for Ray Lewis, the Associate Director.

July 17, 2000

No business conducted, just an information provided opportunity.

December 6, 2000

Semi-Annual Meeting, all members present except Jim Lowe and Bobby Bowers. Reviewed the history, present and future of the Department. Discussed the future possibility of providing investment choices for the participants. Hired a new auditor.

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3-4
Statements of Cash Flows	5-6
Notes to Financial Statements	7-12

HINTON, WARREN,
DENNEY & WALLACE
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD.
NASHVILLE, TN 37217-1005
(615) 366-5100

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

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists (the "Board") as of December 31, 2000, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's managements. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 1999 were audited by other auditors whose report dated February 21, 2000, expressed an unqualified opinion on those statements.

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

In our opinion, the financial 2000 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, 2000, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Hinton, Warren, Denney & Wallace

February 22, 2001

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Financial Position
December 31, 2000 and 1999

ASSETS

	December 31,	
	2000	1999
Operating Assets		
Cash and cash equivalents	\$ 30,134	\$ 22,434
Funds invested with the Free Will Baptist Foundation	13,161	18,915
Prepaid lease	6,812	
Total operating assets	50,107	41,349
Retirement Assets		
Cash and cash equivalents	1,796,704	386,673
Investment in marketable securities and instruments, at fair market value - Note 3	21,436,886	19,381,693
Accrued investment income receivable	131,724	138,420
Notes receivable, net of allowance for doubtful accounts - Note 2	1,075,902	1,192,575
Total retirement assets	24,441,216	21,099,361
Office furniture, equipment and automobiles, at cost, net of accumulated depreciation - Notes 1 & 4		
	23,367	38,513
Total assets	\$24,514,690	\$21,179,223

LIABILITIES & NET ASSETS

Liabilities		
Annuities payable - Note 6	\$ 1,351,731	\$ 1,274,925
Unearned loan origination fees	11,231	18,751
Accounts payable, accrued expenses and other liabilities	17,226	12,590
Total Liabilities	1,380,188	1,306,266
Net Assets		
Unrestricted:		
Operations:		
Operating funds	25,254	14,837
Designated for future asset purchases	13,161	18,915
Net invested in equipment	23,367	38,512
Operating net assets	61,782	72,264
Retirement accounts:		
Net assets available for participants	22,885,549	19,769,902
Designated as reserve funds	175,171	20,791
Designated as annuity reserve funds	12,000	10,000
Retirement net assets	23,072,720	19,800,693
Total net assets	23,134,502	19,872,957
Total liabilities and net assets	\$24,514,690	\$21,179,223

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

Blank Page

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Activities and Changes in Net Assets
For the Years Ending December 31, 2000 and 1999

	2000		
	Retirement Accounts	Operations	Total
Support, Revenue and Other Additions			
Contributions from participants	\$ 1,582,312	\$ _____	\$ 1,582,312
Investment income:			
Gains of investment portfolio:			
Net realized gains	872,673		872,673
Net unrealized gains (losses)	773,912		773,912
	1,646,585		1,646,585
Interest and dividends from investments (net of investment fees):			
Total investment income	1,405,657		1,405,657
	3,052,242		3,052,242
Income earned from interest bearing notes:			
Interest income	138,607		138,607
Loan origination fees earned	7,520		7,520
Total income earned from interest and loan origination fees	146,127		146,127
Forfeitures and late charges	2,698		2,698
Gifts		58,430	58,430
Reimbursement from Free Will Baptist Foundation		40,000	40,000
Miscellaneous income	109	8,927	9,036
Total other income	2,807	107,357	110,164
Total additions	4,783,488	107,357	4,890,845
Allocation for operations	(261,121)	261,121	
Net additions after allocation for operations	4,522,367	368,478	4,890,845

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

	1999		
	Retirement Accounts	Operations	Total
Support, Revenue and Other Additions			
Contributions from participants	\$ 1,694,541	\$ _____	\$ 1,694,541
Investment income:			
Gains of investment portfolio:			
Net realized gains	505,207		505,207
Net unrealized gains (losses)	599,805		599,805
	1,105,012		1,105,012
Interest and dividends from investments (net of investment fees):			
Total investment income	714,886		714,886
	1,819,898		1,819,898
Income earned from interest bearing notes:			
Interest income	165,471		165,471
Loan origination fees earned	8,000		8,000
Total income earned from interest and loan origination fees	173,471		173,471
Forfeitures and late charges			
Gifts	1,268		1,268
Reimbursement from Free Will Baptist Foundation		60,578	60,578
Miscellaneous income		27,000	27,000
Total other income	668	4,914	5,582
Total additions	1,936	92,492	94,428
	3,689,846	92,492	3,782,338
Allocation for operations	(252,560)	252,560	
Net additions after allocation for operations	3,437,286	345,052	3,782,338

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Activities and Changes in Net Assets
For the Years Ending December 31, 2000 and 1999

	2000		
	Retirement Accounts	Operations	Total
Expenses and Other Deductions			
Withdrawals by participants	\$ 1,104,242	\$	\$ 1,104,242
Insurance deductions from participant's accounts	47,021		47,021
Income allocated to annuitant obligations	97,863		97,863
Salaries		106,790	106,790
Housing		49,754	49,754
Fringe benefits		62,428	62,428
Travel and promotional		25,164	25,164
Office supplies and expense		43,576	43,576
Occupancy		48,862	48,862
Board members expense		11,996	11,996
Legal and auditing		13,455	13,455
Depreciation		14,970	14,970
Miscellaneous	1,214	1,965	3,179
Total deductions	<u>1,250,340</u>	<u>378,960</u>	<u>1,629,300</u>
Increase (decrease) in net assets	3,272,027	(10,482)	3,261,545
Net assets at beginning of year	<u>19,800,693</u>	<u>72,264</u>	<u>19,872,957</u>
Net assets at end of year	<u>\$23,072,720</u>	<u>\$ 61,782</u>	<u>\$23,134,502</u>

	1999		
	Retirement Accounts	Operations	Total
Withdrawals by participants	\$ 1,395,436	\$	\$ 1,395,436
Insurance deductions from participant's accounts	47,043		47,043
Income allocated to annuitant obligations	86,558		86,558
Salaries		101,824	101,824
Housing		47,840	47,840
Fringe benefits		56,229	56,229
Travel and promotional		17,009	17,009
Office supplies and expense		27,779	27,779
Occupancy		50,199	50,199
Board members expense		13,770	13,770
Legal and auditing		13,929	13,929
Depreciation		18,794	18,794
Miscellaneous	2,636	4,729	7,365
Total deductions	<u>1,531,673</u>	<u>352,102</u>	<u>1,883,775</u>
Increase (decrease) in net assets	1,905,613	(7,050)	1,898,563
Net assets at beginning of year	<u>17,895,080</u>	<u>79,314</u>	<u>17,974,394</u>
Net assets at end of year	<u>\$19,800,693</u>	<u>\$ 72,264</u>	<u>\$19,872,957</u>

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Cash Flows
For the Years Ending December 31, 2000 and 1999

	2000		
	Retirement Accounts	Operations	Total
Cash flows from operating activities			
Cash received from:			
Contributions from participants and employers	\$ 1,582,312		\$ 1,582,312
Gifts		58,430	58,430
Income earned from interest and loan origination fees	138,607		138,607
Investment income	1,412,353		1,412,353
Forfeitures and late charges	2,698		2,698
Reimbursement from Free Will Baptist Foundation		40,000	40,000
Miscellaneous income	109	8,927	9,036
Cash paid for:			
Supplies and employees	(47,693)	(366,532)	(414,225)
Withdrawal of funds by participants	(1,104,242)		(1,104,242)
Income allocated to annuitant obligations	(97,863)		(97,863)
Net cash provided (used) by operating activities	<u>1,886,281</u>	<u>(259,175)</u>	<u>1,627,106</u>
Cash flows from investing activities			
Purchase of office furniture and equipment			
Investments:			
Purchases of investment securities	(12,170,662)		(12,170,662)
Funds invested with Free Will Baptist Foundation		5,754	5,754
Proceeds from sale of investment securities	11,762,054		11,762,054
Notes receivable:			
New loans made	(115,549)		(115,549)
Collection of notes receivable	232,222		232,222
Net cash provided (used) by investing activities	<u>(291,935)</u>	<u>5,754</u>	<u>(286,181)</u>

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

	1999		
	Retirement Accounts	Operations	Total
Cash flows from operating activities			
Cash received from:			
Contributions from participants and employers	\$ 1,694,541		\$ 1,694,541
Gifts		60,578	60,578
Income earned from interest and loan origination fees	165,471		165,471
Investment income	663,114		663,114
Forfeitures and late charges	1,268		1,268
Reimbursement from Free Will Baptist Foundation		27,000	27,000
Miscellaneous income	668	5,269	5,937
Cash paid for:			
Supplies and employees	(49,178)	(340,010)	(389,188)
Withdrawal of funds by participants	(1,395,436)		(1,395,436)
Income allocated to annuitant obligations	(86,558)		(86,558)
Net cash provided (used) by operating activities	<u>993,890</u>	<u>(247,163)</u>	<u>746,727</u>
Cash flows from investing activities			
Purchase of office furniture and equipment		(2,562)	(2,562)
Investments:			
Purchases of investment securities	(19,839,665)		(19,839,665)
Funds invested with Free Will Baptist Foundation	(200,000)	(3,926)	(203,926)
Proceeds from sale of investment securities	17,549,923		17,549,923
Notes receivable:			
New loans made	(107,003)		(107,003)
Collection of notes receivable	1,131,014		1,131,014
Net cash provided (used) by investing activities	<u>(1,465,731)</u>	<u>(6,488)</u>	<u>(1,472,219)</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statement of Cash Flows (continued)
For The Years Ended December 31, 2000 and 1999

	2000		
	Retirement Accounts	Operations	Total
Cash flows from financing activities			
Allocation for operations	(\$ 261,121)	\$ 261,121	\$
Net additions to annuities payable	76,806		76,806
Net cash provided by financing activities	(184,315)	261,121	76,806
Net increase (decrease) in cash	1,410,031	7,700	1,417,731
Cash and cash equivalents at beginning of year	386,673	22,434	409,107
Cash and cash equivalents of end of year	<u>\$ 1,796,704</u>	<u>\$ 30,134</u>	<u>\$ 1,826,838</u>
Reconciliation of increase (decrease) in net assets to cash flows from operating activities			
Increase (decrease) in net assets	\$ 3,272,027	(\$ 10,482)	\$ 3,261,545
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities			
Depreciation and amortization		14,970	14,970
Allocation for operations	261,121	(261,121)	
Loss (Gains) on investment transactions	(1,646,585)	176	(1,646,409)
Decrease in accounts receivable			
Decrease (increase) in accrued investment income	6,696		6,696
Increase in prepaid expenses		(6,812)	(6,812)
Increase (decrease) in accounts payable, accrued expenses and other	542	4,094	4,636
Decrease in loan origination fees	(7,520)		(7,520)
Total Adjustments	(1,385,746)	(248,693)	(1,634,439)
Net cash provided (used) by operating activities	<u>\$ 1,886,281</u>	<u>(\$ 259,175)</u>	<u>\$ 1,627,106</u>

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

	1999		
	Retirement Accounts	Operations	Total
Cash flows from financing activities			
Allocation for operations	(\$ 252,560)	\$ 252,560	\$
Net additions to annuities payable	313,361		313,361
Net cash provided by financing activities	60,801	252,560	313,361
Net increase (decrease) in cash	(411,040)	(1,091)	(412,131)
Cash and cash equivalents at beginning of year	797,713	23,525	821,238
Cash and cash equivalents of end of year	<u>\$ 386,673</u>	<u>\$ 22,434</u>	<u>\$ 409,107</u>
Reconciliation of increase (decrease) in net assets to cash flows from operating activities			
Increase (decrease) in net assets	\$ 1,905,613	(\$ 7,050)	\$ 1,898,563
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities			
Depreciation and amortization		18,794	18,794
Allocation for operations	252,560	(252,560)	
Loss (Gains) on investment transactions	(1,105,012)		(1,105,012)
Decrease in accounts receivable		355	355
Decrease (increase) in accrued investment income			
Increase in prepaid expenses	(51,772)		(51,772)
Increase (decrease) in accounts payable, accrued expenses and other	501	(6,702)	(6,201)
Decrease in loan origination fees	(8,000)		(8,000)
Total Adjustments	(911,723)	(240,113)	(1,151,836)
Net cash provided (used) by operating activities	<u>\$ 993,890</u>	<u>(\$ 247,163)</u>	<u>\$ 746,727</u>

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2000 and 1999

Note - 1

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 of 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.

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 or permanently restricted net assets at December 31, 2000 and 1999.

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

-7-

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2000 and 1999

Note - 1

Summary of significant accounting policies - (continued)

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 two plan types. Plan 1 requires employer contributions for such employee to be at least 5% of the employee's compensations. 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 payments 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.

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 6 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.

-8-

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2000 and 1999

Note - 1 Summary of significant accounting policies - (continued)

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 for 4% for each new church loan is charged to borrowers to cover service fees 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 each estimates are adequate. Actual results could differ from those estimates.

Note - 2 Notes receivable

Following is a summary of notes receivable:

	<u>2000</u>	<u>1999</u>
Participant notes (net) secured by retirement account balances	\$ 6,368	\$ 30,456
Churches and agency notes secured by related real property	<u>1,099,534</u>	<u>1,192,119</u>
	1,105,902	1,222,575
Less allowance for doubtful accounts	<u>(30,000)</u>	<u>(30,000)</u>
	<u>\$ 1,075,902</u>	<u>\$ 1,192,575</u>

The notes bear interest at various rates from 3.0% to 15% and mature at various dates from 2001 through 2012.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2000 and 1999

Note - 3 Investments in marketable securities and instruments

	<u>2000</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>(Depreciation) Appreciation</u>
Investments:			
Certificate of deposit	\$ 285,000	\$ 285,000	\$
Mutual funds	3,297,085	3,161,598	135,487
Common stocks	10,119,088	8,976,748	1,142,340
U.S. Government issues	7,428,125	6,956,027	472,098
Fixed income bonds	20,025	25,000	(4,975)
Corporate bonds	<u>287,563</u>	<u>525,031</u>	<u>(237,468)</u>
Total Investments	<u>\$21,436,886</u>	<u>\$19,929,404</u>	<u>\$ 1,507,482</u>

For 2000, total investment income relating to marketable securities and instruments amounted to \$3,052,242 and consisted of investment gains of \$1,646,585 and interest and dividends of \$1,405,657. Investment income represented yields of 14.96% and 15.80% based on the average market value and average cost of such investments for 2000.

	<u>1999</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>(Depreciation) Appreciation</u>
Investments:			
Certificate of deposit	\$ 35,000	\$ 35,000	\$
Mutual funds	2,632,633	2,670,768	(38,135)
Common stocks	9,153,974	8,033,768	1,120,206
U.S. Government issues	7,311,241	7,651,451	(340,210)
Fixed income bonds	48,845	116,031	(67,186)
Investment with Foundation	<u>200,000</u>	<u>200,000</u>	
Total Investments	<u>\$19,381,693</u>	<u>\$18,707,018</u>	<u>\$ 674,675</u>

For 1999, total investment income relating to marketable securities and instruments amounted to \$1,819,898 and consisted of investment gains of \$1,105,012 and interest and dividends of \$714,886. Investment income represented yields of 10.35% and 10.58% based on the average market value and average cost of such investments for 1999.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2000 and 1999

Note - 4 Office furniture, equipment and automobiles

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

	2000	1999
Office furniture and fixtures	\$ 39,319	\$ 40,685
Computer equipment	42,947	55,767
Automobiles	19,500	19,500
	101,766	115,952
Accumulated depreciation	(78,399)	(77,439)
	<u>\$ 23,367</u>	<u>\$ 38,513</u>

Note - 5 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, additional operating, and maintenance costs related to the lease were \$48,862 and \$50,199 for the years ended December 31, 2000 and 1999, respectively.

Note - 6 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, 2000 and 1999, the recorded liability amounted to \$1,351,731 and \$1,274,925, respectively, which management believes is sufficient to provide benefits over the life expectancy of the annuitants.

Note - 7 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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2000 and 1999

Note - 7 Information regarding financial instruments - continued

The following table summarizes the Board's accounting risk of loss as of December 31, 2000 and 1999:

	2000		Amount of Accounting Risk of Loss
	Account Balance	Amount Insured/ Secured	
Notes receivable, net of allowance for doubtful collections	\$ 1,075,902	\$ 1,075,902	\$
Cash and cash equivalents	687,941	687,941	
Funds invested with the Free Will Baptist Foundation	13,161	13,161	
Fixed income bonds	20,025		20,025
Short-term liquid investments	1,138,897		1,138,897
Corporate bonds	287,563		287,563
Certificates of deposit	285,000	285,000	
Mutual funds	3,297,085		3,297,085
Common stocks	10,119,088		10,119,088
U.S. Treasury notes and bills	7,428,125	7,428,125	
	<u>\$24,352,787</u>	<u>\$ 9,490,129</u>	<u>\$14,862,658</u>

	1999		Amount of Accounting Risk of Loss
	Account Balance	Amount Insured/ Secured	
Notes receivable, net of allowance for doubtful collections	\$ 1,192,575	\$ 1,192,575	\$
Cash and cash equivalents	216,041	203,031	13,010
Funds invested with the Free Will Baptist Foundation	17,989	17,989	
Fixed income bonds	45,845		45,845
Short-term liquid investments	193,067	193,067	
Short-term note with Free Will Baptist Foundation	200,000	200,000	
Certificates of deposit	35,000	35,000	
Mutual funds	2,632,633		2,632,633
Common stocks	9,153,974		9,153,974
U.S. Treasury notes and bills	7,311,241	7,311,241	
	<u>\$20,998,365</u>	<u>\$ 9,152,903</u>	<u>\$11,845,462</u>

Note - 8 Related party transactions

The Board provided office space and certain administrative services to the Free Will Baptist Foundation, Inc. The foundation reimbursed the Board \$40,000 and \$27,000 for these services during the years ended December 31, 2000 and 1999, respectively.

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

	2000	2001	2002
Bill Evans:			
Salary	26,539.32	27,600.89	29,941.00
Housing/Utilities	23,795.20	24,747.01	25,736.89
Social Security/Medicare	9,092.30	9,456.00	9,834.23
Retirement	3,523.42	3,664.35	3,897.45
Insurance	6,742.31	7,312.57	8,948.04
Life 739.20	841.20	841.20	
Hospitalization	5,281.20	5,710.01	7,374.48
Dental	407.88	396.72	416.52
Disability	314.03	364.64	315.84
Total	69,692.55	72,780.82	78,357.61
Note: Office Car Furnished			
Ray Lewis			
Salary	18,467.15	19,205.84	21,065.04
Housing/Utilities	25,958.40	26,996.74	28,076.61
Social Security/Medicare	8,079.18	8,345.92	8,679.76
Retirement	3,109.79	3,161.50	3,439.92
Insurance	3,937.92	4,201.97	5,045.04
Life	660.96	660.96	660.96
Hospitalization	2,777.28	3,002.81	3,878.16
Dental	222.48	216.36	227.16
Disability	277.20	321.84	278.76
Total	59,552.44	61,911.96	66,306.37
Note: Office Car Furnished			
Diana Harris			
Salary	23,920.00	24,398.40	25,862.31
Social Security/Medicare	1,829.88	1,866.48	1,941.14
Retirement	1,674.40	1,674.40	1,776.20
Insurance	3,858.12	3,724.32	4,599.67
Life	361.20	361.20	361.20
Hospitalization	2,777.28	3,002.81	3,878.16
Dental	585.84	216.36	216.36
Disability	133.80	143.95	143.95
Total	31,282.40	31,663.60	34,179.32

**Board of Retirement and Insurance
Proposed Budget for 1998**

	1998 Budget	1998 Actual	1999 Proposed	2000 Proposed	2000 Actual	2001 Budget	2002 Proposed
Salaries	96,465	98,191	97,105	106,147	106,790	110,642	76,868
Employee Benefits	51,200	53,461	53,569	59,233	62,428	62,382	48,161
Housing	46,000	46,000	47,840	49,754	49,754	51,744	53,814
Travel/Promotion	17,000	17,137	19,000	19,250	18,258	19,250	20,250
Auto Maintenance	1,000	1,307	1,000	1,500	4,101	1,500	1,500
Future Purchases/Auto	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Hardware/Software Future Purchases	1,000	0	0	0	0	12,000	12,000
Plant Fund	53,000	49,070	53,000	53,000	48,862	53,000	52,000
Office Expense	26,000	19,168	26,000	26,000	23,582	28,000	28,000
Equipment	30,000	29,009	10,000	10,000	142	4,000	5,000
Publications	10,000	2,950	10,000	12,250	1,918	12,250	12,250
Board Expense	12,500	12,139	14,000	15,000	11,996	15,000	17,000
Together Way	1,000	1,098	1,000	0	0	0	0
Legal				6,000	3,255	3,500	8,500
Auditing	16,000	12,651	18,000	12,000	10,200	12,000	12,000
Equipment Lease				0	2,805	0	4,000
Software Maintenance				0	10,203	0	7,000
Miscellaneous	1,500	1,362	2,500	2,500	1,965	2,000	2,000
Education/Training	4,000	3,286	5,000	6,500	7,732	8,000	10,000
Total	369,665	349,828	361,014	382,134	366,991	398,268	373,343

Master's Men Report

My daughter Laura began her first job this past fall. She is working for Chick-fil-A. After her orientation she was telling my wife and me that Chick-fil-A did not serve chicken, they served customers. I liked that. The year 2000 marked the forty-fifth year of the Master's Men Department serving our Savior and Free Will Baptist family.

Our primary objective as we serve the Savior is to help our churches equip their men to become servants of Christ as they grow in their spiritual walk. The Master's Men program has a well-defined target in this process. We seek to develop men into:

Men of Priority

A multitude of demands and pressures compete for a man's time. However, men who bring glory to God understand that their first priority must be their relationship to Jesus Christ. Master's Men challenges and helps men develop an intimate walk with the Lord.

Men of Prayer

Master's Men desires to equip our men to become faithful men of prayer. The goal is to see men active in prayer on several levels. First, men need to learn the value of prayer on a personal level. Secondly, men need to pray for and with their families. Third, men need to pray with and for other men. Fourthly, men need to set the example in their churches by praying for their pastor and their churches ministries.

Men of Purpose

Master's Men exists to accomplish five stated purposes. Master's Men seeks to encourage fellowship, discipleship, stewardship, soul-winning, and edification among Free Will Baptist men.

Men of Purity

Being a man of purity in our culture is not an easy task. Through our newsletter, retreats, and our study resources Master's Men will continue to proclaim biblical truths that will enable our men to live as pure men.

Men of Passion

Men can be very passionate about their favorite sports team, a hobby, or their work. Sadly, some men have little enthusiasm about being husbands and fathers. Master's Men will teach men their biblical responsibilities to their wives and children and will encourage them to be passionately committed to their families.

I believe one of the greatest challenges of the twenty-first century church will be to awaken men out of spiritual passivity and mobilize them to make impact for Christ in their homes, communities, and workplaces. That is why Master's Men is needed. Our department seeks to assist our pastors and churches as they reach men with the gospel and disciple them to follow after Jesus.

I am grateful to the Lord for each church and individual that has made it possible for us to fulfill our purpose through their prayers and financial support. I am also thankful for three board members who will be ending their time of service with Master's Men. Mr. Waymon Ray, Master's Men

board chairman, and Mr. John Fowlkes have served on the Master's Men board for twelve years. Mr. Jerry Atwell has served Master's Men for six years. These men have faithfully served the Lord, Master's Men, and Free Will Baptists. I appreciate their wisdom, leadership, and commitment.

Respectfully,

Tom Dooley, General Director

Summary of 2000 Board Activity

March 10, 2000

The board of Master's Men met at the offices of Master's Men. The board of Master's Men approved the following. First, that Master's Men assist in building the mission house on the new campus of Free Will Baptist Bible College by providing the labor for the project. Secondly, the board approved the purchase of an automobile for the department. Thirdly, the board hired Mr. Kenneth Akers to fill the position of Director of Ministry Development. The budget for 2001 was presented and approved.

December 6, 2000

The Master's Men board heard reports concerning, chapter development, the Deep South Golf Tournament, National Men's Retreat, National Golf Tournament, the Direction Bible Study Series, and Operation Saturation. The board of Master's Men approved:

(1) The development of a regional retreat strategy (2) Inviting WNAC to join Master's Men in hosting a national couples retreat for 2002 (3) Implementing a Father's Day Project.

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

Antioch, Tennessee
Financial Statements
December 31, 2000

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

CONTENTS

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

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, 2000 and 1999, 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, 2000 and 1999 and the results of its operations and the cash flows for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Certified Public Accountant

Benton, Illinois
May 16, 2001

Member of American Institute of Certified Public Accountants

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

BALANCE SHEET
December 31,

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash	\$8,177	\$5,849
Trust account - Build A House campaign	928	869
Trust account - Lifetime membership	110,075	103,563
Investments	56,164	206,474
Accrued interest receivable	539	539
Inventories	0	0
Cash value of endowment insurance	3,691	3,794
Total current assets	\$179,574	\$321,088
NOTES RECEIVABLE (Note 4)	53,000	53,000
PROPERTY AND EQUIPMENT, net (Note 2)	23,324	9,560
CAPITALIZED LEASE, net (Note 3)	2,109	2,310
Total assets	<u>\$258,007</u>	<u>\$385,958</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$4,270	\$3,098
Deferred revenue (Note 5)	1,200	1,560
Accrued expenses	180	514
Total current liabilities	<u>\$5,650</u>	<u>\$5,172</u>
FUND BALANCE (DEFICIT) (Note 6)		
Unrestricted	\$77,765	\$206,567
Restricted	174,592	174,219
Total capital	<u>\$252,357</u>	<u>\$380,786</u>
Total liabilities and capital	<u>\$258,007</u>	<u>85,958</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 ACTIVITY AND CHANGES IN FUND BALANCE
Years ended December 31,**

	2000			1999
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$ 12,890	\$ 0	\$ 12,890	\$ 11,118
Cooperative program	59,132	0	59,132	57,925
Merchandise sales	3,074	0	3,074	987
Interest and dividend income	17,833	0	17,833	15,172
Gain (loss) on sale of investments	45,061	0	45,061	59,890
Gain (loss) in market value of investments	(95,661)	0	(95,661)	0
Gifts and other income	46,952	10,272	57,224	186,386
	<u>\$ 89,281</u>	<u>\$ 10,272</u>	<u>\$ 99,553</u>	<u>\$331,478</u>
EXPENSES				
Salaries and wages	\$ 98,887	\$ 0	\$ 98,887	\$ 61,631
Payroll taxes and employee benefits	20,465	0	20,465	12,640
Cost of sales and printing	11,308	0	11,308	8,419
Travel expense	17,632	0	17,632	15,039
Conferences and conventions	4,851	0	4,851	4,610
Office expense	4,853	0	4,853	5,217
Postage	4,973	0	4,973	2,939
Promotion expense	25,631	0	25,631	22,582
Rent expense	21,983	0	21,983	20,292
Professional fees	1,175	0	1,175	675
Bookkeeping expense	900	0	900	975
Depreciation	4,263	0	4,263	1,531
Amortization	201	0	201	201
Insurance expense	0	103	103	291
Dues, subscriptions and fees	961	0	961	822
Master's Hands construction expense	0	0	0	0
Missions projects	0	9,796	9,796	1,948
	<u>\$218,083</u>	<u>\$ 9,899</u>	<u>\$227,982</u>	<u>\$159,812</u>
REVENUES OVER (UNDER) EXPENSES	(\$128,802)	\$ 373	(\$128,429)	\$171,666
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	206,567	174,219	380,786	209,120
RETAINED EARNINGS, ENDING	<u>\$ 77,765</u>	<u>\$174,592</u>	<u>\$252,357</u>	<u>\$380,786</u>

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

-3-

THE MASTER'S MEN, A DEPARTMENT OF THE

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

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

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$128,429	\$171,666
Adjustments to reconcile to net cash		
Depreciation	4,263	1,531
Amortization	201	201
Gain on sale of investments	(45,061)	(59,890)
Loss in market value of investments	95,661	0
Changes in assets and liabilities		
Change in inventories	0	0
Change in accrued interest receivable	0	3,590
Change in accounts payable	1,172	(90,281)
Change in deferred revenue	(360)	764
Change in accrued expenses	(334)	370
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (72,887)</u>	<u>\$ 27,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reductions (additions) to trust accounts	\$ (6,571)	\$ 13,334
Reductions (additions) to investments	27,161	(125,121)
Sales of investments	72,549	124,625
Reductions (additions) to cash value of insurance	103	291
Additions to property and equipment	(18,027)	(2,420)
INVESTING ACTIVITIES	<u>\$ 75,215</u>	<u>\$ 10,709</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition to notes receivable	\$ 0	\$ (53,000)
Proceeds from notes receivable	0	17,000
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>\$ 0</u>	<u>\$ (36,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 2,328</u>	<u>\$ 2,660</u>
CASH AT BEGINNING OF YEAR	5,849	3,189
CASH AT END OF YEAR	<u>\$ 8,117</u>	<u>\$ 5,849</u>

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

-4-

THE MASTER'S MEN, A DEPARTMENT OF THE

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

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>2000</u>	<u>1999</u>
Equipment and furniture	\$45,487	\$27,460
Less: accumulated depreciation	22,163	17,900
Property and equipment, net	<u>\$23,324</u>	<u>\$9,560</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.

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS

NOTES TO FINANCIAL STATEMENTS
December 31, 2000

NOTE 4 - NOTES RECEIVABLE

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

	<u>2000</u>	<u>1999</u>
Note receivable from John Fowlkes, Vilonia, Arkansas; 7%; dated 11/8/99; due on demand	\$ 53,000	\$ 53,000
	<u>\$ 53,000</u>	<u>\$ 53,000</u>

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of dues, golf tournament fees, and meal tickets received for future years as of December 31, 2000 and 1999.

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>2000</u>	<u>1999</u>
Mission projects	\$ 5,174	\$ 6,648
Build A House campaign	48,676	48,676
Lifetime Membership	106,258	105,808
Master's Hands projects	13,950	12,450
Endowment insurance	534	637
	<u>\$174,592</u>	<u>\$174,219</u>

**The Charter
of
Master's Men of the
National Association of Free Will Baptists, Inc.**

Pursuant to TCA 48-67-101 & 102, and the Tennessee General Corporation Act, the undersigned natural persons, having capacity to contract and acting as the Incorporators of Master's Men of the National Association of Free Will Baptists, Inc., a Tennessee Nonprofit Religious Corporation, adopts the following Charter for such Corporation:

1. The name of the Corporation is:
Master's Men of the National Association of Free Will Baptists, Inc.
2. The Corporation's principal office is located at:
5233 Mount View Road, Antioch, Davidson County, Tennessee 37013
3. The Corporation's registered agent and address:
Tommy J. Dooley, 5233 Mt. View Road, Antioch, TN 37013
4. The duration of this Non-Profit Religious Corporation is perpetual.
5. The Corporation shall have no members.

ARTICLE I

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

**ARTICLE II
Corporate Purposes**

The purpose for which the Corporation is organized is: **To magnify Christ Jesus as our Lord and to glorify our Heavenly Father.**

To implement this chief purpose the Corporation shall promote, carry on and maintain the program of the Master's Men in accordance with the tenets and doctrines of the Free Will Baptists as set forth by the National Association of Free Will Baptists, Inc., as described in *Treatise of the Faith & Practices of Free Will Baptists* and all other purposes incident thereto.

The support of public worship, the building and maintenance of churches, parsonages, schools, hospitals, chapels and such other religious, educational or benevolent institutions as may be necessary or proper to the work of missionary bodies in the United States or in any foreign country, and the maintenance of all missionary undertakings. This Corporation is organized exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be amended).

**ARTICLE III
Management of Corporation**

The overall direction of the Corporation shall be vested in a Board of Trustees. The management and operation in accordance with the overall direction of the Corporation, shall be the responsibility of the Corporate officers. The Trustees shall be elected by the National Association of Free Will Baptists, Inc., in accordance with its Constitution and By-laws.

**ARTICLE IV
Corporation's Powers As Trustee**

The Corporation shall receive and administer funds and properties of all kinds for the above purposes, and to that end, the Corporation is authorized to take and to hold by bequest, devise, gift, purchase, loan or lease, either absolutely or in trust, for said purposes or any of them, any property, real, personal, or mixed, without limitation as to amount or value, in accordance

with such limitations, as may be imposed by law or by this Charter: to sell, convey and dispose of any such property or to invest and reinvest the principal thereof, and to deal with and expend such principal or the income therefrom for any of the purposes of the Corporation, either by direct action of the Corporation or by means of trust created by it, without limitation, except such limitation, if any, as may be contained in the instrument under which such funds or property are received; to receive any property, real, personal, or mixed, in trust, under the terms of any deed, will, deed of trust, or other trust instrument consistent with the purposes of the Corporation, in administering the same to carry out the directions and exercise the powers contained in the instrument under which the property is received, including the expenditure of the principal as well as the income for one or more such purposes, if authorized and directed in the instrument under which it is received, to receive, take title bonds, obligations, and other securities of any person or persons, corporation or corporations, domestic or foreign for the purposes of the Corporation. The Corporation is specifically authorized to serve as a Trustee of any and all funds donated to its use upon specified terms and conditions consistent with its nonprofit religious and educational purposes. Furthermore, it may serve as Trustee under specific terms and conditions of any and all funds so long as it is a beneficiary.

**ARTICLE V
Dissolution**

In the event of the dissolution of this Corporation, any assets of the organization then remaining shall be conveyed to the National Association of Free Will Baptists, Inc., which organization is exempt under section 501(c)(3) of the Internal Revenue Code of 1986 as amended or under successor provisions of the Code as may be in effect at the time of dissolution.

**ARTICLE VI
Amendments**

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

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

We, the undersigned, as the Incorporators and the Trustees constituting the Board of Trustees for the Master's Men of the National Association of Free Will Baptists, Inc., do hereby acknowledge that this Charter was adopted at the recommendation of the General Board by the convention of the National Association of Free Will Baptists, Inc., meeting on the _____ day of _____, _____, at _____.

By affixing my signature hereto, I, Tommy J. Dooley, certify that I witnessed the signatures of the foregoing Incorporators and the members of the Board of Trustees for the Master's Men of the National Association of Free Will Baptists, Inc., dated this _____ day of _____, _____.

Tommy J. Dooley, General Director

Sworn and subscribed to before me on the _____ day of _____, _____.

Notary

My Commission Expires: _____

**By-laws and Rules of Decorum
Of
Master's Men of the
National Association of Free Will Baptists, Inc.**

**I
Organization, Objective, and Purposes**

1. **Organization.** Master's Men of the National Association of Free Will Baptists, Inc., (the "Corporation") is a non-profit Corporation organized under the laws of the State of Tennessee.
2. **Office.** The Corporation shall maintain its principal office at 5233 Mountain View Road, Antioch, Tennessee 37013 or such other place within the State of Tennessee as determined by the Board of Trustees.
3. **Objective and purposes.** To implement, promote, carry on and maintain the program of Master's Men, including the enlistment of laymen and pastors in their local churches to encourage stewardship and fellowship to deepen their spiritual lives, in accordance with the tenets and doctrines of the Free Will Baptists as set forth by the National Association of Free Will Baptists, Inc.

**II
Board of Trustees**

The Board of Trustees shall be known as the Master's Men National Board and shall be considered the same as a Board of Directors.

1. **Number, election, and authority of Trustees.** The Board of Trustees shall be composed of nine members who are elected by the National Association for a term of six years. These terms are to be arranged so that they expire in groups of three biennially. A Trustee shall serve no more than two full consecutive terms. The Trustees shall act in their Trustee capacity only as a Board and individual Trustees have no power to act for the Corporation without prior specific Board authority. Membership on the board shall be made of laymen and ordained ministers, but at no time shall ordained ministers constitute more than one-third of the board. The Board shall institute the overall program of the Corporation and the officers shall supervise and administer its operation. The Board shall be responsible for the actions of the Corporation to the National Association of Free Will Baptist, Inc.
2. **Qualification of Trustee.** Each Trustee shall hold membership in a regular Free Will Baptist Church that belongs to a Free Will Baptist District or State Association, or to a church which is recognized by the National Association as being affiliated.
3. **Reports to the National Association.** The Board shall prepare an annual budget of its proposed financial expenditures at the beginning of each fiscal year and shall present the same for approval to the National Association along with a properly qualified independent audit with an unqualified opinion on the Corporation's fiscal condition. The corporation financing shall include: Master's Men Day Offerings; membership dues; the percentage of Co-op moneys as designated by the National Association; any and all contributions made to the corporation.
4. **Vacancies.** The Board of Trustees may seek to replace on an *ad interim* basis irregular vacancies that may occur among its members for any reason by requesting the General Board of the National Association of Free Will Baptists, Inc., to fill said vacancies.
5. **Removal of Trustees.** The National Association at any regular annual session shall have the power and right to declare the Trustee position vacant for any cause deemed valid by said Association and to elect successors to those who may thus be removed from office.
6. **Executive Committee.** The Board of Trustees is authorized to create an Executive Committee to act with such authority as the Board of Trustees shall grant when the Board of Trustees is not in session. The number, election and meetings of the Executive Committee is to be determined and changed as the Board of Trustees may from time to time direct. The General Director shall be a non-voting *Ex Officio* member of this Executive Committee.
7. **Regular and special meetings.** The Board of Trustees shall set the time, but not less than semi-annually, occasion or place of the annual meetings of the Board of Trustees, which thereafter may be held without notice. Special meetings may be held at any time upon the call of the General Director or upon the call of three Trustees. Notice the purpose of such special meetings shall be in writing postmarked at least two weeks before the meeting.
8. **Quorum.** A Quorum shall consist of at least six duly elected Trustees and a majority vote of the Trustees present shall decide the issues brought before the meeting except as other-wise required by the Charter, By-laws or the Board of Trustees of this Corporation and/or by the National Association.
9. **Compensation and expenses.** Trustees shall serve as such without compensation. Expenses incurred in connection with the performance of their official duties may be reimbursed to Trustees upon approval of the Board of Trustees. A Trustee shall not be precluded from serving the Corporation in any other capacity nor from receiving compensation for such services.

**III
Officers of the Board of Trustees**

Election and Duties

1. **Officers.** The officers of the Board of Trustees shall be the Chairman of the Board, Vice Chairman, and Secretary.
2. **Election and term.** Each of the officers shall be elected by the board of Trustees for one year beginning with the regular annual meeting of the Board and they shall serve until their respective successors are elected.
3. **Chairman of the Board.** The Chairman of the Board shall preside at all meetings of the Board of Trustees except when he directs or in his absence the Vice Chairman shall preside. The Chairman shall perform all the duties and have all the powers commonly incident to his office and shall carry out the directions of the Board of Trustees and shall act as Chief Executive Officer, i.e. President, in the absence of or upon the inability of the General Director.
4. **Vice Chairman.** The Vice Chairman of the Corporation shall perform all the duties and have all the powers commonly incident to the office of Corporate Vice Chairman and shall have other powers and perform other duties as may be assigned to him by the Chairman and/ or the Board of Trustees. The Vice Chairman shall preside at the meetings of the Board of Trustees when the Chairman directs or in his absence.
5. **Secretary.** The Secretary shall perform all the duties and have all the powers commonly incident to the office of corporate secretary and shall have other powers and perform other duties as may be assigned to him by the Board of Trustees. He shall keep the minutes of all the meetings of the Board of Trustees.
6. **General Director.** The General Director shall be employed by the Board of Trustees. The General Director shall be the Chief Executive Officer, i.e. President, of the Corporation. The General Director shall perform all the duties and have all the powers commonly incident to the office of President and shall have other powers and perform other duties as may be assigned to him by the Board of Trustees. The General Director shall be a non-voting *Ex Officio* member of the Board of Trustees.
7. **Removal of Officers.** The General Director shall hold office at the pleasure of the Board of Trustees. Any elected or appointed officer may be removed at any time with or without cause upon the affirmative vote of the majority of the Board.

**IV
Corporate Officers**

1. **Officers.** The officers of the Corporation shall be the General Director, Associate Director, Secretary and Treasurer. The officers of the Corporation shall not be members of the Board of Trustees. The Board of Trustees may from time to time elect other officers as it may deem proper. Any two officers, except those of General Director and Secretary, may be filled by the same person.
2. **Election and term.** Each of the corporate officers shall be elected by the Board of Trustees and shall serve until their respective successors are chosen subject to the direction of the Board of Trustees.
3. **Associate Directors.** The Associate Director shall perform all the duties and have all the powers commonly incident to the office of Vice President and shall have other powers and perform other duties as may be assigned to him by the General Director. The Board of Trustees may from time to time elect Associate Directors assigning to their office such responsibilities as they may deem wise and necessary.
4. **Secretary.** The Secretary shall perform all the duties and have all the powers commonly incident to his office and shall have other powers and perform other duties as may be assigned to him by the General Director. He shall have charge of all corporate books and records except for such financial books and records as are the responsibility of the Treasurer.
5. **Treasurer.** The Treasurer shall be the corporate chief fiscal agent and shall perform all the duties and have all the powers commonly incident to his office and shall have other powers and perform other duties as may be assigned to him by the General Director. He may be required by the Board of Trustees to give bond for the faithful performance of his duties, in the sum and with the sureties as may be required. As the Corporate chief fiscal agent, he shall have the care and custody of all funds, securities, valuable papers, and accounts of the Corporation.
6. **Salaries.** The salary of all employees serving under the General Director shall be fixed upon the recommendation of the General Director by the Board of Trustees.

**V
Contracts, Loans and Checks**

1. **Contracts.** The Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.
2. **Loans.** No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances; provided, however, no loans shall be made by the Corporation to its Trustees or officers which are prohibited by TCA 48-58-303.

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

VI

Limiting, and Indemnifying the Liability of Trustees

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

VII

Transactions with Trustees

1. No contract or other transaction between this Corporation and any of its Trustees shall be void or voidable if such contract shall be approved or ratified by an affirmative vote at any meeting of the Board of Trustees by a majority of the Trustees. The subject Trustee shall have no voice or vote concerning the approval or ratification of his action. Further, no Trustee shall be liable to account to the Corporation for any profit realized by him from or through any such contract or transaction ratified or approved as aforesaid.

2. Notwithstanding anything herein to the contrary, the Corporation shall not lend money to or use its credit to assist its Trustees or officers, whether or not employees.

VIII

Miscellaneous

1. Written Consent. Whenever the Trustees of this Corporation are required or permitted to take any action by vote, such action may be taken without a meeting, upon written consent setting forth the action so taken, and signed by all of the Trustees entitled to vote thereon.

2. Contracts and Notes. Contracts in the regular order of business shall be executed by the General Director or by a person designated with that authority by the Board of Trustees or its Executive Committee as directed by written resolution.

3. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January of each year and shall end on the last day of December next following.

IX

Amendments

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

Certification

These By-laws and Rules of Decorum, amending all previous By-laws of Master's Men, were duly adopted by a two-thirds majority vote of the Board of Trustees at its duly called meeting on _____ day of _____, 2001, at _____.

Secretary

Salary Breakdown

	1999	2000	2001	2002
General Director				
Salary	\$39,911	\$28,200	\$30,600	\$30,600
Housing	0	19,800	19,800	19,800
Retirement	1,945	2,400	2,460	2,460
Insurance	8,925	8,000	8,400	8,400
Social Security	2,921	0	0	0
Total	\$53,702	\$58,400	\$61,260	\$61,260
Director's Assistant				
Salary			\$43,200	\$22,800
Housing			0	\$20,400
Retirement			2,160	2,160
Insurance			8,400	8,400
Total			\$53,760	\$53,760

Proposed Budget for 2002

<u>Expenses</u>		<u>Director's Assistant</u>	
Office Operation		Salary	\$ 22,800
Rent	\$ 20,292	Housing	20,400
Equipment and Supplies	3,000	Retirement	21,600
Telephone	2,000	Insurance	8,400
Postage	1,750	Total	\$ 53,760
Total	\$27,042	Part Time Office Staff	
Accounting		Salaries	\$ 17,000
Bookkeeping	\$ 900	FICA	1,054
Audit	1,500	Medicare	246
Total	\$ 2,400	Total	\$18,300
Resource Development		Ministry Development	
Newsletter	\$ 5,600	Convention/promotion	\$ 1,500
Bible Studies	1,000	Total Expenses	\$194,362
Printed Materials	1,500		
Postage	3,000		
Total	\$11,100		
Travel			
Department Travel	\$ 15,000	<u>Income</u>	
Board Travel	4,000	Dues	\$ 20,000
Total	\$ 19,000	Rest of the Family Offering	1,000
Salaries		Together Way	61,000
General Director		Softball	4,000
Salary	\$ 30,600	Golf	4,000
Housing	19,800	Gifts	79,825
Retirement	2,460	Family Enrichment Conf.	2,000
Insurance	8,400	Promotional Sales	2,000
Total	\$ 61,260	Resource Sales	2,000
		Endowment Income	8,537
		Total Income:	\$194,362

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 2-3, 2000, we sponsored our fifth annual Theological Symposium. It met at Free Will Baptist Bible College in Nashville, Tennessee. Papers were read on a variety of subjects. The interest was good. There was a lively, healthy interaction during the meeting. We continue to be encouraged by the quality of the papers that are read in our Symposiums. The Theological Symposium for 2001 will be conducted at Hillsdale Free Will Baptist College in Moore, Oklahoma. It will begin November 5 and go through Tuesday evening November 6.

At last year's National Association, we introduced the first issue of *Integrity: A Journal of Christian Thought*. A copy of *Integrity* was mailed to all of our pastors and other denominational personnel. A few copies were also available to others at \$6.00 per copy. We soon ran out of copies.

Below are some of the comments that we received:

- It was excellent. Keep it coming!
- Great, very excited about the publication.
- Very informative and clear—just the book I've been needing!
- I have had an insatiable appetite for FWB material for years. . . . Therefore this journal is welcomed, appreciated, etc. but long overdue!
- I think this is a Great Idea! I would be willing to subscribe if it becomes feasible.
- Thanks! It's great! I definitely wish to receive it, and am willing to pay.
- Very pleased! Keep up the good work. It will serve us well in years to come.
- I really enjoyed the papers. I believe this is a tool to be used to educate pastors and help them confront postmodern thinking.
- Enjoyed the book very much. We need our people to write more books.

The publication of this journal is a joint venture of the Commission for Theological Integrity, Free Will Baptist Bible College, Hillsdale Free Will Baptist College, and Randall House Publications. An unexpected blessing came when the Executive Department underwrote the cost of mailing copies to our pastors. There were several individuals, churches and quarterly meetings who made financial contributions. The Commission is greatly indebted to all who supported us in anyway.

A special thanks goes to Matt Pinson, editor, and Paul Harrison, assistant editor, for the work they did in preparing the first issue of *Integrity*—a journal that we can all be proud of. They are already working on the second issue which will be out later this year.

For several years we have been sponsoring a seminar at our National Association meeting on areas of concern. At this year's National Association we will conduct a seminar on "Abortion and Euthanasia." It will be conducted by Dr. Mark Paschall, former medical missionary to Ivory Coast, West Africa.

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 31, 2000 Financial Report

Bank Balance - January 1, 2000	\$1,862.01	Oklahoma	362.97	
		South Carolina	3.51	
		Tennessee	310.58	
		Texas	39.07	
		Virginia	2.46	
		Washington	1.27	
		West Virginia	242.77	\$3,316.29
		Interest on Bank Account		35.99
INCOME		<i>Integrity—A Journal of Christian Thought</i> Gifts		3,650.00
Gifts/The Together Way/Rest of the Family Offering		Journals Sold		957.00
Alabama	\$ 36.19	Symposium Papers Purchased		375.00
Arizona	0.71	Symposium Registration Fees		30.00
Arkansas	509.31	Total Income		\$8,364.28
California	26.79			
Canada	0.48	EXPENSES		
Florida	33.96	Bookkeeping	\$200.00	
Georgia	562.17	Convention Speaker/Digest of Reports	690.79	
Illinois	99.28	Symposium Expenses	1,237.60	
Indiana	247.56	Journal Expenses	3,057.16	
Iowa	9.57	Miscellaneous Office	33.70	
Kansas	1.34	Total Expenses		\$5,219.25
Kentucky	32.85			
Louisiana	0.43	Bank Balance - December 31, 2000	\$5,007.04	
Maryland	1.55			
Michigan	106.67			
Mississippi	19.51			
Missouri	450.36			
New Mexico	1.37			
North Carolina	107.03			
Ohio	106.53			

Budget

Expenses:		Income:	
Commission Meeting	\$3,000.00	Together Way	3,500.00
Publication of <i>Integrity</i>	3,500.00	For <i>Integrity</i> *	
National Convention	700.00	Free Will Baptist Bible College	1,500.00
Theological Symposium	750.00	Hillsdale Free Will Baptist College	1,500.00
Bookkeeping	200.00	Other	500.00
Office	100.00	Symposium	350.00
Total Expenses:	\$8,250.00	Other Contributions	850.00
		Interest Income	50.00
		Total Income:	\$8,250.00

* The expenses for the publication and distribution of *Integrity* do not reflect the contribution of Randall House for printing and binding nor assistance in the mailing cost by the Executive Office.

Media Commission

The ultimate goal of your Media Commission is 'to advance the cause of Christ.' That is how we begin our mission statement. Everything we do or have a desire to be is driven by a longing to advance Christ's Kingdom!

The media field is vast. We want to provide to our churches and denominational agencies the tools that will assist them in representing their needs and the furthering the gospel message. To help us provide these types of tools requires both creative time and funding to cover the various types of media. We introduced a plan called "Raise the Standard" in 2000 with the sole purpose of moving the Media Commission to serving you full time. Many of you responded with pledges and gifts. We say thank you!

As of yet our total goal has not been met. However, we are moving in the direction we promised. In the intermediate time, we have named Ron Hunter our Creative Director and Bill Gardner our Office Manager. They have been performing in this capacity for some time. They will now be paid on a very part time merit system. A small percentage of net proceeds from products sold and services rendered will be used to compensate them for their time. However at this time, ALL Together Way funds, gifts and "Raise The Standard" campaign monies received will be placed in the general operating account and used solely for media projects and promotions and will not be used for Media Commission compensation.

We receive .5% (one half of one percent) of the undesignated money to the national Together Way. We are appreciative for this money as it helps to take care of our meetings and a few basic administrative costs.

Your Media Commission specializes in ways to enhance your appearance and promotion. From letterhead to logo design; from TV and radio spots to web design; we are your full service organization to help you be as attractive as possible to your community. With this goal in mind, the Commission has agreed to utilize one of its vendors to do your professional web design and hosting as well as provide many other television commercials and television airtime buying service.

We still have available two television spots, four radio spots, ad slicks, and our customized Church Video Brochure. We have now added a generic version of the video brochure tagged with the plan of salvation. We have also recently produced a video (along with a CD and Cassette) entitled *A Free Will Baptist Gathering: He Keeps Me Singing*. This is along the lines of the Gaither Homecoming Series and will feature approximately fifty of your favorite Free Will Baptist musicians and singers down through the years in a live concert setting.

Our stated goal is an uncomplicated one. We desire to advance the cause of Christ. The means of attaining that goal, however, can be quite complex. The field of media is changing at warp speed. The desire of your Media Commission is to stay on the cutting edge of the field of media, yet preserving, maintaining and even strengthening Free Will Baptist distinctives and heritage. We thank you for allowing us the opportunity to serve you.

Steve Faison, Chairman
 Doug Kite
 Ron Hunter
 Bill Gardner
 Mike Jones

Media Commission 2000 Financial Report

Beginning checking account balance		\$6,802.36
Income		
Undesignated Co-op		
Alabama	\$ 5.27	
Arkansas	507.81	
California	26.79	
Florida	33.33	
Georgia	53.20	
Iowa	9.57	
Illinois	69.20	
Indiana	6.90	
Kansas	1.34	
Kentucky	32.85	
Maryland	1.26	
Michigan	98.46	
Missouri	448.27	
Mississippi	19.14	
North Carolina	92.40	
New Mexico	1.37	
Ohio	103.76	
Oklahoma	361.06	
South Carolina	1.51	
Tennessee	60.42	
Texas	10.53	
Virginia	1.18	
West Virginia	2.66	
Others	1.42	
		\$ 1,949.70
Project Income / Designated Gifts		30,102.92
Interest		255.01
Total Income		\$32,307.63
Expenditures		
Church Video Project	10,787.22	
Convention Expenses	2,148.50	
Convention Video Screens	2,000.00	
Digest of Reports	83.70	
Postage	939.74	
Design	1,265.00	
Printing	3,250.50	
Production	2,318.95	
Duplication	7,469.31	
Self Promotion	2,118.45	
Telephone	1,973.84	
Commission Expenses	840.21	
Meeting	1,178.32	
Employee Commission	1,803.55	
Total Expenditures		\$38,177.29
Ending balance of all accounts 12/31/2000		\$ 932.70

Music Commission

Much has been accomplished by the Music Commission during the last several years. The *Rejoice* hymnal was published and met with great enthusiasm by Free Will Baptists in particular, as well as the broader Christian community. Music seminars and reading sessions at the National Convention have served to both develop biblical thinking about music in the local church and to place in the hands of our churches some of the finest music available. Two choral collections, *Glory, Honor and Praise* and *Worthy of Praise*, have been produced by and for our denomination. Many steps have been taken to insure that the music at the National Convention moves the mind and heart toward biblical worship. In addition, a conscious effort has been made to prepare new servant-leaders to take their places in our churches and our denomination.

But even with all these things, much is left to be done if the vision of the Music Commission is to be realized. This vision is to perpetuate a theologically correct understanding of God and the practice of the worship of God among Free Will Baptists, especially with regard to the musical elements of worship. A number of goals are in view:

- 1) Perpetuating a biblical understanding of worship and music in the church
- 2) Helping pastors realize the need for an effective music ministry in the local church
- 3) Communicating with our colleges about educational issues relative to music ministry
- 4) Providing and encouraging quality education for music ministers and teachers
- 5) Hosting an annual worship/music retreat to provide quality teaching and resources for the local church
- 6) Developing a functioning network of musicians as a resource for the denomination
- 7) Increasing the number of instrumental/orchestra/band ministries in local churches
- 8) Calling for active participation in the National Association and its departments
- 9) Working to see that our churches worship God biblically on a weekly basis
- 10) Cooperating with other denominational arms to carry out these goals.

The ultimate goal is for Free Will Baptists to be a worshipping people, and consequently for our churches to be places where biblical worship occurs weekly and where our lives are lived to the praise of His glory. From this we trust that men and women will see the need and opportunity of personally serving in music ministry. We want to challenge Free Will Baptist young people to consider a thoroughly biblical education as they seek to find their place in the music ministries of our churches.

We plan to develop a network that will facilitate ministry placement and provide church musicians with counsel, encouragement and resources. We desire to encourage continuing education through conferences, seminars, retreats, etc. Active participation of musicians in all departments and levels of the National Association is also essential if the music of our movement is to remain biblically sound. Furthermore, we want to encourage the funneling of God-given artistic energies toward the writing or arranging of songs and hymns for congregational, choral, instrumental purposes through recording and publishing.

We seek to perpetuate a truly biblical understanding of worship and a corresponding philosophy of music by providing a forum in which ideas and issues can be discussed from a truly biblical perspective. This would be accomplished during annual meetings and by articles contributed to denominational periodicals. As we grow in financial stability we hope to see the beginning of a National Music Scholarship Fund for students entering our colleges.

The Music Commission has an ongoing burden to develop music ministries in our churches. We appreciate the opportunity to serve the denomination and our Lord in this manner.

Respectively Submitted,

The Free Will Baptist Music Commission
 Randy Sawyer
 Doug Little
 Scott Bullman
 Bill Gardner
 Chris Truett

Music Commission Financial Statement January - December 2000

Beginning Balance		\$ 7,199.67
Income		
Co-op	\$ 1,850.30	
Music Sales	11,016.73	
States and Churches		
Alabama	\$ 26.65	
South Carolina	.63	
Texas	23.42	
Fellowship Church, TN	140.49	
Roaring Creek Church, NC	6.93	
		198.12
Total Income		\$20,264.82
Expenses		
National Convention	2,030.47	
Music Commission Meeting	1,908.48	
National Building Expense	733.71	
Music	1,326.00	
Loan Payment	13,000.00	
Office Expense	39.30	
Refund	75.00	
Total Expenses		(19,152.96)
Ending Balance		\$ 1,111.86

Proposed Budget for 2002

Income		
Co-op	\$ 2,000.00	
Family Ministry Offering	25.00	
Music Sales	2,000.00	
States and Churches	350.00	
Tracks and CD sales	27,000.00	
Loan	2,685.00	
Total Income		\$34,060.00
Expenses		
National Convention	\$ 1,000.00	
Purchase of Music	2,725.00	
Board Meetings	1,500.00	
Office Expense	650.00	
Loan Payment	2,685.00	
National Choir Project	25,000.00	
Total Expenses		\$34,060.00

2001 Historical Commission Report

The Commission's two on-going projects are to publish a Free Will Baptist historical guidebook and to help furnish a "history" room on the new campus at Free Will Baptist Bible College. Darrell Holley will coordinate the guidebook project. The Commission has committed \$20,000 to help furnish the "history" room.

The Commission prepared an "Application for Free Will Baptist Historical Grant." Persons doing historical research regarding Free Will Baptists may obtain an application by writing the secretary of the Historical Commission.

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

Free Will Baptist Historical Commission Financial Report, 2000

Balance on hand, December 31, 1999		\$21,416.93
Deposits for 2000		
The Together Way (Designated and Undesignated)	\$2600.55*	
The Together Way (Rest of the Family Offering)	48.98	
Interest (AmSouth Bank)	657.28	
Arkansas State Assoc. (toward repaying loan)	550.00	
Total		\$ 3,856.81
*checks deposited were for October 1999 through November 2000		
Expenditures for 2000		
Check #1033: Paul Kennedy (Travel)	\$ 714.28	
Check #1034: Thomas Marberry (travel)	380.73	
Check #1035: Postmaster (postage due)	.44	
Check #1036: Executive Office (Digest Fee)	33.48	
Total		\$ 1,128.93
Balance in bank, December 31, 2000		\$24,144.81

2002 Budget

Income		
Gifts (The Together Way)		\$2,000.00
Interest (AmSouth Bank)		800.00
Loan Repayment (Arkansas State Assoc.)		2,000.00
Total		\$4,800.00
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-Sixth Annual Session of the Women Nationally Active for Christ Convention of the National Association of Free Will Baptists when convened in

Detroit, Michigan July 15-17, 2001

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

President

Debe Taylor
 103 Chisholm Trail
 Hot Springs, AR 71913
 Phone: 501-760-4824
 e-mail: taylorgolf@juno.com

Vice President

Joanne King
 426 Woodlawn Extension
 Cramerton, NC 28032
 Phone: 704-827-9772
 E-mail:
 joanneking@carolina.rr.com

Secretary

Debbie Burden
 P. O. Box 512
 Locust Grove, OK 74352
 Phone: 918-479-2584
 E-mail:
 debatparsonage@hotmail.com

Executive Secretary-Treasurer

Marjorie Workman
 1408 Revenna Court North
 Antioch, TN 37013
 Phone: 615-366-0573
 e-mail: Marjorie@nafwb.org

Theme: Sharing Hope and Healing

Scripture: Colossians 1:27

Hymn: "The Solid Rock"

Music Coordinator: Rebekah Seymour

Pianist: Michele Rowe

Organist: Fran Iddins

**Proceedings
 WNAC Seminars**

Monday, July 16, 2001

WNAC President Debe Taylor presided at the seminar "You Have a Speck in Your Eye." There were 141 women present. Speaker Anne Worthington and panelist Pam Flannagin, Donnell Wilson, and Gail Smith focused on dealing with criticism.

At the WNAC State Leaders Seminar, Marjorie Workman presided.

The topic of record keeping was presented through an entertaining and informative program entitled "Just the Facts, M'am." Presenters were Executive Committee members Diana Bryant and Debbie Burden. Sixty-five women attended.

Tuesday Morning Business Session

July 17, 2001

President Debe Taylor opened the 66th Annual Session of the Women Nationally Active for Christ. Rebekah Seymour led the congregation in singing "He's Able" and "His Name is Wonderful." Debe led in prayer. A Michigan ladies ensemble sang "Let Them Know." Carol Pinkerton gave the morning devotion. She talked about the contrasts and problems of the city where she ministers, Abidjan, Côte d'Ivoire, West Africa. She thanked WNAC for the scholarships given to Ivorian Pastor Silas, and shared the testimony of three Ivorians who have come to know the Lord.

Diane Worthington gave a welcome from the women of Michigan.

Marjorie introduced Sarah Fletcher, new editor of *CoLaborer* magazine. From the 136 entries in 5 categories, Sarah presented the Creative Arts awards as follows:

Poetry

- 1st Place
- 2nd Place
- 3rd Place
- 4th Place

Choice
They Know a Girl
Mother's Responsibility
Comfort

Vickie Turner
 Laura Ham
 Mildred Collingsworth
 Charlcie Boyd
 Carterville, MO
 Nashville, TN
 Dayton, OH
 Ashland City, TN

Articles

- 1st Place
- 2nd Place
- 3rd Place
- 4th Place

Wind of the Spirit
Beyond My Comprehension
First Easter Morning
Counted Blessing

Judy Delong
 Wendi Howell
 Beverly Brantley
 Janie Anderson
 Hager Hill, KY
 Ontario, CA
 Plant City, FL
 Ashland, KY

Programs

- 1st Place
- 2nd Place
- 3rd Place
- 4th Place

Living on a Spiritual Plane
Meet Me at the Orchard
Installation Program
Operation Link-Up

Judy Delong
 Betty Reeves
 Jane Shelton
 Pam Hackett
 Hager Hill, KY
 Farmington, MO
 Little Rock, AR
 Boiling Springs, SC

Plays

- 1st Place
- 2nd Place
- 3rd Place
- 4th Place

The Incompetency Hearing
God's Quilt Pieces
The Harvest
Searching for the Key

Lee Ann Wilfong
 Janie Stone/Barbara Hall
 Lavern Clark
 Sue Winchester
 Park Hills, MO
 Lexington, KY
 Thayer, MO
 St. Louis, MO

Art

- 1st Place
- 2nd Place
- 3rd Place
- 4th Place

Janis Williams
 Janis Williams
 Janice Jones
 Janis Williams
 Nashville, TN
 Nashville, TN
 Smithfield, NC
 Nashville, TN

Dr. Mary Ruth Wisheart gave the Credentials Committee report. MSC to seat all delegates.

President Debe Taylor introduced Elvia Martinez, the President of the Mexico Women Active for Christ. She brought greetings from the Mexico women and the Free Will Baptist Church in Tampico.

Marjorie Workman gave the Executive Secretary-Treasurer's Report. She gave tribute to Lucille Steward and thanked her for the hard work she has done for the Missionary Provision Closet over the years. Marjorie showed the suitcase that Lucille used to bring the first items to the Provision Closet and gave a brief history about the closet.

Bill Evans, Director of the Free Will Baptist Foundation, spoke to the body explaining the Endowment Fund.

MSC to remove from the table Resolution #3 from last year's convention concerning executive members' terms of service. **MSC** to adopt the following resolution as amended:

Whereas our constitution does not specify the number of years a WNAC Executive Committee member may serve, be it resolved that:

1. A member of the WNAC Executive Committee may serve a total of four consecutive terms (eight years).
2. After serving four consecutive terms (eight years), a member may be eligible for reelection to the committee after a period of absence of one term (two years).

MSC to receive the Executive Secretary-Treasurer's Report and adopt the budget.

Phyllis York presented the Resolutions Committee Report. **MSC** to adopt the report and vote item by item.

MSC to adopt Item #1.

MSC to adopt Item #2.

MSC to adopt Item #3.

Suzanne Lewis presented the Appreciation Committee Report. **MSC** to receive.

Nominating Committee Chairman Peggy Outland presented the Nominating Committee Report. **MSC** to receive the report and to consider each position separately.

For the position of President:	Debe Taylor, AR	MSC
For the position of Vice President:	Joanne King, NC	MSC
For the position of Secretary:	Debbie Burden, OK	MSC
For the positions of Members at Large:	Carolyn Hendrix, AL	
	Dawn Sweeney, TN	
	Yvonne Brown, CA	MSC

Dot Gore presented the Registration Committee Report. **MSC** to receive the report.

MSC to express appreciation to Diana Bryant for her years of service as National Secretary.

Debe Taylor announced that WNAC was putting together a nation-

al cookbook. Women were encouraged to pick up forms and submit no more than three recipes for the cookbook. The cookbook will be available at the National Association in Memphis, 2002.

MSC to adjourn.

WNAC Missionary Service

Rebekah Seymour led the congregational singing. Special music was provided by Esther Harbert. James Forlines, Director of Foreign Missions brought the morning message. An offering was received, and the Michigan WAC Ensemble brought more special music. The Annual WNAC Fellowship Luncheon followed the service and was held in the Cobo Center. Susan Tumbough spoke and introduced Yolanda, a believer from Spain. Yolanda came to know the Lord through the ministry of our missionary efforts in that country. She brought greetings and words of encouragement to the banquet attendees. Melissa Tumbough interpreted for Yolanda.

Committee Reports

Credentials Committee Report

We the Credentials Committee submit the following report: The following 19 state conventions have submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia. The following 3 districts with no state conventions have submitted reports and paid dues: First, Arizona; Kansas, New Mexico. The following 3 local groups with no district or state conventions have submitted reports and paid dues: Kennewick, Washington; St. Croix, Virgin Islands; Buhl, Idaho. In addition, there were 46 delegates from local groups who are in good standing with their representing higher body (district or state) and paying a representation fee of \$5 each.

Respectfully submitted, Joanne King, Chairman
Mary Wisehart
Shirley Jackson

Resolutions Committee Report

We, your Resolutions Committee, submit the following recommendations to the Women Nationally Active for Christ Convention. We recommend that scholarships be given from the Cleo Pursell Foreign Student Scholarship Fund as follows:

Item One: \$1,000 for an Ivorian student (to be decided by the Bible Institute leadership, under the direction of Clint Morgan).

- Item Two:** \$1,000 for Osmir, a Brazilian seminary student who is preparing for the ministry (as recommended by Curt Holland).
- Item Three:** \$1,000 to be divided among the eighteen seminary students at the Cedars of Lebanon Seminary in Piñar del Rio, Cuba.

Phyllis York, KY
 Judy Trail, AR
 Terra Smith, GA
 Neva Woody, TX
 Mattie Riley, MI

Appreciation Committee Report

We the Appreciation Committee submit the following recommendations:
 We 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 staff: Marjorie Workman, Yvonne Hampton, Sarah Fletcher, and Martha Harris
3. Our hostesses, the Michigan Women Active for Christ, for their generous hospitality. We appreciate the fellowship luncheon and the centerpieces.
4. All the musicians.
5. Our speakers: Anne Worthington for the seminar, and Pam Flannigan, Gail Smith, and Donnell Wilson for speaking. Diana Bryant and Debbie Burden for the State Leader's Seminar, Carol Pinkerton for the devotion, James Forlines, the Missionary Service speaker, and Susan Tumbough, the WNAC Fellowship Luncheon speaker.

Respectfully submitted, Suzanne Lewis, Chairman, IL
 Gwen Hendrix, SC
 Paulette Scott, AL

Registration Committee Report

We your Registration Committee submit the following partial report:

Number of Persons Registered:

WNAC National Officers (Standing Delegates)	6
State Presidents (Standing Delegates)	15
State Field Workers (Standing Delegates)	9
State Delegates (Elected by State, District or Local)	113
Local WNAC Delegates paying representation fee of \$5	46
Total Delegates	189
Visitors	513
Home and Foreign Missionaries	27
Grand Total Registered	729

Respectfully submitted, Dot Gore, Chairman
 Susie Robinson
 Diane Conn

Synopsis of Minutes of WNAC Executive Committee Sunday, July 15, 2001

All members of the Executive Committee were present when the Committee met in the Pontchartrain Hotel in Detroit, MI, for the National WNAC Convention. Dawn Sweeney brought the devotion and spoke about "turning stones," making a difference where you are.

The Committee discussed the convention schedule, each member's various duties for the meeting, and the proper procedure for dealing with the tabled motion from last year.

Marjorie Workman gave her Executive Secretary-Treasurer's Report and the following action was taken:

Regarding *CoLaborer* subscription costs: **MSC** to wait until the December Executive Committee meeting to gauge the reaction to the upcoming \$2.00 price increase and make a decision then regarding future price increase plans.

MSC to ask the President, Secretary, and Executive Secretary-Treasurer to study the rules and guidelines for the Mary Ruth Wisheart Student Loan Fund and make suggestions for any updates or changes deemed necessary.

MSC to add a Photography category to the Creative Arts Contest.

MSC to send recommendations from Steve Lytle concerning foreign student scholarships on to the Resolutions Committee.

Discussion was held concerning the cookbook project. Debbie Burden agreed to oversee the process. Forms will be printed and handed out at the various meetings during the convention for women to use to submit recipes.

MSC to adjourn.

Tuesday and Wednesday, December 5-6, 2000

Tuesday, December 5, 3:30 p.m.

The Executive Committee of the Women Nationally Active for Christ met at the Regal Maxwell House Hotel for their annual meeting with all members present. President Debe Taylor opened the meeting with a devotional thought from "Breakfast With God," entitled "Facing the Impossible," and encouraged us to try new and different things. Debbie Burden led in prayer.

Several women who were also attending the Leadership Conference were invited to join the Committee and share their thoughts and ideas on things they would like to see WNAC do, what things were helpful to

them, and offer suggestions on topics for seminars, retreats, etc.
The meeting was dismissed.

Wednesday, December 6, 8:00 a.m.

Committee members present for the meeting were Debe Taylor, Joanne King, Diana Bryant, Debbie Burden, Yvonne Brown, and Marjorie Workman. Dawn Sweeney was not present due to illness.

Debe Taylor shared a poem entitled, "When I Say I Am a Christian," and Yvonne Brown brought the morning devotion.

Marjorie Workman presented her report. The following action resulted from her report:

MSC to recommend the 2002 budget to the body,

MSC to accept the 2001 proposal from the auditor.

MSC to give Marjorie the authority to begin updating the literature, and

MSC to raise the CoLaborer rate to \$10 each per year for bulk rate, and \$11 each per year for individual copies for the 2002 subscriptions.

MSC to give Marjorie the authority to decide in June 2001 whether YWAC literature sales warrant production of a 2002 issue and proceed accordingly, and

MSC to recommend to the body that September become "Endowment Fund Offering" month and efforts be made to fully explain the Endowment Fund concept to our women.

MSC to accept the 2001 Convention Budget.

The 2001 Convention schedule was agreed on as follows:

Laurie Horne will be asked to be the Music Coordinator and to choose the Worship Leader, pianist and organist.

Carol Pinkerton will be asked to give the morning devotion with Geneva Poole as an alternate.

Joanne King will receive the offering in the 11:00 a.m. service.

The morning message will be brought by Carlisle Hanna with James Forlines as an alternate.

For the WNAC Fellowship Luncheon to be held Tuesday, July 17 at 12:30 p.m.: Eugene Workman will give the invocation,

Susan Turnbough will be the speaker and Randy Bryant will pray the benediction.

Monday's Seminars held in the afternoon will be as follows:

The theme will be: "Dealing with Criticism." Debe Taylor will preside, Anne Worthington will be the speaker (moderating the panel),

and a panel consisting of Donell Wilson, Gail Smith, Pam Flannagin, Barbara Harwell, and Dot Gore will discuss the topic.

For the WAC Leaders' Meeting, Marjorie Workman will preside and Debbie Burden and Diana Bryant will develop a program around

the theme of the importance of filing timely and correctly filled out reports.

The Committee discussed plans for speakers for the Ridgecrest 2001 Retreat. Marjorie was instructed to contact Liz Curtis Higgs to see if she would be available. Possibilities for speakers for a Branson, Missouri, retreat included Beth Moore with Carol Kent or Emilie Barnes mentioned as alternate choices. Marjorie is to continue to negotiate with Chateau on the Lake Resort concerning rates and possible dates in late March 2003.

The Committee discussed the possibility of compiling a cookbook of recipes from FWB women.

The meeting was dismissed.

Report of Women Nationally Active for Christ

**to the National Association of Free Will Baptists
in the Digest of Reports July 2001**

by Marjorie Workman, Executive Secretary-Treasurer

"As we have therefore opportunity, let us do good unto all men, especially unto them who are of the household of faith" (Gal. 6:10).

Women Active for Christ has faithfully fulfilled this command in several ways this past year. Perhaps the greatest demonstration of doing good was the \$92,000 in gifts to the Missionary Provision Closet. Missionary after missionary had the privilege of going through the closet and selecting household items of all kinds. These gifts saved hundreds of dollars for the missionaries and helped to make life a little more enjoyable. Gifts came from everywhere—local churches, districts and state associations, and even home mission churches.

Sensing a growing gap between the younger and older women serving together, WNAC published a new workbook for teens. We desire to reach out and mentor our young women. Our goal is to help them understand and fulfill the Great Commission through their responsibilities in the family, in the church, in the community, and around the world. We want those who "come along behind us [to be found] faithful."

WNAC established the Cleo Pursell Foreign Student Scholarship Fund to help young men in other countries prepare for the ministry in order to serve their own people. This past year Pastor Amiezi Paul, an Ivorian student, received a \$1000 scholarship. Another \$1000 was given to the 18 students studying at Cedars of Lebanon Seminary in Piñar del Rio, Cuba.

In addition to these opportunities for doing good, Women Active for Christ participated in Operation Saturation in various mission churches last September. They also gave nearly a half million dollars to missions and missions objectives. In fact, giving was up in every area, except to WNAC.

Our women have not seized the opportunity to financially support the WNAC office adequately. This is a concern. As inflation and expenses have increased, we are still trying to operate on 1994's income level. While gifts to other ministries through WNAC have increased, operational income has declined. We must become burdened for the home base—or there will not be a praying (uniting together), paying (pooling together), or playing (working together) field.

For the past 19 months, Editor Rhonda McReynolds has done well for all of us through *CoLaborer* magazine. But, she feels the call of the classroom and has resigned to return to a teaching ministry at a Christian school. She thanks you for your support and encouragement. She asks that you give the same support and encouragement to the new editor.

You, too, can do something good for the women of your church. You can provide encouragement and support for your local WAC. You can put the *CoLaborer* magazine (the only Free Will Baptist magazine for women) in your church budget for all your women. And, you can pray for the ministry of your local and national Women Active for Christ.

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)

December 31, 2000 and 1999

Contents

<u>Financial Statements</u>	<u>Page</u>
Independent auditor's report	1
Statements of financial position	2
Statements of activities	3-4
Statements of cash flows	5
Notes to the financial statements	6-10

HINTON, WARREN,
DENNEY & WALLACE
CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
319 PLUS PARK BLVD
NASHVILLE, TN 37217-1005
(615) 366-5100

Partners
DAVID C. HINTON, CPA
ROBERT RAY WARREN, CPA
WILLIAM H. DENNEY, CPA
LARRY BRUCE WALLACE, CPA
JOEL D. COLLUM, JR., CPA
JANET W. LEE, CPA

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

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Women Nationally Active for Christ

We have audited the accompanying statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 2000 and 1999, 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, 2000 and 1999 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

January 23, 2001

WOMEN NATIONALLY ACTIVE FOR CHRIST
 (An Auxiliary of the National Association of Free Will Baptists)
Statements of Financial Position
 December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash	\$198,858	\$166,109
Accounts receivable - Note 1	6,345	6,914
Inventory - Note 1	9,918	12,240
Notes receivable, net of allowance for doubtful accounts of \$1,669 (\$1,871 in 1999)	8,367	10,091
Accrued interest receivable	2,377	2,105
Property and equipment at cost, less accumulated depreciation of \$30,259 (\$29,153 in 1999) - Notes 1 & 2	11,583	14,093
Capitalized lease - Note 3		5,648
Total assets	\$237,448	\$217,200

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 41,636	\$ 19,854
Deferred revenue - Note 9	35,992	37,731
Total liabilities	77,628	57,585
<u>Commitments - Notes 5 & 7</u>		
<u>Net assets</u>		
Unrestricted	5,461	18,713
Temporarily restricted	140,759	128,269
Permanently restricted	13,600	12,633
	159,820	159,615
Total liabilities and net assets	\$237,448	\$217,200

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, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>Unrestricted</u>		
Revenue and other support:		
Dues and fees	\$ 64,877	\$ 66,573
Designated contributions	314,735	299,520
Magazine and literature sales	83,821	85,962
Convention and retreat income	17,998	14,273
Gifts and offerings	75,660	62,273
Interest income	2,834	2,479
Recovery of bad debts	1,686	
Net assets released from restrictions:		
Satisfaction of program restrictions	1,315	657
Total revenue and other support	562,926	531,737
<u>Expenses:</u>		
Salaries and wages	101,197	98,866
Payroll taxes and employee benefits	28,722	28,798
Cost of magazine and literature printing	39,860	29,758
Travel and promotion	10,996	5,828
Conventions and retreats	21,272	23,406
Office expense	12,640	12,161
Postage	3,833	4,597
Rent expense	24,600	24,600
Professional fees	4,681	3,988
Administrative expense	311	305
Depreciation	2,510	3,078
Amortization	5,648	491
Insurance expense	642	708
Dues and subscriptions	106	160
Special projects	1,206	898
Continuing education	1,336	2,643
Designated contributions	315,217	299,147
Miscellaneous	1,401	2,314
	576,178	541,746
Increase (decrease) in unrestricted net assets	(\$ 13,252)	(\$ 10,009)

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, 2000 and 1999
 (Continued)

	<u>2000</u>	<u>1999</u>
<u>Temporarily restricted</u>		
Gifts and offerings	\$ 7,244	\$ 8,371
Interest income	6,561	6,122
Net assets released from restrictions:		
Satisfaction of program restrictions	(1,315)	(657)
Increase (decrease) in temporarily restricted net assets	<u>12,490</u>	<u>13,836</u>
<u>Permanently restricted</u>		
Gifts and offerings	<u>967</u>	<u>917</u>
Increase in permanently restricted net assets	<u>967</u>	<u>917</u>
Total increase (decrease) in net assets	<u>205</u>	<u>4,744</u>
Net assets - beginning of year	<u>159,615</u>	<u>154,871</u>
Net assets - end of year	<u>\$159,820</u>	<u>\$159,615</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, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>Operating activities</u>		
Increase (decrease) in net assets	\$ 205	\$ 4,744
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,510	3,078
Amortization	5,648	491
Write off of bad debts	(202)	
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	569	1,155
(Increase) decrease in inventory	2,322	(2,640)
(Increase) decrease in accrued interest receivable	(272)	(223)
Increase (decrease) in accounts payable	21,782	(12,090)
Increase (decrease) in deferred revenue	(1,739)	(685)
Net cash provided (used) by operating activities	<u>30,823</u>	<u>(6,170)</u>
<u>Investing activities</u>		
Purchase of equipment		(3,714)
Collection of loans receivable	1,926	4,076
New loan made		(3,400)
Redemption of certificate of deposit		<u>70,000</u>
Net cash provided (used) by investing activities	<u>1,926</u>	<u>66,962</u>
Increase (decrease) in cash and cash equivalents	32,749	60,792
Cash and cash equivalents at beginning of years	<u>166,109</u>	<u>105,317</u>
Cash and cash equivalents at end of years	<u>\$198,858</u>	<u>\$166,109</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, 2000 and 1999

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 2000 and 1999.

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, 2000 and 1999

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, 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 \$1,669 (\$1,871 in 1999).

WOMEN NATIONALLY ACTIVE FOR CHRIST
 (An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
 December 31, 2000 and 1999

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>2000</u>	<u>1999</u>
Equipment	\$ 41,843	\$ 43,247
Less: Accumulated depreciation	(30,260)	(29,154)
	<u>\$ 11,583</u>	<u>\$ 14,093</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 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 is retired. The construction period costs of \$9,822 were capitalized in 1991 and were to be amortized over the life of the debt. The debt was retired during the year and accordingly the remaining construction period costs were amortized during the year. Amortization expense for the years amounted to \$5,648 (\$491 in 1999).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2000</u>	<u>1999</u>
Student Loan	\$117,751	\$109,743
Foreign scholarship	9,317	8,515
Free Will Baptist College Organ Fund	<u>13,691</u>	<u>10,011</u>
	<u>\$140,759</u>	<u>\$128,269</u>

Permanently restricted assets are restricted to:

Endowment Trust	\$ 13,600	\$ 12,633
-----------------	-----------	-----------

WOMEN NATIONALLY ACTIVE FOR CHRIST
 (An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
 December 31, 2000 and 1999

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; the mortgage was retired this year. The organization entered into a new lease agreement on July 1, 2000. The term of the lease was July 1, 2000 to August 31, 2000, then beginning September 1, 2000 the lease became a year-to-year lease. The rent expense for the years amounted to \$24,600 (\$24,600 for the year ended December 31, 1999).

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 \$4,473 (\$4,004 in 1999). 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. This mortgage was retired during the year.

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, 2000 the excess amount over the federally insured limit was \$-0- (\$-0- in 1999).

The Organization also has \$137,305 (\$110,871 in 1999) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

Note 9 - Deferred revenue

Deferred revenue resulted from magazine subscriptions received for 2001 issues.

WOMEN NATIONALLY ACTIVE FOR CHRIST
 (An Auxiliary of the National Association of Free Will Baptists)
 Notes to the Financial Statements
 December 31, 2000 and 1999

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, 2000 and 1999.

Gifts to Missions/Missionary Objectives
January 1, 2000 to December 31, 2000

	170,259.52
Cash Gifts	
Foreign Missions	141,123.73
Sent Direct	29,135.79
Home Missions	112,787.63
Sent Direct (Not Available)	
State Projects	34,431.10
Bible Colleges	12,817.86
Dr. Wisheart Student Loan Fund	2,106.85
Other Gifts	27,064.21
Foreign Student Scholarship Fund	1,802.51
Mission Objectives	25,261.70
Provision Closet	19,649.38
WNAC Operating Expense	99,081.74
General Fund Offering	20,231.58
Emphasis Offering	10,872.74
Endowment Fund	967.00
Rest of Family Offering	2,658.42
Dues	64,352.00
Non Cash Gifts	
Provision Closet	72,310.26
Total Cash and Non-cash Gifts	\$550,508.55

2000 Top Ten Contributors to WNAC

General Fund Offering	Emphasis Offering	Combined
1. Tennessee 3,557.30	1. Tennessee 2,470.55	1. Tennessee \$6,027.85
2. Arkansas 3,088.92	2. North Carolina 2,246.14	2. Arkansas 4,414.45
3. North Carolina 1,952.27	3. Arkansas 1,325.53	3. North Carolina 4,198.41
4. Missouri 1,695.97	4. Missouri 1,099.57	4. Missouri 2,785.54
5. Georgia 1,593.50	5. South Carolina 669.90	5. Georgia 2,180.50
6. Oklahoma 1,493.82	6. Georgia 587.00	6. Oklahoma 1,932.13
7. California 1,178.93	7. Oklahoma 448.31	7. Virginia 1,550.96
8. Virginia 1,108.47	8. Virginia 442.49	8. California 1,468.43
9. Ohio 1,058.97	9. Alabama 415.00	9. Ohio 1,219.47
10. Illinois 772.00	10. California 389.50	10. Alabama 1,067.50

WNAC Salary Breakdown

	2000	2001	2002
Executive Secretary-Treasurer			
Salary	\$33,395.00	\$34,395.00	\$35,770.80
Social Security/Medicare	2,555.00	2,631.22	2,736.46
Retirement	1,670.00	1,719.75	1,788.54
Insurance	3,010.20	3,778.98	4,574.50
Travel/Life	283.20	272.40	295.99
Hospital	2,524.80	3,257.77	4,028.64
Dental	202.20	248.81	249.87
Christmas Bonus	642.00	661.44	687.90
Total Salary and Benefits	\$41,272.20	\$43,186.39	\$45,558.20
Executive Assistant			
Salary	\$24,489.00	\$25,489.00	\$26,508.56
Social Security/Medicare	1,874.00	1,949.91	2,027.90
Retirement	1,225.00	1,274.45	1,325.42
Insurance	2,920.20	3,718.98	4,515.84
Life	193.20	212.40	237.33
Hospital	2,524.80	3,257.77	4,028.64
Dental	202.20	248.81	249.87
Christmas Bonus	471.00	490.17	509.78
Total Salary and Benefits	\$30,979.20	\$32,922.51	\$34,887.50
Editor			
Salary	\$22,135.00	\$23,135.00	\$24,060.40
Social Security/Medicare	1,693.32	1,769.83	1,840.62
Retirement	664.05	694.05	721.81
Insurance	2,920.20	3,718.98	4,515.84
Life	193.20	212.40	237.33
Hospital	2,524.80	3,257.77	4,028.64
Dental	202.40	248.81	249.87
Christmas Bonus	425.67	444.90	462.70
Total Salary and Benefits	\$27,838.24	\$29,762.76	\$31,601.37
Bookkeeper			
Salary	\$19,217.00	\$20,217.00	\$21,025.68
Social Security/Medicare	1,470.00	1,546.60	1,608.46
Retirement	960.00	1,010.85	1,051.28
Insurance	2,920.20	3,718.98	4,515.84
Life	193.20	212.40	237.33
Hospital	2,524.80	3,257.77	4,028.64
Dental	202.20	248.81	249.87
Christmas Bonus	370.00	388.79	404.34
Total Salary and Benefits	\$24,937.20	\$26,882.22	\$28,605.60
Total			\$140,652.67

WNAC RECEIPTS FOR JANUARY-DECEMBER 2000

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	4,122.50	35.00	652.50	4,306.00	415.00	15.00	.00	69.94	50.00	5.00	1,082.00	781.15	815.00	1,974.72	147.00	14,470.81
Arizona	.00	.00	.00	570.00	70.00	.00	.00	.00	75.00	622.00	55.00	175.00	528.00	.00	50.00	2,145.00
Arkansas	22,842.28	195.00	3,088.92	6,700.00	1,325.53	.00	.00	66.91	100.00	1,349.00	1,405.01	2,707.73	24,332.96	2,083.00	157.00	66,353.34
California	.00	1,158.17	1,178.93	3,140.00	289.50	.00	.00	.00	.00	285.00	2,879.65	988.40	5,661.95	1,575.69	10.00	17,167.29
Canada	.00	.00	.00	.00	.00	.00	.00	3.42	.00	.00	.00	.00	.00	.00	.00	3.42
Florida	1,465.00	1,199.00	18.00	1,370.00	96.00	.00	.00	20.38	.00	200.00	1,417.00	330.10	428.15	1,098.50	41.00	7,683.13
Georgia	6,001.32	931.00	1,593.50	2,700.00	587.00	110.00	.00	352.79	233.25	250.00	6,328.25	1,686.59	2,406.85	1,327.00	338.00	24,845.55
Idaho	.00	.00	.00	60.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	60.00
Illinois	.00	.00	772.00	1,810.00	72.25	.00	.00	.00	.00	200.00	4,985.40	448.36	9,125.79	237.00	15.00	17,665.80
Indiana	.00	.00	.00	290.00	.00	.00	283.93	.00	.00	235.00	4,067.91	.00	339.00	.00	.00	5,215.84
Iowa	.00	.00	120.00	.00	.00	.00	180.00	.00	.00	.00	.00	.00	.00	.00	.00	300.00
Kansas	.00	.00	.00	30.00	.00	.00	.00	.00	.00	92.00	75.25	.00	60.25	.00	.00	257.50
Kentucky	.00	.00	340.00	2,720.00	175.00	100.00	.00	.00	50.00	4,418.00	16,359.14	1,165.05	10,933.02	3,296.51	.00	39,556.72
Maryland	.00	.00	15.00	.00	.00	.00	.00	24.35	.00	.00	.00	.00	.00	.00	.00	39.35
Michigan	.00	.00	635.00	2,460.00	.00	.00	.00	673.58	25.00	.00	747.49	225.00	1,467.50	50.00	.00	6,283.57
Mississippi	.00	60.80	249.00	1,800.00	115.00	200.00	.00	.00	.00	950.00	6,061.88	361.70	3,358.12	790.00	30.00	13,976.50
Missouri	.00	829.85	1,685.97	4,560.00	1,099.57	.00	.00	75.46	33.11	3,161.00	4,652.56	3,542.32	7,117.02	1,368.40	229.35	28,354.61
New Mexico	.00	.00	39.95	150.00	30.00	.00	.00	.00	.00	.00	301.75	.00	255.73	.00	.00	777.43
North Carolina	.00	6,201.54	1,952.27	6,330.00	2,246.14	27.00	.00	355.28	124.90	786.75	27,092.44	1,587.15	9,253.73	1,680.50	250.50	57,888.20
NW/Washington	.00	.00	32.50	50.00	.00	.00	.00	5.62	.00	.00	.00	.00	32.50	.00	.00	120.62
Ohio	.00	.00	1,058.97	2,450.00	160.50	.00	.00	141.21	261.25	485.00	6,086.13	663.00	6,221.37	795.00	.00	18,322.43
Oklahoma	.00	10.00	1,483.82	8,070.00	448.31	221.00	.00	70.33	106.00	1,579.16	4,340.75	2,414.03	4,838.65	442.91	107.00	24,131.96
Puerto Rico	.00	.00	.00	.00	.00	.00	.00	.00	.00	25.00	.00	.00	.00	.00	.00	25.00
South Carolina	.00	390.00	386.43	4,540.00	669.90	.00	.00	67.75	.00	3,307.47	13,014.72	688.00	9,498.01	3,103.52	231.00	35,896.80
Tennessee	.00	1,452.50	3,557.30	4,910.00	2,470.55	135.00	719.13	512.28	709.00	983.00	8,736.50	2,827.46	7,706.00	4,549.15	471.00	39,738.87
Texas	.00	355.00	254.55	2,026.00	160.00	159.00	.00	162.31	.00	328.00	983.08	813.08	831.02	446.25	.00	6,518.29
Virgin Islands	.00	.00	.00	100.00	.00	.00	.00	.00	.00	.00	.00	.00	200.00	.00	.00	300.00
Virginia	.00	.00	1,108.47	1,610.00	442.49	.00	.00	56.81	35.00	60.00	5,406.05	70.00	5,948.35	443.55	30.00	15,210.72
West Virginia	.00	.00	8.50	1,600.00	.00	.00	.00	.00	.00	328.00	.00	.00	.00	.00	.00	1,936.50
Retreat	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	3,571.65	.00	1,428.66	.00	.00	5,000.31
	34,431.10	12,817.86	20,231.58	64,352.00	10,872.74	967.00	1,183.06	2,658.42	1,802.51	19,649.38	119,649.61	21,474.12	112,787.63	25,261.70	2,106.85	450,245.56

Women Nationally Active for Christ

PO Box 5002
Antioch, TN 37011-5002

Suggested Budget

For the Year Ending December 2002

Estimated Income:

General Fund Offering	\$ 36,000.00
Convention Offering	2,000.00
Convention Expense Gift	8,000.00
Delegate Fees	600.00
Dues	78,000.00
Interest Income	9,503.00
Literature Sales	13,000.00
Magazine Subscriptions	89,000.00
Miscellaneous	4,500.00
Rest of the Family Offering	4,300.00
WNAC Emphasis Offering	14,000.00
Total inflows	<u>\$258,903.00</u>

Estimated Expenses:

Salaries	\$107,365.44
Employee Benefits	33,287.23
Payroll Tax Expense	8,213.44
Employee Retirement	4,887.05
Health and Life Insurance	18,122.02
Christmas Bonus	2,064.72
Insurance—General & Workers' Compensation	1,000.00
Legal and Professional Services	4,200.00
Convention Expense	8,000.00
Executive Committee Expense	5,500.00
CoLaborer Magazine expense	44,700.00
Mailing	4,200.00
Miscellaneous	500.00
Printing	36,000.00
Postage	4,000.00
Miscellaneous Expense	2,000.33
Office Rent	24,600.00
Office Supplies and Materials	3,500.00
Telephone	4,000.00
Postage	4,500.00
Printing	4,500.00
Service Contracts	1,500.00
Subscriptions	250.00
Travel and Promotion	4,500.00
Continuing Education	2,000.00
Equipment (additions and repairs)	3,000.00
Special Projects	500.00
Total outflows	<u>\$258,903.00</u>

Overall Total: \$ 0.00

The General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 16, 2001, in the Columbus Ballroom of the Marriott Hotel, Detroit, Michigan. As a result of this meeting, we offer the following information and recommendations:

1. We heard the reports of the Executive Office, WNAC, Free Will Baptist Foundation, Free Will Baptist Bible College, Foreign Missions Department, Sunday School and Church Training Department, Home Missions Department, Board of Retirement, Master's Men Department, Commission for Theological Integrity, Media Commission, Music Commission and Historical Commission. We recommend that the reports be received and the budgets adopted as each is given.
2. We recommend adoption of the Master's Men Department's request to withdraw from participating in the Rest of the Family Offering effective 2002, and that they be given permission to designate Father's Day as Master's Men Emphasis Day. The Master's Men will ask churches to receive a special offering on Father's Day.
3. We recommend Charlotte, North Carolina, as the site for the 2011 convention.
4. We recommend that the *Treatise* be changed by removing the specific amount for representation fees so that when dollar amounts change the *Treatise* will not have to be revised. The following paragraph would replace Section 4 on page 59 of the *Treatise*:

Each affiliated state association, or its equivalent, shall be entitled to five (5) lay delegates to the National Association upon the payment of a representation fee per church established by the National Association. Each "district" association affiliated directly with the National Association shall be entitled to three (3) lay delegates upon the payment of a representation fee per church established by the National Association. Each local church which is affiliated either directly or indirectly, under any of the provisions for membership is entitled to one (1) lay delegate, upon the payment of a representation fee per church established by the National Association.
5. We recommend that the Music Commission be authorized to publish a new Free Will Baptist hymn book and that the Executive Committee give oversight to the project.

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, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, West Virginia and Texas.
2. From the following district associations entitled to be represented by three delegates: Arizona, Atlantic Canada, Colorado, Mid-Atlantic, New Jersey, New Mexico, Northeast and Northwest.*
*Northwest owes representations fees for its churches.
3. From the following local churches entitled to be represented by one delegate: Hawaii, Montana, Puerto Rico, Virgin Islands, Wisconsin and Louisiana.
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 who are properly registered.
5. We recommend that all lay delegates entitled to represent by virtue of their positions on standing boards be seated if properly registered.
6. We recommend that the delegates from the Northwest District be seated based on assurance for full payment of representation fees.

Submitted by Your Credentials Committee,

Glen Johnson (VA) – Chairman
Ernest Harrison (OK)
Carl Vallance (WV)
Tim York (KY)
J. L. Gore (MS)

Nominating Committee Report

Home Missions Board

- 2007 Replacing Ronnie Adkins (TN) Ron Parker (LA)
Replacing Matt Upton (CA) Matt Upton (CA)
Replacing Earl Hendrix (SC) Jerry Atwell (MS)
Replacing J.D. Norris (VA) Bobby Shepherd (AR)

Board of Retirement

- 2008 Replacing Bobby Bowers (SC) Bobby Bowers (SC)
Replacing Jack Daniel (GA) Craig Cook (TN)
Replacing Waymon Fields (AL) Jack Ward (NC)

Master's Men Board

- 2009 Replacing Jerry Atwell (MS) Roy Copeland (OK)
Replacing Johnny Fowlkes (AR) Charles Walden (MS)
Replacing Waymon Ray (OK) Rudy Taylor (MI)

Free Will Baptist Bible College Trustees

- 2004 Replacing Larry Powell (TN) Billy Hanna (GA)

Commission for Theological Integrity

- 2006 Replacing Paul Harrison (TN) Danny Dwyer (AL)

Media Commission

- 2002 Replacing Bill Gardner (TN) Kevin Norris (MI)
2006 Replacing Ron Hunter (TN) Ron Hunter (TN)

Music Commission

- 2007 Replacing Bill Gardner (TN) Todd Parrish (SC)
2006 Replacing Scott Bullman (OK) Scott Bullman (OK)

Historical Commission

- 2006 Replacing Thomas Marberry (TX) Joe McKnight (SC)

General Board

- 2004 (To be elected in 2001)
Alabama (replacing Rick Cash) Rick Cash
Arizona (replacing George Harvey) Charles Marshall
Arkansas (replacing David Joslin) David Joslin
Atlantic Canada (replacing Fred Hanson) Fred Hanson
California (replacing Doice McAlister) .. Doice McAlister
Colorado (replacing Mark Thomas) Mark Thomas
Florida (replacing Tim Owen) Tim Owen
Georgia (replacing William Smith) William Smith
Idaho (replacing Earl Jenkins) Earl Jenkins
Illinois (replacing Ernie Lewis) Ernie Lewis

Executive Committee

- 2007 Replacing David Joslin (AR) David Joslin (AR)
Replacing Doice McAlister (CA) Doice McAlister (CA)
Replacing Rick Cash (AL) Rick Cash (AL)

General Officers

(To be elected in 2001)

- Moderator: Replacing Carl Cheshier (OK) ... Carl Cheshier (OK)
Assistant Moderator: Replacing Tim York (KY) Tim York (KY)
Clerk: Replacing Keith Burden (OK) ... Keith Burden (OK)
Assistant Clerk: Replacing John Hibbard (CA) ... John Hibbard (CA)

Resolutions Committee Report

Resolution #1

In light of the ongoing problems and struggles in the areas of abortion and euthanasia, and the recent advent of medical technology which allows the research of fetal stem cells, human cloning, and other embryonic research, we recommend the following:

- a. To affirm the position that all human life begins at conception, (Psalm 139:13-16).
- b. To affirm the position that abortion is the killing of the developing, unborn baby and violates God's Word as previously stated.
- c. To affirm the position that life is a continuum from conception until God's appointed time of death for every human being (Hebrews 9:27) and that there is no such thing as a life not worthy to be lived as it relates to the issues stated in this resolution.
- d. To affirm the position that all stem cell research, human cloning, and all other embryonic research violates the scriptural principles of life at conception because the embryo is destroyed after conception during these procedures.
- e. That every Christian pray, stay informed, and engage in the political process by writing their state and national leaders expressing their moral objections concerning the issues stated in this resolution.

Resolution #2

Whereas, six Free Will Baptist national agencies (Executive Office, Home and Foreign Missions Departments, Master's Men, Free Will Baptist Bible College, and the Sunday School and Church Training Department) print magazines or newsletters and distribute them to the denominational constituency, and

Whereas, five of these national magazines/newsletters are mailed free to subscribers (*AIM*, *Heartbeat*, *Master's Men Newsletter*, *Bible College Bulletin*, and *Outreach*) while one is mailed to a paid subscription list (*Contact*), and,

Whereas, the cost of producing, printing and mailing these publications continues to rise each year,

Therefore, to avoid needless duplicating of mailing lists, and in the interest of denominational stewardship, departmental cooperation and a spirit of unity,

Be it resolved that the National Association moderator appoint a five-person Publications Committee from the ranks of those knowledgeable in the field of publishing, from various states, to study the feasibility of printing one enlarged national monthly magazine with sections in the publication that incorporate material from each national agency, that the publication be mailed complimentary to subscribers, and,

Be it further resolved that the national agencies provide the Publication Committee pertinent information relating to their publication's financial costs and editorial schedules.

Be it finally resolved that the Publications Committee report its findings and make recommendations to the delegates at the July 21-25, 2002, session of the National Association of Free Will Baptists in Memphis, Tennessee.

Resolution #3

We recommend that the body of this National Association of Free Will Baptists give the Michigan State Association of Free Will Baptists, the steering committee, pastors and churches a rising vote of appreciation for a great job of hosting the 65th annual National Association of Free Will Baptists in Detroit, Michigan.

David Sutton (OK)—Chairman
 Charles Thigpen (TN)
 Edwin Hayes (OH)
 David Williford (FL)
 Jay Baines (Mid-Atlantic)

Free Will Baptist National Convention Registration Report

The 2001 Detroit Convention registered the following:

National Convention	3,011
Board/Commission Members	.46
State Delegates	.71
Local Church Delegates	.34
Foreign Missionaries	.27
Home Missionaries	.64
Ordained Deacons	100
Ordained Ministers	504
Licensed Ministers	19
Visitors	2,146
 Women Nationally Active For Christ	755
National Officers	.6
State Presidents	15
State Field Workers	.9
State Delegates	118
Local WNAC Delegates	47
Missionaries	31
Visitors	529
 National Youth Conference	1,265
 Total Registered	5,031

2001 National Youth Conference Report

The 2001 National Youth Conference met for its 43rd annual conference in Detroit, Michigan, July 15-19. The theme of "Go...No Reserves...No Retreats...No Regrets" was emphasized in many ways. A total of 1,265 participants were registered.

A total of 544 competitive entries were conducted during the four-day conference, with a total of 1,265 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 3-5), with an average of 60 attending, Children (1st-3rd grade) and Tweeners (4th-6th grade) with an average of 200 attending, and Youth (7th-12th grade) with an average of 1,200 attending. The speakers for Sunday morning through Tuesday nights were Raymond Riggs, Susan Turnbough, Mark Roberts and James Forlines. Over 250 decisions were made, including several for salvation, the first of which was reported on Sunday evening, that of my daughter.

Over 400 students participated in Impact Detroit, our area service projects. Projects included the Detroit Food Bank, a blood drive and inner-city Bible School programs. Individuals and entire youth groups joined the projects.

A total of 31 workshops were presented during the conference for children, youth, children's workers and youth workers.

We will not leave the city of Detroit untouched! Rather, we leave having shown the light of Christ to a needy city. We also leave with many people knowing that Christ makes a difference in the lives of our students.

The 35th annual National Youth Conference is scheduled for Memphis, Tennessee in July 2002 where our theme will be "24/7—All His Ways, All My Days."

Dean Jones
NYC Director

Educational Task Force Report

The Educational Task Force met January 5-6, 2001, in Nashville, and heard reports from three committees: the Survey Committee (Tim Eaton, chairman), the College and Seminary Committee (Randy Sawyer, chairman) and the Funding Committee (Dan Parker, chairman). All Task Force members were present except representatives from Southeastern Free Will Baptist College.

Tim Eaton distributed the *Survey Committee's* proposed survey—the *Free Will Baptist Higher Education Survey*, designed to survey Free Will Baptist young people. A number of suggestions from Task Force members were incorporated into the survey. The Task Force approved the finalized survey. The survey will be done online and through a mailing to Free Will Baptist young people.

Randy Sawyer presented the *College and Seminary Committee's* recommendation that the 1977 Graduate Study Committee survey be used to survey denominational constituents. Task Force members offered a number of suggestions that were incorporated into the survey to modify and update it. The survey will be sent to pastors, national personnel, state leaders, college students and faculty members, laity, national convention attendees (including National Youth Conference adults) and college alumni associations.

Daniel Parker presented the *Funding Committee's* report. The report consisted of a directory of grant agencies and an article from Hillsdale College in Michigan titled, "How Government Hinders Educational Funding."

Douglas Simpson and Matt Pinson were authorized to prepare a brief bibliography of Christian higher education. All members were asked to read Arthur Holmes' book, *The Idea of a Christian College*, as well as a position paper from Columbia International University.

The Educational Task Force is scheduled to meet in the spring of 2002 to examine and evaluate data from the surveys and finalize its reports which will be presented to delegates at the 2002 Free Will Baptist national convention in Memphis, Tennessee.

Respectfully Submitted,

Melvin Worthington, Chairman
Matthew Pinson, Clerk
William Davidson
Douglas Simpson
Carl Cheshier
Tim Eaton
Randall Sawyer
Thomas Marberry
Tom Malone
Milton Fields
Ed Hyatt
Wendell Walley
Marco Gonzales
Billy Bevan
A. B. Brown

Obituary Committee Report

The following names were submitted in sympathy and precious memory of their lives, labor and love for our Lord Jesus Christ.

Arkansas

J. W. Blanks, minister
Rupert E. Pixley, minister

California

Joe Mooneyham, minister

Florida

William Compton, minister

Illinois

Loyd Crain, minister
Melvin Knott, minister
Jonathan Thigpen, minister

Kentucky

Robert Parsons, minister

Mexico

James Munsey, minister
Felix Zuniga, minister

Missouri

C. R. "Shorty" Thompson, minister
Larry Cockman, minister
Jeff Bennett, minister
Michael W. Sanstra, minister
Opal Jefferies, minister
Henry Williams, deacon
Carl Sisco, deacon

North Carolina

James Childers, minister
Winford Roland, minister
J. C. Lynn, minister
Will Hall, minister
Harold O'Dear, minister

Ohio

Eldon Ross, minister
Charles Baldwin, minister

Obituary Committee

Sigbee Dilda (SC)—Chairman
Richard Bowers (AL)
John Hibbard (CA)
Fred Hanson (Atlantic Canada)
Mike Jones (SC)

Marvin Bates, minister
James McCarty, minister
Bert Miller, minister
Robert Mead, minister
Hershel Nabors, deacon
Billy Williams, deacon
Lloyd Pack, deacon
Kay Moore, deacon

Oklahoma

Ernie Hale, minister
Don Adams, deacon

South Carolina

Julius Vause, minister
L. H. Clayton, minister

Tennessee

Horace Teague, minister
Bill Gardner, minister

Texas

Alvin Hallbrook, minister

West Virginia

Jimmy Browning, minister
Joseph Mahone, minister
Vernon Spears, minister
Herman Berry, minister
Burnie Crabtree, minister
Earl Pennington, minister
James Smith, minister
Gaylord Shrewsbury, minister
Thelmer Robertson, minister
Sestell Toppins, minister
Reads Selby, minister
Volena Wilson, missionary
Poe McCartney, deacon

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2002:

Executive Office (Includes:)	\$	744,161.30
Administrative	\$	411,000.00
Contact		93,105.00
Convention		240,056.30
Free Will Baptist Bible College		4,785,058.00
(Includes \$1,200,000.00 in unrestricted gifts)		
Foreign Missions		7,566,248.77
(Does not include Vision and other projects totaling \$2,604,500.00)		
Home Missions		5,000,000.00
Master's Men		194,362.00
Retirement and Insurance		373,344.00
Free Will Baptist Foundation		120,000.00
Sunday School and Church Training		3,529,403.90
Commission for Theological Integrity		8,250.00
Historical Commission		4,800.00
Music Commission		34,060.00
Media Commission		200,000.00
Total	\$	22,559,687.97

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
Larry Powell, 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 2000

	Associations		Number Reporting Churches		City	Rural	Full-Time Pastors	Bi-Vocational Pastors	Baptisms	Reported 1999 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2000 Membership	Reported 2000 Membership	Combined Income of All Churches
Alabama	14	13	165	163	60	103	87	51	355	18,881	815	446	369	19,250	17,060	2,211,040
Arizona	1	1	8	8	7	1	6	2	58	283	37	14	23	306	297	497,084
Arkansas	15	15	220	209	107	113	88	102	815	20,443	1,229	489	740	21,183	20,564	10,100,164
California	8	8	55	52	50	5	46	9	337	2,904	211	127	84	2,988	2,834	2,466,300
Canada	1	1	10	10	3	7	4	6	19	280	31	13	18	298	432	281,747
Colorado	1	1	6	3	6		6		13	204	26	21	5	209	125	124,885
Florida	9	9	72	70	41	31	45	26	272	5,972	419	288	131	6,103	6,374	2,182,392
Georgia	10	10	122	121	41	81	81	41	205	9,426	457	256	201	9,627	9,293	5,226,612
Hawaii			1	1	1		1		5	54	4	9	(5)	49	49	81,558
Idaho	2	2	7	7	7		2	5	76	245	17	13	4	249	245	37,154
Illinois	6	6	43	40	26	17	27	13	151	3,467	143	93	50	3,517	3,624	2,097,037
Indiana	3	1	20	10	16	4	12	8	86		106	43	63	63	550	
Kansas	2	2	9	9	9		3	5	75	234	96	17	79	313	282	175,331
Kentucky	10	10	147	139	37	110	41	77	841	15,745	1,027	62	965	16,710	15,807	2,521,916
Louisiana			1	1	1		1		72		5	(5)	67	7	7	15,216
Mid-Atlantic Assoc	1	1	8	6	3	3	6		64	795	100	7	93	888	627	178,378
Mexico	4		29									0		0		
Michigan	6	4	45	38	29	16	31	10	225	2,969	237	61	176	3,145	2,577	1,815,419
Mississippi	3	3	51	42	16	35	42	7	190	3,423	323	96	227	3,650	3,609	2,452,135
Missouri	18	18	184	175	83	101	95	80	546	15,227	903	411	492	15,719	15,719	8,328,987
Montana			1	1	1			1	7	16			0	16	16	
New Jersey	1	1	2	2	1	1	2		1		3	3	0	0	108	
New Mexico	1	1	4	4	3	1	1	3	1	43	5	4	1	44	59	66,688
North Carolina	8	8	191	160	95	5	141	21	1,291	20,120	1,615	645	970	21,090	22,317	78,205,546
Northeast Assoc.	1	1	3	3	1	2	3		12	196	15		15	211	223	
Northwest Assoc.	1	1	5	5	5		5	1	29	320	29	4	25	345	178	245,500
Ohio	19	19	150	147	64	86	61	75	728	10,019	720	523	197	10,216	10,168	5,260,767
Oklahoma	22		242	225	144	82	134	83	772	21,944	1,710	484	1,226	23,170	23,032	11,801,161
Puerto Rico			2	1	2		2		70				0	70		
South Carolina	7	7	123	123	51	72	75	48	286	5,821	464	183	281	6,102	4,861	89,289
South Dakota			1										0	0		
Tennessee	9	9	223	185	89	113	115	81	433	21,784	939	635	304	22,088	19,594	6,538,124
Texas	7	5	46	42	25	20	23	13	119	2,096	249	94	155	2,251	2,556	1,340,868
Virgin Islands			1	1	1	1	1		11		1	2	(1)	(1)	199	94,913
Virginia	8	8	92	76	32	60	44	36	267	6,775	321	86	235	7,010	5,459	1,209,986
West Virginia	21	21	180	180	39	141	73	103	692	9,271		231	(231)	9,040	9,040	2,900,937
Wisconsin			1	1	1		1		35				0	35	34	24,971
Totals	219	186	2,470	2,260	1,096	1,211	1,305	907	8,982	199,134	12,252	5,365	6,887	206,021	197,919	148,572,105

Statistical Report Reporting Period 2000

	Number of Churches with Budgets		Parsonages	Value of Church and Parsonage Property	Sunday School Enrollment	CTS Enrollment	WNAC Enrollment	Master's Men Enrollment	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Value of Associational Property
Alabama	35	35		16,644,220		10,038	1,335	707	108	247	37	469	6	6	4		
Arizona	6	2		2,972,000	411	150	57	33	10		4						
Arkansas	48	66		48,834,160	11,309	2,482	1,101	166	346	62	539	4	5	5			1,061,100
California	17	19		19,267,100	2,941	402	166	35	65	26	67		4	8	1		2,500,000
Canada	3	3		1,401,530	341		79		7	1							
Colorado	5			590,868	150				3	1	1						
Florida	30	40		15,905,681	2,812	609	490	173	121	14	127	5	2	2	1		150,000
Georgia	43	58		30,815,918	4,931	1,009	694	115	154	21	394	2	1	2			3,500,000
Hawaii	1	1		3,500,000	61	35			2								
Idaho	3	3		1,157,000	300		18		11	1	5	1					
Illinois	19	15		13,627,000	2,192	489	242	71	62	8	95		1	2			
Indiana									40		16			3			
Kansas	1			1,596,360	235		42	11	10	4	4						
Kentucky	16	6		16,648,720	7,781	1,403	470	98	384	25	385	2		1			
Louisiana					13				1								
Mid-Atlantic Assoc.	5	3		2,325,000	266		52	4	6	1	12					2	
Mexico																	
Michigan	9	11		13,525,000	1,825	100	234	34	67	4	51	3		1			
Mississippi	19	14		6,019,700	2,261	596	218	118	64	10	133	1	2	2	1		
Missouri	37	42		37,567,671	9,410	1,101	812	188	264	48	328	4	3	4	2		650,000
Montana				150,000	30				1		1						
New Jersey		1			59	10			4		2						
New Mexico	2	2		406,000	57		10		6	1	4						
North Carolina	102	65		39,562,902	14,306	1,304	1,487	378	298	102	535	12	14	13		1	
Northeast Assoc.		1							3								
Northwest Assoc.	1			2,200,000	187		32	14	5	1	3		1	1			
Ohio	30	20		37,292,061	8,656	168	528	147	336	30	254		1	2			
Oklahoma	62	62		69,944,398	19,722	2,527	1,217	247	354	52	505	4	7	7	1		3,750,000
Puerto Rico				250,000	70				2		1						
South Carolina	57	40		89,530,000	4,957	334	323	158	201	16	94	4	4	3	2		1,725,000
South Dakota																	
Tennessee	41	69		44,077,783	14,132	1,459	979	199	366	39	834	4	3	3	3	1	
Texas	17	10		11,919,943	1,379	123	200	28	57	20	76						
Virgin Islands	1	1		2,350,000	177		16	8	3		2	1	1	1			
Virginia	14	10		20,400,420	3,641	380	446	65	167	24	206	2	1	2	1		
West Virginia	17	13		16,508,575	7,783	526	755	153	436	22	388	1	1	1			
Wisconsin	1			450,000	29				1								
Totals	642	612		567,440,010	132,462	16,542	11,375	2,551	4,104	570	5,534	57	57	67	12	4	13,336,100