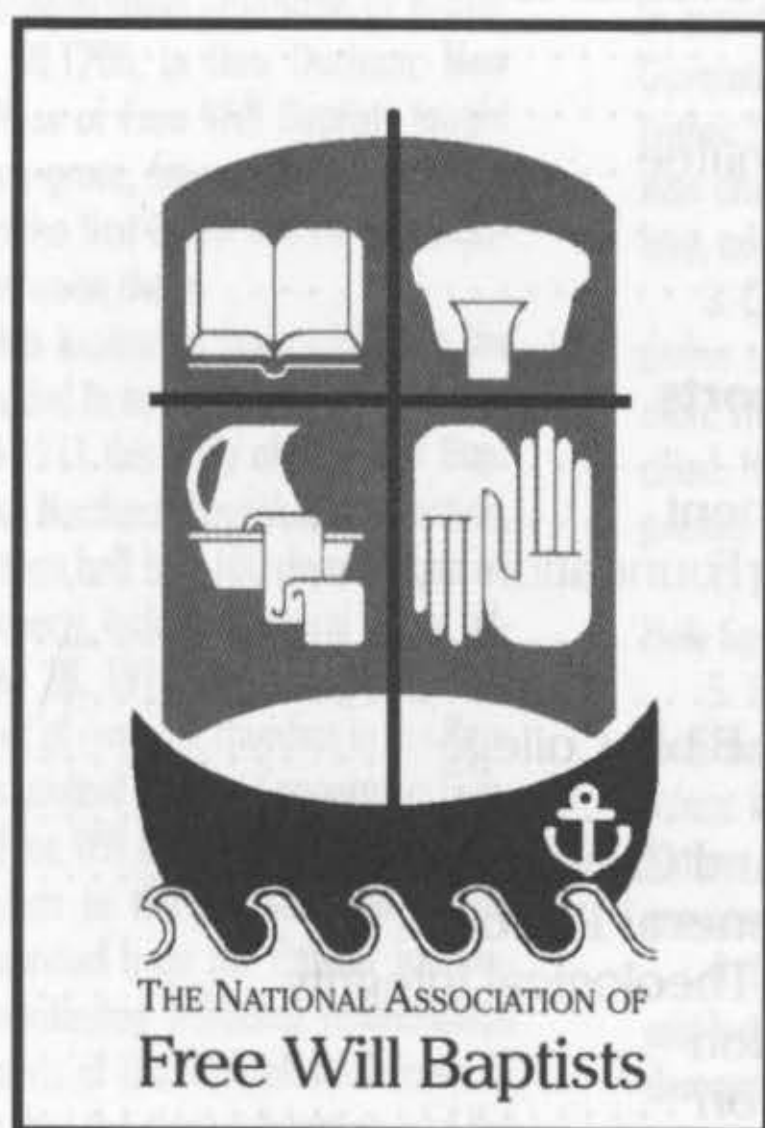


2003 Free Will Baptist Yearbook



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The Executive Office

National Association of Free Will Baptists, Inc.

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Printed by Randall House Publications

Minutes
 of the
Sixty-Sixth Annual Session
 of the
National Association
 of
Free Will Baptists, Inc.
 when convened in
Memphis, Tennessee
July 21-25, 2002

Future Sessions

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	John Hibbard
Assistant Clerk	Randy Bryant
Executive Secretary-Treasurer	Keith Burden

General Board

2003	2004	2005
North Carolina: Jim Marcum	Alabama: Rick Cash	Indiana: Chris Clay
Northeast: Jim Nason	Arizona: Charles Marshall	Kansas: Zane Brooks
Northwest: Darrell Smith	Arkansas: David Joslin	Kentucky: James Patton
Ohio: Mike Stokes	Assn. of Mexico:	Mexico Assn: Carlos Rubio
Oklahoma: Ernest Harrison, Jr.	Luis Felipe Tijerina	Michigan: Gene Norris
South Carolina: Sigbee Dilda	Atl. Canada: Fred Hanson	Mid-Atlantic: Jay Baines
Tennessee: Charles Thigpen	California: Doice McAlister	Mississippi: J. L. Gore
Texas: Keith Woody	Colorado: Mark Thomas	Missouri: Nathan Ruble
Virginia: Glen Johnson	Florida: Tim Owen	New Jersey: William Brown
West Virginia: Carl Vallance	Georgia: William Smith	New Mexico: Mark Shores
	Idaho: Earl Jenkins	
	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: John Hibbard, 928 Yellow Brick Road, Modesto, CA 95351
Assistant Clerk: Randy Bryant, 2156 54th Avenue, Vero Beach, FL 32966

2003	2004	2005
Ernest Harrison, Jr. (OK)	Rick Cash (AL)	J.L. Gore (MS)
Glen Johnson (VA)	David Joslin (AR)	Gene Norris (MI)
Charles Thigpen (TN)	Doice McAlister (CA)	Nathan Ruble (MO)

Board of Trustees of Free Will Baptist College

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

2004	2006	2008
Terry Pierce (MS)	Richard Barnes (VA)	Archie Ratliff (NC)
Billy Hanna (GA)	Gary Fry (MO)	Greg Kettelman (TN)
Steve Ashby (OK)	A.C. Allen (SC)	Gene Outland (IL)

Board of Foreign Missions

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

2004	2006	2008
David Shores (IL)	Randy Wilson (OK)	Bill Jones (TX)
Danny Williams (AL)	Doug Little (AR)	David Williford (TN)
Sherwood Lee (SC)	Milton Worthington (NC)	Bill Van Winkle (TN)

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)	Ron Hunter (SS & CT)

Keith Burden (Exec. Off.)

Sunday School and Church Training Board

Chairman: Dennis Wiggs, 206 Briarwood Lane, New Bern, NC 28560

2004

Will Harmon (AR)
Tim Owen (FL)
Michael Waddell (TN)

2006

Edwin Hayes (OH)
Dennis Wiggs (NC)
Jeff Crabtree (Canada)

2008

Danny Dwyer (AL)
David Reece (VA)
Nuel Brown (CA)

Commission for Theological Integrity

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

2003 Matt Pinson (TN)

2004 Jeff Manning (NC)

2005 Daryl Ellis (IL)

2006 Paul Harrison (TN)

2007 Leroy Forlines (TN)

Historical Commission

Chairman: Darrell Holley, 3606 West End Avenue, Nashville, TN 37205

2003 Paul Kennedy (CA)

2004 Robert Picirilli (TN)

2005 Darrell Holley (TN)

2006 Joe McKnight (SC)

2007 Jack Williams (TN)

Media Commission

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

2003 Steve Faison (VA)

2004 Mike Jones (SC)

2005 Doug Kite (NC)

2006 Monte McKenzie (TN)

2007 Kevin Norris (MI)

Music Commission

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

2003 Jerry Carraway (TN)

2004 Randy Sawyer (NC)

2005 Chris Truett (NC)

2006 Scott Bullman (OK)

2007 Doug Little (AR)

Proceedings

The 66th annual session of the National Association of Free Will Baptists met July 21-25, 2002, at the Memphis Convention Center in Memphis, Tennessee. "Obedience: Our Obligation" was the theme for the meeting. Dean Jones served as the convention manager and Scott Bullman coordinated the music.

Sunday School-July 21, 2002

The Sunday School session began at 10:00 a.m. as Leroy Scudder led the congregation in singing, "I Am Thine, O Lord" and "I Just Keep Trusting My Lord." David Sutton welcomed the assembly, introduced the Sunday School teacher and led in prayer.

The *Fields Family* sang, "He Took Me In." Gary Head from Cedar Hill, Tennessee, presented the Sunday School lesson. The lesson topic was "An Example in Service." The scripture text was Philippians 2:3-16. The session concluded at 10:50 a.m.

Sunday Morning—July 21, 2002

The morning worship service was called to order at 11:00 a.m. as the *Fields Family* sang, "That Day At Calvary." Leroy Scudder led the congregation in singing, "Thou Art Worthy" and "Majesty."

David Sutton called for the convention offering and led in prayer. The *Fields Family* sang, "Everything You Need."

Alton Loveless from Nashville, Tennessee, was introduced as the speaker for morning worship. Before he spoke, Brian Hughes sang, "These Are They."

Dr. Loveless read his text from Ephesians 4 and spoke on the subject "The Church" or "Plug into the Church for the Shock of Your Life." David Sutton prayed the benediction.

Sunday Evening—July 21, 2002

The Sunday evening service began at 7:00 p.m. The Convention Choir and various groups or soloists ministered in music. The following is an overview of the program:

"God's Wonderful People"

"Since Jesus Came Into My Heart"

"A New Name In Glory"

"I'm So Glad Jesus Lifted Me"

"Where Could I Go?"

"I'm Feeling Fine"

"Who Am I?" (Soloist-Bobby Lee Thomas)

"A Child of the King"

"He Knows My Name" (Soloist-Chris Lewis)

"Somebody Loves Me"

"Springs of Living Water" (Musical Messengers Quartet)

Scott Bullman called for the convention offering and led in prayer.

"Wonderful Is He" (Musical Messengers Quartet)

"One-Way Flight"

"I'll Meet You In The Morning"

"Robe of White" (Men's Quartet)

"Ten Thousand Years" (Choir with soloist Doug Little)

Carl Cheshier, president of Hillsdale Free Will Baptist College was introduced to bring the evening message. He read Hebrews 12:1-2 for his text and spoke on the subject, "Running the Race with Patience."

"Yes, I know" (Men's Trio)

"He Touched Me"

"The Blood Will Never Lose Its Power"

"I Wanna Know More"

"I Am Thine, O Lord"

"Draw Me, Lord" (Donelson Trio)

"Praise and Worship"

"I Stand In Awe"

"Blessed Be the Lord, God Almighty"

"How Great Thou Art"

"Shout To The Lord"

Monday Evening—July 22, 2002

The 7:00 p.m. Monday evening service began when Home Missions director Larry Powell greeted the convention and led in prayer. Lange Patrick led the congregation in singing, "Lord, I Lift Your Name On High," "All Hail The Pow'r of Jesus' Name," "We Sing Praises" and "Bless The Lord, O My Soul."

The musical group *Movin' Up* sang, "One Drop of Blood." Charles Thigpen, promotional director for the state of Tennessee, welcomed the convention to Memphis.

Clerk Keith Burden called the 66th convention of the National Association into official session and introduced the officers. Moderator Carl Cheshier announced the appointments to four committees:

Credentials Committee:

Jim Marcum—North Carolina
(Chairman)

Gene Norris—Michigan

Ernie Lewis—Illinois

Tim Owen—Florida

Tim Hall—Kentucky

Nominating Committee:

Nathan Ruble—Missouri
(Chairman)

Tim Campbell—Arkansas

Billy Hanna—Georgia

Glen Johnson—Virginia

Terry Eagleton—Tennessee

Ron Helms—Michigan

David Sutton—Oklahoma

Resolutions Committee:

Paul Thompson—Arizona
(Chairman)

Nuel Brown—California

Russell Wright—West Virginia

Edwin Hayes—Ohio

Bill Van Winkle—Tennessee

Obituary Committee:

Herbert Waid—Georgia (Chairman)

Danny Williams—Alabama

James Brewer—Kansas

Charles Marshall—Arizona

Bobby Shepherd—Arkansas

Larry Powell called for the

convention offering and led in prayer. The group *Movin' Up*, and the *Convention Choir* sang, "God Bless America Once More" as an offertory. The *Convention Choir*, along with narrator Mike Mounts, presented a musical tribute to the armed forces titled, "Stars and Stripes Forever."

As the United States flag was unfurled, Lange Patrick led the congregation in singing, "The Star-Spangled Banner" and "America, The Beautiful." Larry Powell introduced the military chaplains who were present and the speaker for the service.

The *Convention Choir* performed an arrangement of "Let Freedom Ring" and the congregation sang, "I'm Free" and "Thank You, Lord." A men's trio sang, "Soldiers Again." Colonel Kerry Steedley read II Timothy 2:1-4 for his sermon text and spoke on the subject, "An Operations Order." Larry Powell led the prayer of benediction.

Tuesday Evening—July 23, 2002

The service began at 7:00 p.m. with the Men's Chorale singing, "A Mighty Fortress Is Our God." Keith Burden welcomed the congregation and led in prayer.

Thurman Lucas led the congregation in singing, "Blessed Assurance," "Great Is Thy Faithfulness" and "Great Is The Lord." Soloist Tim Kaufman sang, "I Asked The Lord" and "A Few Good Men" (accompanied by the Men's Chorale).

Keith Burden called for the evening offering and led in prayer. The convention orchestra presented the offertory. The congregation sang,

"Turn Your Eyes Upon Jesus," "He Is Here," "In The Presence Of Jehovah," "Tis So Sweet To Trust In Jesus" and "Because He Lives."

Tim Kaufman sang, "His Mercies Are New." Keith Burden introduced the speaker—retiring executive secretary Melvin Worthington—who read Luke 5:1-11 for his text and spoke on the subject "Obedience: Our Obligation." Keith Burden announced a reception honoring Dr. Worthington and his family and led the prayer of benediction.

Wednesday Morning—July 24, 2002

Moderator Carl Cheshier called the meeting to order at 9:00 a.m. and welcomed the delegates. Wade T. Jernigan read Matthew 12:46-50, Mark 3:31-35 and Matthew 5:43-48. He brought devotional thoughts on the subject, "This Man." Carl Cheshier led in prayer.

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

The clerk read a partial report of the General Board. 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. Motion carried to adopt this recommendation.

Executive secretary Melvin Worthington gave the report of the Executive Office. Motion carried to receive the Executive Office report and adopt the budgets contained in the report.

In honor and recognition of his retirement, members of the Executive Committee made presentations to Dr. Worthington. Charles Thigpen announced that Worthington was being awarded the title, "Executive Secretary Emeritus." Tim York presented the keys to a 2001 Ford Taurus (company car) as a gift. J. L. Gore unveiled the August 2002 issue of *Contact* that was a tribute issue to Dr. Worthington. Gore read excerpts from articles written by members of the Worthington family. Delegates gave the retiring executive secretary a standing ovation.

The clerk read Item # 2 of the General Board report recommending the election of Keith Burden as executive secretary. Motion carried to adopt Item # 2.

Melvin Worthington presented a plaque to Keith Burden in recognition of 21 years (1981-2002) of service as assistant clerk and clerk of the National Association. He also presented the new executive secretary a lifetime subscription to *Contact* and a leather bound copy of the *Rejoice* hymnal.

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

Director William Evans gave the report of the Board of Retirement. Ray Lewis gave the financial report. Motion carried to receive the report and adopt the budget.

Director Larry Powell gave the report of the Home Missions Department. Motion carried to receive the report and adopt the budget.

Larry Powell presented plaques to the following Home Missionaries whose churches have become self-supporting:

Darrell Smith—Portland, Oregon

Russell Johnson—Cheyenne, Wyoming

Jeff Sloan—Fort Wayne, Indiana

Tim Osborn—Memphis, Tennessee

Kerry Gandy—Maumelle, Arkansas

Jon Cannon—Mascoutah, Illinois

Bob Trimble—Battle Creek, Michigan

A plaque was also presented to Vergel Maness for 25 years of service to Home Missions.

The clerk read Item # 8 of the General Board report pertaining to the investigative report of the Executive Committee regarding the Home Missions Department's dealings with James Munsey. Motion carried to adopt Item # 8.

The clerk read Item # 9 of the General Board report recommending that the National Association of Free Will Baptists place the Mexican Association of Free Will Baptists on probation for one year, allowing them to bring their documents into conformity with the *Treatise* regarding autonomy of the local church. Motion carried to adopt Item # 9.

The clerk read Item # 10 of the General Board report recommending that the Association of the Free Will Baptists of Mexico (aggrieved minority) be received for membership within the National Association of Free Will Baptists as a district association. Motion carried to adopt Item # 10.

Director Ken Akers gave the report of the Master's Men Department. Motion carried to receive the report (this includes recommendations regarding the re-stated Master's Men charter) and adopt the budget.

Chairman Gary Fry read a statement on behalf of the Board of Trustees of Free Will Baptist Bible College. President Matthew Pinson gave the report of Free Will Baptist Bible College. Treasurer Tom Sass gave the financial report. Motion carried to receive the report and adopt the budget.

President Pinson presented a plaque to Larry Montgomery for 12 years of service on the Bible College Board of Trustees. Delegates viewed a special video tribute to the late L. C. Johnson, the first president of Free Will Baptist Bible College.

Terry Pierce (MS) was elected to fill an unexpired 2004 term on the Bible College Board of Trustees. Archie Ratliff (NC), Greg Ketteman (TN) and Gene Outland (IL) were elected to six-year terms on the Bible College Board of Trustees.

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

Wednesday Afternoon—July 24, 2002

Assistant moderator Tim York called the afternoon session to order at 1:30 p.m. He read II Timothy 2:19 and led in prayer.

Treasurer Rob Conley presented the financial report for Foreign Missions. Director James Forlines gave the report of the Foreign Missions Department. Motion carried to receive the report and adopt the budget.

Danny Williams (AL) was elected to fill an unexpired 2004 term on the Foreign Missions Board. Bill Jones (TX), David Williford (TN) and Bill Van Winkle (TN) were elected to six-year terms on the Foreign Missions Board.

Retiring director Alton Loveless and director-elect Ron Hunter gave the Sunday School and Church Training Department report. Motion carried to receive the report and adopt the budget.

Tim Owen (FL) was elected to fill an unexpired 2004 term on the Sunday School and Church Training Board. Danny Dwyer (AL), David Reece (VA) and Nuel Brown (CA) were elected to six-year terms on the Sunday School and Church Training Board.

Ron Hunter presented a plaque to David Sutton for 15 years of service on the Sunday School and Church Training Board. David Sutton presented matching watches to retiring director Alton Loveless and his wife Delois.

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

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

Steve Faison gave the report of the Media Commission. Motion carried to receive the report and adopt the budget.

Steve Faison made a presentation to Ron and Pam Hunter for their service to the Media Commission.

Monte McKenzie (TN) was elected to fill an unexpired 2006 term on the Media Commission. Kevin Norris (MI) was elected to a five-year term on the Media Commission.

Chris Truett gave the report of the Music Commission. Motion carried to receive the report.

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

The clerk read Item # 3 of the General Board report that called for making registration badges mandatory for all 2003 convention events. Motion carried to adopt Item # 3.

The clerk read Item # 4 of the General Board report recommending that Liberty Free Will Baptist Church in New Berlin, Wisconsin, be given membership in the National Association of Free Will Baptists. Motion carried to adopt Item # 4.

The clerk read Item # 5 of the General Board report increasing national representation fees to \$100 per church per year effective 2004. Motion carried to adopt Item # 5.

The clerk read Item # 6 of the General Board report authorizing the Executive Office to secure finances to fund the 2003 convention if necessary. Motion carried to adopt Item # 6.

The clerk read Item # 7 of the General Board report referring to the grievance filed by Dale Weaver to the Free Will Baptist Bible College Board of Trustees for resolution. Motion carried to adopt Item # 7.

A partial report of the Nominating Committee for General Board members was read. Mike Stokes (OH) was elected to fill an unexpired 2003 term on the General Board. The following were elected to serve terms expiring 2005: Chris Clay (IN), Zane Brooks (KS), James Patton (KY), Carlos Rubio (Mexico), Gene Norris (MI), Jay Baines (Mid-Atlantic), J. L. Gore (MS), Nathan Ruble (MO), William Brown (NJ) and Mark Shores (NM). Luis Felipe Tijerina (Association of the Free Will Baptist of Mexico) was elected to serve a term expiring in 2004.

The clerk read a partial report of the Nominating Committee. J. L. Gore (MS), Gene Norris (MI) and Nathan Ruble (MO) were elected to serve three-year terms on the Executive Committee.

Jack Williams gave the report of the Historical Commission. Motion carried to receive the report and adopt the budget.

Jack Williams was elected to serve a five-year term on the Historical Commission.

The moderator declared a recess until 9:00 a.m., July 25, 2002.

Wednesday Evening—July 24, 2002

The evening service began at 7:00 p.m. with the Convention Choir and members from *Truth and Peace* singing, "Forever." Worship leader Don Myers led the congregation in singing, "Holy, Holy, Holy," "Holy Ground" and "I Worship You, Almighty God."

David Joslin gave the welcome and called on Harold Blankenship to pray the invocation. The *Truth and Peace* choir sang, "Yes, I Believe," as the congregation saw photos of deceased Free Will Baptist missionaries displayed on large screens.

Larry Powell introduced home missionaries present for the service and had them stand as their names were called. James Forlines introduced foreign missionaries present for the service and had them stand as their names were called.

David Joslin called for the convention offering. Jose Rodriguez led in prayer. For an offertory the Convention Choir sang, "By The Way of the Cross."

The congregation sang, "The Old Rugged Cross," "O How He Loves You and Me" and "Jesus, We Crown You With Praise."

David Joslin introduced the speaker for the evening service. Connie Cariker led in prayer. A ladies trio from First FWB Church in Gastonia, North Carolina, sang, "Hasten The Day."

Tulsa, Oklahoma, pastor Curtis Linton read Romans 12:1-2 for his text and delivered the evening message. Lorenza Stox dismissed the service in prayer.

Thursday Morning—July 25, 2002

The meeting was called to order at 9:00 a.m. Assistant clerk John Hibbard read Hebrews 10:18-25 and led in prayer.

Dean Jones gave the report of the National Youth Conference. Motion carried to receive the report as information.

Executive secretary-treasurer Marjorie Workman gave the report of Women Nationally Active for Christ. Motion carried to receive the report as information.

David Womack (FL) was elected to fill an unexpired 2004 term on the General Board.

Tim Eaton gave the report of the Educational Task Force. Motion carried to receive the report.

Nathan Ruble gave the report of the Publications Committee. Motion carried to receive the report.

Melvin Worthington gave the report of the Budget Committee. Motion carried to receive the report.

The clerk read the Obituary Committee report. Motion carried to receive the report. Herbert Waid led in prayer.

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

The clerk read Item # 2 of the Resolutions Committee report. Motion carried to adopt Item # 2.

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

Motion carried to adopt the following motion:

"Be it resolved that we, the National Association of Free Will

Baptists, request our clerk to write a letter of thanks and commendation to President George W. Bush for his bold opposition to human cloning and for appointments to United Nations family planning conferences which resulted in dramatic reversals and the protection and preservation of lives of millions of unborn children."

Motion carried to adopt the following motion:

"We, the body of believers of the Lyons Free Will Baptist Church, along with other believers ask the National Association to word a resolution to be sent to our president and congress expressing our belief that our nation was formed and founded by men who believed in one God. These men held in their hearts the belief that there was one God who blessed and directed the affairs of men.

We do not believe that it should be judged illegal for anyone to say the pledge of allegiance simply because of the phrase 'one nation under God.' Our constitution grants us 'freedom of religion,' not freedom from religion. We know that our President and many government leaders hold with our view and wish to thank them and support them in their fight against this movement to remove the very mention of God from any public, government or civic gathering."

The clerk read the final report of the Nominating Committee. Carl Cheshier (OK) was elected moderator. Tim York (KY) was elected assistant moderator. John Hibbard (CA) was elected clerk. Randy Bryant (FL) was elected assistant clerk.

Motion carried to adjourn.

The Executive Secretary's Report 2001

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 3-4, 2001, at Regal Maxwell House Hotel in Nashville, Tennessee. Dr. Larry Reesor, president of Global Focus spoke during the conference. The theme for the conference was *Growing a Great Commission Denomination*.

The 2001 convention in Detroit, Michigan, registered 5,031. The music, messages and meetings were outstanding. We commend the Michigan State Association for their excellent job hosting the convention. Preparations for the 2002 convention in Memphis, Tennessee, are on schedule. Convention Manager Dean Jones is making a significant impact on the convention planning and preparation process.

During their December 2001 meeting in Nashville, Tennessee, the Executive Committee selected speakers and a theme for the 2002 national convention. The theme chosen was *Obedience: Our Obligation*. The speakers include Alton Loveless (TN), Carl Cheshier (OK), Chaplain Kerry Steedley, Melvin Worthington (TN), Curtis Linton (OK) and Stan Toler (OK).

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 38 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. Complimentary copies are provided for students at Free Will Baptist Bible College, Hillsdale FWB College, California Christian College and Southeastern FWB College. The December 2001 distribution of *Contact* totaled 5,740.

The Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc., has been updated and reprinted. A Millennium Edition of the *Treatise* is available in hardback. Treatises may be ordered from Randall House Publications.

The *Rest of the Family Offering* totaled \$14,038.68 through December 31, 2001. After expenses, the balance was disbursed to participating national agencies. September 29 has been designated as *Rest of the Family Sunday*.

Gifts for the *Executive Office* totaled \$354,421.10 in 2001. Of this amount, \$331,218.37 was *Cooperative* and \$23,202.73 was *Designated*. The *Executive Office* 2000 budget called for \$390,000, thus leaving a 2001 budget shortfall of \$35,579.

Gifts for national ministries in 2001 totaled \$12,545,809.99. *Per capita* giving was \$63.39. *Together Way Plan* gifts through the Executive Office totaled \$3,906,123.29. Of this amount \$736,040.45 was *Cooperative* and \$3,170,082.84 *Designated*. We appreciate your sacrificial and systematic support of national ministries through *The Together Way Plan* in 2001.

The General Assembly of the *International Fellowship of Free Will Baptist Churches* scheduled to convene October 8-12, 2001, was postponed due to the terrorist attacks on September 11. The meeting has been rescheduled for October 7-11, 2002, at Camp Garner Creek in Dickson, Tennessee. The Monday evening service will be at Donelson Free Will Baptist Church in Nashville, Tennessee. The theme is *Stewards Worthy of Trust*. Speakers include Robert Morgan (USA), Jeff Crabtree (CN), Milton Worthington (USA), Jose Perurena (Panama), Melvin Worthington (USA) and Daniel Dorati (Panama).

Together Way Totals 1992 - 2001

Year	Total	Year	Total
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
1996	\$9,687,919.11	2001	\$12,545,809.99

Tracking The Together Way Totals (Through The Executive Office)

Year	Designated	Cooperative	Total
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%)
2001	\$3,170,082.84 (-3.62%) 81%	\$736,040.45 (3.89%) 19%	\$3,906,123.29 (-2.29%)

The Together Way Totals increase from 1992-2001
Designated 114.07% Cooperative 202.65%

Executive Office

Year	Designated	Cooperative	Total
1992	\$123,182.46	\$180,694.62	\$303,877.08
1993	\$128,789.88	\$175,087.19	\$303,877.07
1994	\$111,598.53	\$214,822.00	\$326,420.53
1995	\$117,223.58	\$217,616.55	\$334,840.13
1996	\$113,665.59	\$206,667.60	\$320,332.19
1997	\$100,925.33	\$221,226.99	\$322,152.32
1998	\$ 36,680.05	\$273,733.63	\$310,413.68
1999	\$ 23,462.71	\$304,209.03	\$327,671.74
2000	\$ 23,222.62	\$318,811.67	\$342,034.29
2001	\$ 23,202.73	\$331,218.37	\$354,421.10

Foreign Missions

Year	Designated	Cooperative	Total
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
2001	\$1,813,179.36	\$93,109.11	\$1,906,288.47

Free Will Baptist Bible College

Year	Designated	Cooperative	Total
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
2001	\$276,023.85	\$93,109.11	\$369,132.96

Home Missions

Year	Designated	Cooperative	Total
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
2001	\$885,213.41	\$72,868.01	\$958,081.42

Retirement and Insurance

Year	Designated	Cooperative	Total
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
2001	\$ 6,023.96	\$56,675.18	\$62,699.14

Master's Men

Year	Designated	Cooperative	Total
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
2001	\$ 5,287.14	\$56,675.18	\$61,962.32

Free Will Baptist Foundation

Year	Designated	Cooperative	Total
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
2001	\$ 4,072.43	\$24,289.33	*\$28,361.76

*This balance represents endowment gifts made through The Together Way that do not benefit the Foundation.

Historical Commission

Year	Designated	Cooperative	Total
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
2001	\$ 392.60	\$2,024.04	\$2,416.64

Commission For Theological Integrity

Year	Designated	Cooperative	Total
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
2001	\$1,092.37	\$2,024.04	\$3,116.41

Media Commission

Year	Designated	Cooperative	Total
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
2001	\$1,825.52	\$2,024.04	\$3,849.56

Music Commission

Year	Designated	Cooperative	Total
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
2001	\$ 110.78	\$2,024.04	\$2,134.82

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, Marilyn Pritchard, Altha Keifer, Angie Williams, Dean Jones and Jack Williams.

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 - 2001

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
2001	282,254	8,982	12,252	5,365	6,887	289,141
Totals		124,548	177,432	92,673	84,759	

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

Financial Statements

December 31, 2001 and 2000

(With Independent Auditors' Report Thereon)

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

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Hill, Harper & Associates
Certified Public Accountants

Terry A. Hill
Ernest R. Harper

Independent Auditors' Report

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

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 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, 2001 and 2000 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill, Harper & Associates

May 7, 2002

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

Statements of Financial Position

December 31, 2001 and 2000

<u>Assets</u>	<u>2001</u>	<u>2000</u>
Current assets:		
Cash and cash equivalents	\$ 103,721	168,560
Funds held by Free Will Baptist Foundation	16,200	10,500
Receivables:		
Hymnal sales	14,816	20,912
Other departmental and agency charges	1,818	6,020
Total receivables	16,634	26,932
Inventory, at lower of cost (first-in, first-out method) or market	104,561	133,654
Prepaid expenses	32,219	36,097
Total current assets	273,335	375,743
Office equipment and furniture	124,653	124,427
Less accumulated depreciation	114,150	108,204
Net office equipment and furniture	10,503	16,223
	<u>\$ 283,838</u>	<u>391,966</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 35,495	17,724
Deferred subscription revenues	24,913	18,661
Total current liabilities	60,408	36,385
Net assets:		
Executive Office	274,705	265,546
Net investment in equipment	10,503	16,223
Contact Magazine	(33,305)	(24,417)
Special Projects	99,122	130,008
Convention Fund	(127,595)	(31,779)
Total net assets	223,430	355,581
	<u>\$ 283,838</u>	<u>391,966</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, 2001 and 2000

	<u>Executive Office</u>	<u>Contact Magazine</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2001 Totals</u>	<u>2000 Totals</u>
Revenues:						
The Together Way Plan \$	3,906,124	-	-	-	3,906,124	3,997,547
Disbursed to agencies and departments	(3,551,703)	-	-	-	(3,551,703)	(3,655,513)
	354,421	-	-	-	354,421	342,034
Subscriptions to Contact Magazine	-	61,866	-	-	61,866	54,173
Sales of hymnals	-	-	47,485	-	47,485	49,934
Gifts and offerings	2,759	-	-	6,828	9,587	9,820
Interest income	5,646	945	-	-	6,591	10,773
Convention fees	-	13,000	-	182,739	195,739	175,682
Other income	1,233	235	808	17,927	20,203	34,550
Total revenues	364,059	76,046	48,293	207,494	695,892	676,966
Cost of hymnal sales:						
Beginning inventory	-	-	133,654	-	133,654	167,352
Other costs	-	-	17,880	-	17,880	2,056
Total cost of inventory	-	-	151,534	-	151,534	169,408
Less ending inventory	-	-	104,561	-	104,561	133,654
Cost of hymnal sales	-	-	46,973	-	46,973	35,754
Gross profit	364,059	76,046	1,320	207,494	648,919	641,212
Expenses of operations:						
Executive Office	360,620	-	-	-	360,620	338,063
Contact Magazine	-	84,934	-	-	84,934	79,173
Special Projects	-	-	32,206	-	32,206	21,661
Convention Fund	-	-	-	303,310	303,310	180,618
Total expenses	360,620	84,934	32,206	303,310	781,070	619,515
Increase (decrease) in net assets	3,439	(8,888)	(30,886)	(95,816)	(132,151)	21,697
Net assets, beginning of year	281,769	(24,417)	130,008	(31,779)	355,581	333,884
Net assets, end of year	<u>\$ 285,208</u>	<u>(33,305)</u>	<u>99,122</u>	<u>(127,595)</u>	<u>223,430</u>	<u>355,581</u>

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, 2001 and 2000**

	<u>Executive Office</u>	<u>Contact Magazine</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2001 Totals</u>	<u>2000 Totals</u>
Expenses of operations:						
Salaries	135,061	—	15,934	33,251	184,246	157,577
Housing allowance	45,000	—	—	—	45,000	42,000
Employee fringe benefits and general insurance	54,609	—	—	—	54,609	39,820
Payroll taxes	21,818	—	1,219	1,567	24,604	22,846
Travel	21,095	2,499	181	41,441	65,216	66,396
Executive Committee	1,837	—	—	5,871	7,708	1,631
Occupancy costs	29,892	—	—	—	29,892	29,892
Depreciation	5,946	—	—	—	5,946	7,435
Legal and audit	1,061	1,061	1,061	—	3,183	4,435
Equipment maintenance	655	—	—	—	655	302
Supplies, office expense	11,908	3,346	820	16,456	32,530	25,609
Printing and promotion	(51)	55,825	111	28,693	84,578	87,129
Postage / mail services	1,125	16,980	14	584	18,703	17,686
Telephone	3,726	20	3	322	4,071	3,087
Writer's fees	—	4,265	—	—	4,265	3,585
Auditorium and other convention services	—	—	—	160,001	160,001	58,887
Leadership Conference	2,120	—	—	—	2,120	—
International Fellowship	1,200	—	—	—	1,200	2,200
Educational Task Force	—	—	—	7,608	7,608	2,454
The Together Way Plan	178	—	—	—	178	346
Auto and copier leases	17,730	—	—	—	17,730	16,228
Executive Search	1,724	—	—	—	1,724	—
Church directory	—	—	3,962	—	3,962	—
Mexican Arbitration	—	—	7,889	—	7,889	—
Other	3,986	938	1,012	7,516	13,452	29,970
Total expenses	\$ 360,620	84,934	32,206	303,310	781,070	619,515

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, 2001 and 2000**

	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (132,151)	21,697
Adjustments to reconcile increase (decrease) in net assets to net operating activities:		
Depreciation and amortization	5,946	7,435
(Increase) decrease in:		
Receivables	10,298	10,450
Inventories	29,093	33,698
Prepaid expenses	3,878	153
Increase (decrease) in:		
Accounts payable and accrued expenses	17,771	(1,829)
Funds held for other denominational agencies	—	(14,559)
Deferred subscription revenue	6,252	(4,204)
Net operating activities	(58,913)	52,841
Cash Flows from Investing Activities		
Funds held by Free Will Baptist Foundation	(5,700)	(1,500)
Purchase of equipment	(226)	(9,372)
Net investing activities	(5,926)	(10,872)
Cash Flows from Financing Activities		
Prepayments of notes payable	—	—
Net financing activities	—	—
Net increase (decrease) in cash	(64,839)	41,969
Cash and cash equivalents at beginning of year	168,560	126,591
Cash and cash equivalents at end of year	\$ 103,721	168,560

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2001 and 2000

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 the provisions of 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.

Further, the Executive Office follows the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made," which requires contributions received to be 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.

Use of Estimates

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

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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 2000 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, 2001, warehoused hymnals valued at a cost of \$104,561.

The leather hymnals remaining from the first printing (approximately 470) valued at \$23,111 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 \$10,150 in 2001 and \$9,038 in 2000. 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.

(4) Operating Leases

The Executive Office has entered into non-cancellable lease arrangements relating to a copy machine and two automobiles. Total expenses amounted to \$17,729 for 2001 and \$16,228 for 2000. The minimum payments required are; \$13,367 for years 2002 and 2003; \$9,517 for 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 2001 and 2000.

(5) 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, 2001 as compared to 2000 totals.

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

Notes to Financial Statements, continued

(5) The Together Way Plan, continued

			2002	2001
Receipts:	Designated	Cooperative	Total	Total
Alabama	\$ 5,312	1,941	7,253	6,617
Arkansas	301,164	200,658	501,822	368,879
California	884	13,479	14,363	9,815
Florida	400	15,996	16,396	12,836
Georgia	379,490	19,086	398,576	397,476
Illinois	108,245	24,426	132,671	128,091
Indiana	23,432	2,641	26,073	18,569
Iowa	-	2,189	2,189	4,101
Kentucky	7,203	12,079	19,282	26,744
Michigan	241,039	28,610	269,649	319,004
Mississippi	99,527	7,671	107,198	85,145
Missouri	495,851	170,922	666,773	661,280
New Mexico	6,176	593	6,769	7,650
North Carolina	19,387	33,331	52,718	50,830
Ohio	172,685	35,858	208,543	206,457
Oklahoma	502,871	134,468	637,339	817,033
South Carolina	524,186	1,258	525,444	529,708
Tennessee	155,253	23,922	179,175	185,282
Texas	86,646	3,294	89,940	122,448
Virginia	4,505	1,316	5,821	7,351
West Virginia	26,958	1,409	28,367	21,921
Canada	7,600	134	7,734	7,749
Contributions totaling \$2,500 or less	1,269	760	2,029	2,561
Total receipts	\$ 3,170,083	736,041	3,906,124	3,997,547
Disbursements:				
Executive Office	\$ 23,203	331,218	354,421	342,034
Foreign Missions	1,813,179	93,110	1,906,289	2,028,800
Free Will Baptist Bible College	276,024	93,110	369,134	315,858
Home Missions	885,213	72,868	958,081	993,623
Retirement & Insurance	6,024	56,675	62,699	60,229
Master's Men	5,287	56,675	61,962	60,242
Commission for Theological Integrity	1,092	2,024	3,116	3,161
Foundation	4,072	24,289	28,361	27,384
Historical Commission	393	2,024	2,417	2,252
Music Commission	111	2,024	2,135	2,162
Media Commission	1,826	2,024	3,850	2,850
Hillsdale Free Will Baptist College	22,635	-	22,635	21,163
Other, including the Capital				
Stewardship Campaign	131,024	-	131,024	137,789
Total disbursements	\$ 3,170,083	736,041	3,906,124	3,997,547

**2003
Executive Office Budget**

	2001	2002	2003
Administrative	\$ 390,000.00	\$ 411,000.00	\$ 425,000.00
Convention	217,535.25*	240,056.30**	278,792.91***
Contact	93,105.00	93,105.00	93,105.00
Totals	\$ 700,640.25	\$ 744,161.30	\$ 796,897.91

*2000 **2001 ***2002

**2003
Administrative Budget**

Projected Expenses	2001	2002	2003
Salaries	\$ 154,365.25	\$ 160,775.80	\$ 166,631.99
Housing	45,000.00	46,561.06	49,000.00
Social Security	23,133.09	24,058.19	25,020.65
Retirement	7,340.11	7,645.67	7,922.67
Employees Insurance	28,604.20	37,424.32	40,763.71
(Dental/Disability/Health/Life/Travel)			
Auditing/Legal	5,000.00	5,000.00	3,500.00
Automobile Lease (2 Cars)	10,355.56	11,000.00	11,100.00
Copier Lease	4,500.00	7,000.00	8,000.00
Equipment Maintenance	3,000.00	2,000.00	2,000.00
Computer Supplies	11,000.00	10,000.00	7,000.00
Executive Committee	7,500.00	5,000.00	5,000.00
General Insurance	5,000.00	5,000.00	5,500.00
International Fellowship of Free Will Baptist Churches	2,400.00	2,400.00	2,400.00
Leadership Conference	2,000.00	2,000.00	3,000.00
Office Rental (\$1.00 per sq. ft. x 2,491)	29,892.00	29,892.00	29,892.00
Office Supplies/Expense	7,500.00	10,000.00	10,000.00
Other	796.93	2,452.56	4,428.47
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	4,000.00	4,000.00	4,000.00
Together Way Plan/Stewardship Education	1,500.00	1,500.00	1,000.00
Travel	22,500.00	22,500.00	24,000.00
Christmas Bonus (Extra Week's Salary)	1,852.63	1,926.68	2,003.78
Extra Week Retirement in lieu of 4th week vacation	2,260.23	2,363.72	2,336.73
beginning with the 16th year of service.			
Totals	\$ 390,000.00	\$ 411,000.00	\$ 425,000.00

Projected Income

The Together Way Plan	\$ 300,000.00	\$ 330,000.00	\$ 350,000.00
Cooperative Gifts	90,000.00	81,000.00	75,000.00
Designated Gifts			
Totals	\$ 390,000.00	\$ 411,000.00	\$ 425,000.00

Salary Breakdown

	2001		2002		2003
Executive Secretary					
Salary	\$ 29,270.25	(4%)	\$ 30,000.00	(4%)	\$ 36,943.50
Housing and Utilities	28,000.00	(4%)	29,561.06	(4%)	25,000.00
Social Security	8,762.35	(15.30%)	9,112.84	(15.30%)	9,477.36
Retirement	1,463.51	(5%)	1,500.00	(5%)	1,847.18
Insurance (Health/Dental/Life)	4,248.61		8,311.20		12,000.00
Disability/Travel	\$ 894.49		\$ 520.20		421.03
Health	3,116.12		7,374.48		
Dental	238.00		416.52		
Note: Office car furnished					
	\$ 71,744.72		\$ 78,485.10		\$ 85,689.07

Administrative Assistant/Contact Editor

Salary	\$ 28,758.00	(4%)	\$ 30,588.32	(4%)	\$ 25,491.85
Housing and Utilities	17,000.00	(4%)	17,000.00	(4%)	24,000.00
Social Security	7,000.97	(15.30%)	7,281.01	(15.30%)	7,572.25
Retirement	1,437.90	(5%)	1,529.42	(5%)	1,274.59
Insurance (Health/Dental/Life)	7,169.41		8,314.67		9,000.00
Disability/Travel	\$807.54		\$523.67		347.56
Health	5,925.48		7,374.48		
Dental	436.39		416.52		
Note: Office car furnished					
	\$ 61,366.28		\$ 64,713.42		\$ 67,686.25

Executive Bookkeeper

Salary	\$ 33,103.94	(4%)	\$ 34,428.10	(4%)	\$ 35,805.22
Social Security	2,532.45	(7.65%)	2,633.75	(7.65%)	2,739.10
Retirement	1,655.20	(5%)	1,721.41	(5%)	1,790.26
Insurance	6,742.99		8,187.33		6,478.88
Disability/Life	\$381.12		\$396.33		\$409.37
Health	5,925.48		7,374.48		5,547.46
Dental	436.39		416.52		522.05
	\$ 44,034.58		\$ 46,970.59		\$ 46,813.46

Editorial Assistant/Secretary

Salary	\$ 27,835.09	(4%)	\$ 28,948.49	(4%)	\$ 30,106.43
Social Security	2,129.38	(7.65%)	2,214.56	(7.65%)	2,303.14
Retirement	1,391.75	(5%)	1,447.42	(5%)	1,505.32
Insurance	3,716.16		4,456.12		6,132.18
Disability/Life	\$362.04		\$350.80		\$300.03
Health	3,116.12		3,878.16		5,547.46
Dental	238.00		227.16		284.69
	\$ 35,072.38		\$ 37,066.59		\$ 40,047.07

Yearbook Coordinator/Registration Coordinator

Salary	\$ 27,835.09	(4%)	\$ 28,948.49	(4%)	\$ 30,106.43
Social Security	2,129.38	(7.65%)	2,214.56	(7.65%)	2,303.14
Retirement	1,391.75	(5%)	1,447.42	(5%)	1,505.32
Insurance	6,727.03		8,155.00		6,384.06
Disability/Life	\$ 365.16		\$ 364.00		\$ 314.55
Health	5,925.48		7,374.48		5,547.46
Dental	436.39		416.52		522.05
	\$ 38,083.25		\$ 40,765.47		\$ 40,298.95

Part-time Help

Salary (104 days)	\$ 7,562.88 (\$9.09 hr.)	\$ 7,862.40 (\$9.45 hr.)	\$ 8,178.56 (\$9.83 hr.)
Social Security	578.56 (7.65%)	601.47 (7.65%)	625.66 (7.65%)
	\$ 8,141.44	\$ 8,463.87	\$ 8,804.22

Convention Budget National Association of Free Will Baptists, Inc. July 21-25, 2002 Memphis, Tennessee

Projected Receipts	2000	2001	2002
Booth Fees	\$ 11,050.00	\$ 24,500.00	\$ 24,500.00
Host State (Tennessee)	15,000.00	35,000.00	25,000.00
Local Church Delegate Fees (\$50)	2,500.00	3,750.00	2,500.00
Offerings	65,185.25	53,206.30	103,292.91
State Assoc. Representation Fees (\$50 per church)	123,800.00	123,600.00	123,500.00
Total	217,535.25	240,056.30	278,792.91

Projected Expenditures

Auditorium	68,800.00	69,225.00	78,670.00
Printing and Promotion	28,997.00	41,087.50	38,592.00
Convention Office	35,150.00	35,090.00	53,612.73
Convention Personnel	16,022.00	12,275.00	13,666.72
Meals	2,805.00	3,708.00	3,744.00
Travel	8,404.50	3,746.20	2,948.00
Lodging	4,812.50	4,820.80	6,974.72
Convention Officials	8,547.00	6,971.75	6,908.89
Volunteer Staff	5,637.50	3,958.30	4,553.52
Honorariums	2,900.00	2,550.00	2,200.00
Decorator Services	17,103.00	25,195.00	24,091.00
Meal Functions	3,128.75	3,128.75	2,910.70
Executive Committee Meal and Motel Expenses	3,150.00	3,375.00	3,375.00
Pre-Convention Expenses	16,600.00	16,000.00	10,000.00
Sub-Total	206,035.25	218,856.30	238,580.56
National Committee Expenses	11,500.00	21,200.00	23,700.00
Convention Manager/Graduate School	0.00	0.00	16,512.35
Total	217,535.25	240,056.30	278,792.91

Convention Budget
National Association of Free Will Baptists, Inc.
July 21-25, 2002
Memphis, Tennessee

Projected Receipts	2000	2001	2002
Booth Fees	\$ 11,050.00	\$ 24,500.00	\$ 24,500.00
Host State (Tennessee)	15,000.00	35,000.00	25,000.00
Local Church Delegate Fees (\$50)	2,500.00	3,750.00	2,500.00
Offerings	65,185.25	53,206.30	103,292.91
State Assoc. Representation Fees (\$50 per church)	123,800.00	123,600.00	123,500.00
Total	217,535.25	240,056.30	278,792.91

Projected Expenditures

Auditorium			
Rental	20,500.00	10,500.00	17,640.00
Meeting Rooms	0.00	0.00	0.00
Convention Banner	0.00	150.00	1,500.00
Convention Tapes	250.00	300.00	250.00
Flowers	150.00	150.00	200.00
Other	42,900.00	53,125.00	55,080.00
First Aid Staff	1,500.00	1,500.00	2,500.00
Liability Insurance	1,000.00	500.00	300.00
Music/Equipment/Fees	1,600.00	1,400.00	5,000.00
Music Stand Rental (Decorator)	200.00	900.00	0.00
Offering Buckets	0.00	25.00	200.00
Signs	400.00	400.00	1,000.00
Sound System/AV Equipment	25,000.00	36,200.00	43,380.00
Union Personnel	13,000.00	12,000.00	2,500.00
Usher Badges	200.00	200.00	200.00
Police Security	5,000.00	5,000.00	4,000.00
Total	68,800.00	69,225.00	78,670.00

Printing and Promotion

Convention Brochure	0.00	0.00	8,000.00
Convention Materials	9,297.00	12,387.50	12,892.00
Digest of Reports	6,842.00	8,625.00	8,580.00
Programs	1,955.00	3,162.50	3,312.00
Song Sheets/CCLI License	500.00	600.00	1,000.00
Photos	200.00	200.00	200.00
Pre-Convention Printing/Publicity	3,500.00	3,500.00	17,500.00
Publicity/Art Work	16,000.00	25,000.00	0.00
Total	28,997.00	41,087.50	38,592.00

Convention Office

Audit	0.00	0.00	1,200.00
Convention Manager	12,000.00	15,000.00	20,423.00
Courtesy Car	150.00	150.00	200.00
Equipment Rentals	4,000.00	4,740.00	4,889.73
Computers, Printers (Office)	500.00	0.00	1,889.73
Copiers (2)/Paper	2,100.00	3,000.00	2,000.00
Tables/Chairs/Trash Cans, etc. (Office)	1,400.00	1,740.00	1,000.00

	2000	2001	2002
Office Expense/Supplies	\$ 3,500.00	\$ 2,500.00	\$ 2,500.00
Paper and Printing Supplies	400.00	400.00	400.00
Postage	800.00	800.00	2,000.00
Pre-Registration Salaries	3,000.00	3,000.00	7,500.00
Pre-Registration Staff	0.00	0.00	3,000.00
Pre-Registration (Supplies, Postage)	0.00	0.00	5,000.00
Registration (Supplies, Postage)	7,500.00	4,500.00	3,000.00
Registration Computers/Printers	3,000.00	3,000.00	3,000.00
Telephone	800.00	1,000.00	500.00
Total	35,150.00	35,090.00	53,612.73

Convention Personnel

Meals

Dari Goodfellow (27 meals @ \$12.00 each)	264.00	324.00	324.00
Melody Hood (30 meals @ \$12.00 each)	363.00	360.00	360.00
Dean Jones (36 meals @ \$12.00 each)	0.00	432.00	432.00
Steve Pate (18 meals @ \$12.00 each)	264.00	252.00	216.00
Angie Williams (27 meals @ \$12.00 each)	0.00	288.00	324.00
Jack Williams (30 meals @ \$12.00 each)	396.00	324.00	360.00
Anne Worthington (24 meals @ \$12.00 each)	297.00	288.00	0.00
Melvin Worthington (36 meals @ \$12.00 each)	396.00	432.00	432.00
Convention Interns (9)	0.00	1,008.00	1,296.00
Office Worker	297.00	0.00	0.00
Pre-Registration	231.00	0.00	0.00
Security Officer	297.00	0.00	0.00
Total	2,805.00	3,708.00	3,744.00

Travel

Dari Goodfellow	209.00	195.70	146.00
Melody Hood	230.00	195.70	146.00
Dean Jones	0.00	195.70	146.00
Steve Pate (Trans. Coord., rental)	6,000.00	2,500.00	2,000.00
Meals on road (6 meals @ \$12.00 each)	831.00	72.00	72.00
Angie Williams	0.00	195.70	146.00
Jack Williams	230.00	195.70	146.00
Anne Worthington	230.00	0.00	0.00
Melvin Worthington	230.00	195.70	146.00
Office Worker	0.00	0.00	0.00
Press Officer	214.50	0.00	0.00
Security Officer	230.00	0.00	0.00
Total	8,404.50	3,746.20	2,948.00

Lodging

Dari Goodfellow (8 nights @ \$144.14)	1,237.50	1,058.00	1,153.12
Melody Hood (9 nights @ \$144.14)	1,375.00	1,190.25	1,297.26
Dean Jones	0.00	0.00	0.00
Steve Pate (7 nights @ \$125.24)	1,100.00	1,002.80	876.68
Angie Williams (8 nights @ \$144.14)	0.00	523.25	1,153.12
Jack Williams (9 nights @ \$125.24)	0.00	0.00	1,127.16
Melvin Worthington	0.00	0.00	0.00
Convention Interns (14 nights @ \$97.67)	0.00	1,046.50	1,367.38
Office Worker	1,100.00	0.00	0.00
Total (Includes applicable tax and parking)	4,812.50	4,820.80	6,974.72

Convention Officials		2000	2001	2002	
Moderator - Carl Cheshier		\$3,080.00	\$2,541.00	\$2,025.98	
Travel (From Oklahoma City, OK to Memphis, TN)	975.00		759.00	365.00	
(1,000 miles @ \$.365 per mile)					
Meals (21 meals @ \$12.00 each)	330.00		324.00	252.00	
Lodging (7 nights @ \$144.14)	1,375.00		1,058.00	1,008.98	
Honorarium	400.00		400.00	400.00	
Clerk - Keith Burden		3,080.00	2,339.75	2,855.54	
Travel (From Tulsa, OK to Memphis, TN)	975.00		690.00	438.00	
(1,200 miles @ \$.365 per mile)					
Meals (36 meals @ \$12.00 each)	330.00		324.00	432.00	
Lodging (11 nights @ \$144.14)	1,375.00		925.75	1,585.54	
Honorarium	400.00		400.00	400.00	
Assistant Moderator - Tim York		1,193.50	1,045.50	1,127.68	
Meals (18 meals @ \$12.00 each)	231.00		252.00	216.00	
Lodging (7 nights @ \$130.24)	962.50		793.50	911.68	
Assistant Clerk - John Hibbard		1,193.50	1,045.50	899.69	
Meals (18 meals @ \$12.00 each)	231.00		252.00	216.00	
Lodging (7 nights @ \$97.67)	962.50		793.50	683.69	
Total (Includes applicable tax and parking)		8,547.00	6,971.75	6,908.89	
Volunteer Staff					
Music Coordinator - Scott Bullman	1,100.00		448.50	781.44	
Lodging (6 nights @ \$130.24)					
Organist-Jamie Patrick / Lodging (6 nights @ \$130.24)	1,100.00		626.75	781.44	
Photographer - Danny Conn	825.00		626.75	586.02	
Lodging (6 nights @ \$97.67)					
Pianist-Jerry Carraway / Lodging (6 nights @ \$130.24)	687.50		752.10	781.44	
Press Officer / Lodging	962.50		0.00	0.00	
Taping - Mike Anderson / Lodging (6 nights @ \$126.39)	0.00		752.10	758.34	
Usher Coordinator - Billy Walker	962.50		752.10	864.84	
Lodging (6 nights @ \$144.14)					
Total (Includes applicable tax and parking)		5,637.50	3,958.30	4,553.52	
Honorariums					
Ed Cook	150.00	David Bishop	175.00	Carl Cheshier	0.00
Paul Kennedy	150.00	Danny Dwyer	175.00	Gary Head	175.00
Doug King	150.00	Carlisle Hanna	175.00	Curtis Linton	175.00
H.B. London	2,000.00	Pat McLaughlin	1,500.00	Alton Loveless	175.00
Tim Owen	150.00	Gene Norris	175.00	Kerry Steedley	175.00
David Shores	150.00	Leonard Pirtle	175.00	Stan Toler	1,500.00
Winston Sweeney	150.00	Charles Walden	175.00	Melvin Worthington	0.00
Total	2,900.00		2,550.00		2,200.00
Decorator Services					
Booth (75) Installation/Drape Tables/Exhibit Hall Rental	2,600.00		13,125.00		18,175.00
Convention Office (Two-way radio)	1,334.00		2,000.00		400.00
Exhibitor Badges	300.00		300.00		300.00
Registration	2,730.00		5,390.00		2,250.00
Chairs	850.00		600.00		200.00
Counters	500.00		3,000.00		600.00
Easels/Trash Cans/Carpet	280.00		150.00		400.00

	2000	2001	2002
Electricity/Masking Drape	\$ 300.00	\$ 300.00	\$ 650.00
Skirted Tables	800.00	1,340.00	400.00
Stage	10,139.00	4,380.00	2,966.00
Carpet	900.00	3,500.00	1,500.00
Hanging Banner	500.00	200.00	100.00
Risers	0.00	0.00	1,200.00
Skirted Tables/Chairs	200.00	180.00	46.00
Skirting/Draping/Stage Set-Up	8,539.00	500.00	120.00
Total	17,103.00	25,195.00	24,091.00
Meal Functions			
Executive Committee	1,000.00	1,000.00	1,033.60
Coffee Breaks (2)	250.00	250.00	250.00
Luncheon (30 people @ \$26.12)	750.00	750.00	783.60
General Board Breakfast (55 people @ \$14.22)	893.75	893.75	782.10
State Leaders Breakfast (45 people @ \$14.22)	731.25	731.25	639.90
State Exec.Sec./Promo.Directors' Breakfast (25 people @ \$14.22)	406.25	406.25	355.50
Presidents' Breakfast / (6 people @ \$16.60)	97.50	97.50	99.60
Total	3,128.75	3,128.75	2,910.70
Executive Committee / Meal and Motel Expenses (For the Executive Committee Meeting prior to the 2002 National Convention)			
Gene Norris350.00	Gene Norris375.00	Gene Norris375.00	
Nathan Ruble350.00	Nathan Ruble375.00	Nathan Ruble375.00	
Jack Richey350.00	Rick Cash375.00	Rick Cash375.00	
Delmar Sparks350.00	Glen Johnson375.00	Glen Johnson375.00	
David Joslin350.00	David Joslin375.00	David Joslin375.00	
Charles Thigpen ...350.00	Charles Thigpen ...375.00	Charles Thigpen ...375.00	
J. L. Gore350.00	J. L. Gore375.00	J. L. Gore375.00	
Millard Sasser350.00	Ernest Harrison, Jr. .375.00	Ernest Harrison, Jr. .375.00	
Doice McAlister350.00	Doice McAlister375.00	Doice McAlister375.00	
Total 3,150.00	3,375.00	3,375.00	
Pre-Convention Expenses			
Pre-Convention Meetings/Site Inspections	14,000.00	16,000.00	10,000.00
Advance Convention Center Deposits	2,600.00	0.00	0.00
Total	16,600.00	16,000.00	10,000.00
National Committee Expenses			
Educational Task Force Committee	0.00	8,000.00	8,000.00
Executive Committee	10,000.00	12,000.00	15,000.00
National Board Chairman Committee	0.00	200.00	200.00
Nominating Committee	1,500.00	1,000.00	500.00
Publications Committee	0.00	0.00	0.00
Total	11,500.00	21,200.00	23,700.00
Convention Manager			
Educational Expense/Graduate School	0.00	0.00	16,512.35

2003 Contact Budget

Projected Expenses	2001	2002	2003
Printing	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Postage	15,000.00	15,000.00	15,000.00
Art	1,500.00	1,700.00	1,200.00
Writers' Fees and Photos	4,000.00	4,000.00	4,500.00
Promotion	3,000.00	3,000.00	5,000.00
Computer Services/Supplies	3,500.00	3,500.00	3,500.00
Mail Services	5,000.00	5,000.00	4,500.00
Telephone	200.00	200.00	200.00
Office Supplies	3,000.00	3,000.00	2,000.00
Travel	3,000.00	2,500.00	2,500.00
Books/Dues/Registrations/Bound Copies	2,500.00	2,500.00	2,000.00
Audit	1,000.00	1,500.00	1,500.00
Other	1,205.00	1,005.00	1,005.00
Convention Truck	200.00	200.00	200.00
Total Expenses	\$ 93,105.00	\$ 93,105.00	\$ 93,105.00
Projected Income			
Convention coverage	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00*
Subscriptions	78,105.00	78,105.00	78,105.00**
Total Income	\$ 93,105.00	\$ 93,105.00	\$ 93,105.00

* Three issues

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

2002 Gift Goals for Executive Office

States	Membership	Gift Goals
Alabama	17,060	\$ 35,426.93
Arizona	297	616.75
Arkansas	20,564	42,703.35
California	2,834	5,885.10
Canada	432	897.09
Colorado	125	259.58
Florida	6,374	13,236.29
Georgia	9,293	19,297.91
Hawaii	49	101.75
Idaho	245	508.77
Illinois	3,624	7,525.62
Indiana	550	1,142.13
Kansas	282	585.60
Kentucky	15,807	32,824.93
Louisiana	7	14.54
Mid-Atlantic Assoc.	627	1,302.03
Mexico	0	0.00
Michigan	2,577	5,351.42
Mississippi	3,609	7,494.48
Missouri	15,719	32,642.19
Montana	16	33.23
New Jersey	108	224.27
New Mexico	59	122.52
North Carolina	22,317	46,343.64
Northeast Assoc.	223	463.08
Northwest Assoc.	178	369.64
Ohio	10,168	21,114.94
Oklahoma	23,032	47,828.41
Puerto Rico	0	0.00
South Carolina	4,861	10,094.39
South Dakota	0	0.00
Tennessee	19,594	40,689.04
Texas	2,556	5,307.81
Virgin Islands	199	413.24
Virginia	5,459	11,336.20
West Virginia	9,040	18,772.53
Wisconsin	34	70.60
Totals	197,919	\$411,000.00

Gift Goals Per Person

\$2.08

The Together Way Plan Gifts/Executive Office Cooperative

2001

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date Totals
Alabama	\$ 76.49	\$ 60.66	\$ 141.88	\$ 0.00	\$ 87.44	\$ 149.70	\$ 75.89	\$ 65.52	\$ 0.00	\$ 143.23	\$ 72.60	\$ 0.00	\$ 873.41
Arizona	0.00	37.26	54.81	0.00	0.00	0.00	0.00	55.98	0.00	0.00	41.40	0.00	189.45
Arkansas	13,265.98	5,676.80	3,441.62	12,044.52	4,816.58	6,855.04	10,336.94	6,148.41	7,822.35	7,379.11	4,772.00	7,786.97	90,296.32
California	593.78	346.45	599.71	457.23	669.12	0.00	615.75	420.90	942.05	488.12	482.82	449.73	6,065.66
Canada	6.41	4.45	3.32	6.19	4.73	3.58	5.32	6.71	4.64	0.00	10.14	4.64	60.13
Florida	0.00	1,799.55	0.00	0.00	0.00	2,700.00	0.00	0.00	0.00	0.00	0.00	2,698.65	7,198.20
Georgia	894.55	770.54	851.31	681.94	737.05	694.43	631.96	923.78	517.13	764.24	715.81	455.96	8,588.70
Illinois	924.60	1,125.97	823.23	1,069.25	921.74	622.34	753.48	1,017.10	1,211.52	780.55	1,058.75	683.32	10,991.85
Indiana	114.09	156.91	62.10	64.60	84.08	143.90	77.92	83.28	143.23	0.00	190.43	67.85	1,188.39
Iowa	0.00	358.34	0.00	0.00	0.00	0.00	0.00	626.55	0.00	0.00	0.00	0.00	984.89
Kansas	0.00	47.95	0.00	0.00	35.20	0.00	0.00	0.00	60.27	0.00	0.00	0.00	143.42
Kentucky	97.60	794.93	361.38	160.83	209.57	679.47	751.88	526.52	562.48	540.37	114.25	636.26	5,435.54
Louisiana	0.00	9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.00
Maryland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	907.22	1,697.70	742.20	517.44	2,152.59	682.90	293.92	2,072.56	372.25	2,153.21	952.96	379.35	12,874.30
Mississippi	221.94	330.75	218.51	413.90	0.00	625.24	319.90	0.00	656.74	0.00	420.68	244.48	3,452.14
Missouri	6,855.77	5,704.77	6,576.18	6,272.80	7,684.42	5,723.72	6,362.69	7,615.16	5,101.78	7,846.11	6,094.46	5,077.11	76,914.97
New Mexico	21.23	20.56	26.17	31.03	41.57	17.27	0.00	28.67	9.65	34.35	20.13	16.14	266.77
North Carolina	1,320.69	1,010.77	1,374.46	1,410.94	1,564.42	777.47	1,276.52	2,044.81	1,661.41	911.88	1,214.05	431.55	14,998.97
Northwest Assoc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ohio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oklahoma	1,455.93	1,836.43	665.10	1,836.74	1,713.01	900.04	1,274.39	1,798.56	593.69	0.00	3,337.99	724.40	16,136.28
South Carolina	4,598.94	4,570.99	5,066.53	6,406.16	5,155.11	5,516.89	3,471.44	5,122.40	4,830.63	6,003.53	4,982.00	4,786.05	60,510.67
Tennessee	196.27	51.48	44.37	55.75	50.67	29.68	23.74	21.33	21.15	40.25	0.00	31.36	566.05
Texas	2,976.44	622.77	242.69	454.98	882.09	946.80	1,187.64	481.66	1,075.98	582.29	432.53	878.92	10,764.79
Virginia	107.38	179.62	0.00	252.69	111.23	161.83	130.19	133.96	128.18	146.25	130.96	0.00	1,482.29
West Virginia	0.00	0.00	59.06	0.00	153.99	0.00	59.06	261.18	0.00	59.06	0.00	0.00	592.35
Totals	\$34,678.17	\$27,202.07	\$21,354.63	\$32,289.54	\$27,097.75	\$27,230.30	\$27,778.24	\$29,474.92	\$25,774.64	\$27,872.55	\$25,072.96	\$25,392.60	\$331,218.37

The Together Way Gift Goals - 2001

States	Membership	Executive Office	Foreign Missions	FWBBC	Home Missions	Retirement and Insurance	Master's Men	FWB Foundation	Commission for Theological Integrity	Historical Commission	Music Commission	Media Commission	WNAC	NYC	Totals	%
2001 Budgets		390,000.00	7,090,003.00	1,200,000.00	4,500,000.00	399,668.00	218,437.00	116,100.00	2,800.00	4,800.00	46,375.00	200,000.00	242,900.00	85,000.00	14,496,083.00	100%
Alabama	18,881	36,978.08	672,242.54	113,778.66	426,669.98	37,894.74	20,711.22	11,008.09	265.48	455.11	4,397.07	18,943.11	73,030.70	8,059.32	1,374,454.10	9.48%
Arizona	283	554.26	10,075.98	1,705.38	6,395.19	567.99	310.43	165.00	3.98	6.82	65.91	284.23	345.20	120.80	20,401.17	0.14%
Arkansas	20,443	40,037.22	727,856.27	123,191.42	461,967.82	41,029.72	22,424.64	11,918.77	287.45	492.77	4,740.84	20,531.90	24,936.00	8,726.06	1,488,160.88	10.26%
California	2,904	5,687.43	103,394.55	17,499.77	65,624.15	5,828.42	3,185.50	1,693.10	40.83	70.00	676.29	2,916.63	3,542.25	1,239.57	211,398.49	1.46%
Canada	280	548.37	9,969.18	1,687.31	6,327.40	561.97	307.14	163.25	3.94	6.75	65.21	281.22	341.54	119.52	20,382.80	0.14%
Colorado	204	399.53	7,263.25	1,279.33	4,609.96	409.43	223.77	118.94	2.87	4.92	47.51	204.89	248.84	87.08	14,850.32	0.10%
Florida	5,972	11,696.04	212,628.17	35,987.83	134,954.34	11,985.99	6,550.89	3,481.82	83.97	143.95	1,390.78	5,997.97	7,284.54	2,549.14	434,735.43	3.00%
Georgia	9,426	18,460.63	335,605.01	56,801.95	213,007.32	18,918.27	10,339.70	5,495.59	132.54	227.21	2,195.16	9,466.99	11,497.66	4,023.47	686,171.50	4.73%
Hawaii	54	105.76	1,922.63	325.41	1,220.28	108.38	59.23	31.47	0.76	1.30	12.58	54.23	67.87	23.05	3,930.95	0.03%
Idaho	245	479.83	8,723.02	1,476.39	5,536.47	491.72	268.75	142.84	3.45	5.91	57.06	246.07	298.85	104.58	17,834.94	0.12%
Illinois	3,467	6,790.05	123,439.70	20,892.46	78,346.74	6,958.37	3,803.07	2,021.35	48.75	83.56	807.41	3,482.08	4,278.98	1,479.88	252,382.40	1.74%
Indiana	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Kansas	234	458.28	8,331.38	1,410.11	5,287.90	469.65	256.68	136.43	3.29	5.64	54.49	235.03	285.43	99.88	17,034.19	0.12%
Kentucky	15,745	30,836.27	560,587.83	94,880.63	355,803.13	31,600.69	17,271.24	9,179.72	221.39	379.52	3,666.75	15,813.47	19,205.44	6,720.73	1,146,167.01	7.91%
Louisiana	72	141.01	2,563.50	433.88	1,627.05	144.51	78.98	41.98	1.01	1.74	16.77	72.31	87.82	30.74	5,241.30	0.04%
Mid-Atlantic Assoc.	795	1,556.99	28,305.32	4,790.74	17,965.29	1,595.59	872.06	463.50	11.18	19.16	185.14	798.46	969.73	339.34	57,872.50	0.40%
Mexico	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Michigan	2,969	5,814.73	105,708.81	17,891.47	67,093.01	5,958.87	3,256.80	1,731.00	41.75	71.57	691.43	2,981.91	3,421.53	1,267.31	216,130.19	1.49%
Mississippi	3,423	6,703.88	121,873.11	20,627.32	77,352.44	6,870.07	3,754.81	1,995.69	48.13	82.51	797.16	3,437.89	4,175.31	1,461.10	249,179.42	1.72%
Missouri	15,227	29,821.78	542,144.87	91,759.32	344,097.44	30,561.05	16,703.03	8,877.71	214.11	367.04	3,446.12	15,293.22	18,573.62	6,499.62	1,108,458.93	7.65%
Montana	16	31.34	589.67	96.42	361.57	32.11	17.55	9.33	0.22	0.39	3.73	16.07	19.52	6.83	1,164.75	0.01%
New Jersey	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
New Mexico	43	84.21	1,530.98	259.12	971.71	86.30	47.17	25.07	0.60	1.04	10.01	43.19	52.45	18.35	3,130.20	0.02%
North Carolina	20,120	39,404.62	716,356.12	121,244.99	454,668.72	40,381.45	22,070.33	11,730.45	282.90	484.98	4,485.61	20,207.50	24,542.01	8,588.19	1,444,447.87	10.10%
Northwest Assoc.	196	383.86	6,978.42	1,181.11	4,429.18	393.38	215.00	114.27	2.76	4.72	45.65	196.85	239.08	83.66	14,467.94	0.10%
Ohio	320	626.71	11,393.34	1,928.35	7,231.31	642.25	351.02	186.57	4.50	7.71	74.52	321.39	390.33	136.59	23,294.59	0.16%
Oklahoma	10,019	19,622.01	356,718.29	60,375.43	226,407.85	20,108.44	10,990.19	5,841.32	140.88	241.50	2,333.26	10,062.57	12,220.99	4,276.59	779,339.32	5.63%
Puerto Rico	21,944	42,976.89	781,298.15	132,236.58	495,887.19	44,042.28	24,071.14	12,793.89	308.55	528.95	5,110.39	22,039.43	26,166.89	9,366.76	1,597,427.09	11.02%
South Carolina	70	137.09	2,492.29	421.83	1,581.85	140.49	76.79	40.81	0.98	1.69	16.30	70.30	85.38	29.88	5,095.68	0.04%
South Dakota	5,821	11,400.31	207,251.94	35,077.89	131,542.08	11,682.92	6,385.26	3,393.79	81.85	140.31	1,555.61	5,846.31	7,100.35	2,484.68	423,743.30	2.92%
Tennessee	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Texas	21,784	42,663.53	775,601.48	131,272.41	492,271.54	43,721.15	23,895.63	12,700.61	306.30	525.09	5,073.13	21,878.73	26,571.72	9,298.46	1,585,779.78	10.94%
Virgin Islands	2,096	4,104.97	74,626.36	12,630.69	47,365.09	4,206.74	2,299.18	1,222.02	29.47	50.52	488.12	2,105.12	2,556.66	894.67	152,577.61	1.05%
Virginia	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Virginia	6,775	13,268.70	241,218.33	40,826.78	153,100.42	13,597.63	7,431.73	3,949.99	95.26	163.31	1,577.78	6,804.46	8,264.02	2,891.90	493,190.31	3.40%
West Virginia	9,271	18,157.07	330,084.36	55,867.91	209,504.66	18,607.18	10,169.68	5,405.22	130.36	223.47	2,159.06	9,311.32	11,308.60	3,957.31	674,888.20	4.66%
Wisconsin	35	68.55	1,246.15	210.91	790.72	70.25	38.39	20.41	0.49	0.84	8.15	35.15	42.69	14.94	2,547.84	0.02%
Totals	199,134	390,000.00	7,090,003.00	1,200,000.00	4,500,000.00	399,668.00	218,437.00	116,100.00	2,800.00	4,800.00	46,375.00	200,000.00	242,900.00	85,000.00	14,496,083.00	100.00%
Gift Goals Per Person		1.96	35.60	6.03	22.60	2.01	1.10	0.58	0.01	0.02	0.23	1.01	1.22	0.43	72.80	

The Together Way Totals - 2001

States	Executive Office	Foreign Missions	Free Will Baptist Bible College	Home Missions	Refinement and Insurance	Men's	Commission for Theological Integrity	Women Nationally Active for Christ	Free Will Baptist Foundation	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$ 2,948.95	\$ 332,479.75	\$ 83,315.77	\$ 457,806.71	\$ 1,071.31	\$ 2,001.25	\$ 37.45	\$ 7,146.18	\$ 364.97	\$ 37.45	\$ 37.45	\$ 37.45	\$ 887,264.69
Alaska	0.00	0.00	0.00	8,910.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,910.00
Arizona	189.45	6,356.26	1,053.26	22,127.88	38.46	332.42	1.15	553.90	15.66	1.15	1.15	1.15	30,671.89
Arkansas	90,296.32	651,852.70	89,576.22	222,385.09	15,494.68	17,564.71	551.80	11,651.34	6,634.50	551.80	551.80	551.80	1,107,662.76
California	6,065.66	47,956.69	7,492.22	184,551.00	1,037.89	1,402.87	37.06	2,579.71	444.82	37.06	37.06	37.06	251,679.10
Canada	117.60	4,170.01	0.00	3,980.98	10.30	0.00	0.37	3.09	4.40	0.37	0.37	0.37	8,267.86
Colorado	0.00	2,455.55	1,950.00	80,223.59	11.33	10.30	0.00	0.00	3.29	0.00	0.00	0.00	84,643.76
Connecticut	0.00	0.00	4,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,510.30
Delaware	0.00	0.00	484.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	484.00
Florida	7,572.74	172,265.21	36,187.67	80,392.11	1,231.69	2,181.69	43.99	2,093.24	527.87	43.99	2,443.99	43.99	305,028.18
Georgia	8,946.22	231,066.62	86,853.96	126,624.97	1,750.40	2,278.73	552.48	7,159.97	711.43	552.48	2,443.99	102.48	466,352.22
Hawaii	0.00	251.00	0.00	687.00	0.00	0.00	0.00	60.00	0.00	0.00	0.00	0.00	938.00
Idaho	0.00	3,237.62	0.00	7,563.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,861.35
Illinois	10,991.85	127,216.26	31,254.24	161,688.00	1,880.83	2,345.83	67.16	2,043.81	806.07	67.16	77.16	67.16	338,507.53
Indiana	1,188.39	59,830.35	6,981.37	59,830.35	628.50	745.80	324.09	700.72	403.99	324.09	7.26	7.26	1,355,037.79
Iowa	984.89	856.86	546.86	1,840.03	168.52	348.52	6.02	180.00	72.23	6.02	6.02	6.02	5,021.99
Kansas	143.42	2,118.44	1,012.62	16,361.29	24.53	239.53	0.88	381.71	10.52	0.88	0.88	0.88	20,295.58
Kentucky	6,439.64	74,913.25	19,131.65	56,148.73	936.12	1,510.08	33.22	3,000.00	400.38	33.22	33.22	33.22	162,612.73
Louisiana	69.00	3,733.08	452.53	19,892.55	1.54	1.54	0.06	0.00	0.66	0.06	0.06	0.06	24,151.14
Maine	0.00	0.00	0.00	2,225.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,225.00
Maryland	0.00	61,643.24	250.00	13,062.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	74,955.47
Massachusetts	12,934.30	155,248.76	28,001.00	158,344.48	2,277.03	3,117.93	78.66	5,956.76	965.66	78.66	78.66	78.66	367,160.56
Michigan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Minnesota	4,852.92	84,011.03	20,600.05	131,029.31	616.29	2,390.71	21.09	1,815.58	260.60	21.09	201.09	21.09	245,840.85
Mississippi	76,914.97	473,629.78	53,167.89	192,006.56	13,270.61	14,569.02	470.04	7,365.05	5,672.28	470.04	470.04	470.04	838,526.32
Missouri	0.00	2,255.00	0.00	560.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,050.00
Montana	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00
Nebraska	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nevada	0.00	0.00	0.00	5,748.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,748.00
New Hampshire	0.00	0.00	17,720.00	1,050.00	18.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,793.40
New Jersey	0.00	0.00	369.42	4,416.50	45.65	45.65	1.64	205.20	19.58	1.64	1.64	1.64	6,790.32
New Mexico	266.77	1,324.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,190.00
New York	18,272.00	684,579.84	200,236.99	383,677.50	3,044.94	3,912.49	98.24	11,605.41	1,238.97	98.24	458.22	98.24	1,307,321.05
North Carolina	16,481.28	122,499.57	37,546.76	147,822.34	3,042.02	3,894.11	98.61	3,316.11	1,264.97	98.61	98.61	98.61	336,191.10
Ohio	60,785.67	437,800.40	26,981.37	403,913.26	10,470.91	13,631.82	1,919.77	12,017.34	4,471.43	369.77	369.77	369.77	973,101.28
Oklahoma	0.00	0.00	0.00	28,152.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28,262.65
Oregon	0.00	2,115.00	574.00	23,420.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,109.17
Pennsylvania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rhode Island	0.00	439,012.18	102,389.40	139,601.88	1,431.87	816.03	3.46	6,462.46	65.84	3.46	693.46	3.46	695,741.76
South Carolina	5,258.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,258.06
South Dakota	18,488.53	817,258.79	313,753.03	468,619.70	6,440.33	12,198.31	100.79	11,403.30	3,326.07	80.79	190.79	65.79	1,652,126.22
Tennessee	1,977.68	78,640.66	39,026.61	118,313.47	471.07	991.43	31.15	2,565.38	180.10	31.15	31.15	31.15	242,311.00
Texas	0.00	0.00	0.00	2,219.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,219.12
Utah	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Vermont	1,201.46	71,528.87	23,842.79	138,481.02	191.42	536.37	3.62	2,993.96	49.40	3.62	3.62	3.62	238,859.97
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Washington	1,033.33	128,382.46	1,129.40	13,470.82	208.56	288.56	0.00	151.75	60.62	0.00	0.00	0.00	15,021.35
West Virginia	0.00	0.00	6,774.96	88,835.48	507.95	288.45	203.61	1,600.00	44.46	3.86	203.61	3.86	227,884.03
Wisconsin	0.00	0.00	390.00	27,323.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,713.00
Wyoming	0.00	0.00	0.00	18,375.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,375.14
Yukon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Northwest Assoc.	0.00	9,574.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,574.19
Northwest Assoc.	0.00	3,726.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,726.88
Puerto Rico	0.00	0.00	0.00	3,146.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,146.05
Virgin Islands	0.00	1,250.00	1,200.00	47,247.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49,497.05
Free Will Baptist Foundation	0.00	28,100.53	0.00	9,827.28	0.00	0.00	0.00	180.00	0.00	0.00	0.00	0.00	37,927.81
WNAC	0.00	147,167.48	0.00	97,361.50	350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	244,618.98
Other	0.00	17,785.58*	184,943.77*	778,898.60*	0.00	0.00	0.00	0.00	1,410.00*	0.00	250.00	0.00	983,587.88
Totals	\$354,421.10	\$5,494,911.18	\$1,431,979.66	\$4,959,344.64	\$66,870.18	\$87,285.59*	\$4,680.41	\$105,301.97*	\$29,458.24	\$2,418.84	\$6,999.56	\$2,134.52	\$12,545,809.99

*FMA—Other includes miscellaneous sources, states and interest income. All amounts exclude "exchange" gifts.
 *FNBEC—Other includes states and grant gifts.
 *HAW—Other includes interest, miscellaneous sources and states.
 *HAW—Total does not include states.
 *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, 2001 and 2000

(With Independent Auditors' Report Thereon)

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

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Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

Terry A. Hill
Ernest R. Harper

Brentwood Executive Center
761 Old Hickory Boulevard
Suite 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, 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 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill, Harper & Associates

May 7, 2002

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

Statements of Financial Position

December 31, 2001 and 2000

	2001	2000
Assets		
Cash and interest bearing deposits	\$ 16,106	52,929
Accounts receivable	14,966	52,412
Marketable securities, at market value	9,824	-
Prepaid expenses	-	4,067
Property and equipment:		
Land and land improvements	209,671	209,671
Building	1,408,881	1,314,240
Building services equipment	72,268	70,140
Departmental workstations	65,060	65,060
	1,755,880	1,659,111
Less accumulated depreciation	721,330	646,475
Net property and equipment	1,034,550	1,012,636
	<u>\$ 1,075,446</u>	<u>1,122,044</u>
Liabilities and Net Assets		
Notes payable and long-term debt	\$ 16,780	25,768
Accounts payable and accrued expenses	-	21,984
Total liabilities	16,780	47,752
Net assets:		
Operations	40,896	109,312
Net investment in property, plant and equipment	1,017,770	986,868
	1,058,666	1,096,180
Total net assets	<u>\$ 1,075,446</u>	<u>1,143,932</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, 2001 and 2000

	Unrestricted Funds			Capital		
	Operations	Services for Departments	Stewardship Campaign	Totals	2001	2000
Revenues:						
Building rental and other revenues	\$ 243,948	-	-	243,948	243,948	243,948
Contributions, net of campaign expenses	-	-	220	220	2,393	2,393
Reimbursement from departments	-	471,624	-	471,624	400,885	400,885
Other	12,685	-	-	12,685	734	734
Net assets released from restrictions and departmental reimbursements	471,844	(471,624)	(220)	-	-	-
Net revenues	728,477	-	-	728,477	647,960	647,960
Expenses:						
Expenses incurred for departments:						
Employee benefits	283,763	-	-	283,763	207,307	207,307
The Together Way Plan	11,713	-	-	11,713	6,482	6,482
Leadership Conference	31,567	-	-	31,567	32,568	32,568
Property and liability insurance	38,480	-	-	38,480	26,325	26,325
Telephone	22,426	-	-	22,426	21,577	21,577
Mailroom and other	83,534	-	-	83,534	68,671	68,671
Depreciation - telephone system	9,793	-	-	9,793	9,793	9,793
Interest expense - telephone	1,846	-	-	1,846	2,575	2,575
	483,122	-	-	483,122	375,298	375,298
Building operating expenses:						
Salaries	52,423	-	-	52,423	54,653	54,653
Payroll taxes	3,994	-	-	3,994	4,181	4,181
Employee benefits	23,385	-	-	23,385	14,326	14,326
Janitorial services	27,717	-	-	27,717	27,264	27,264
Depreciation	65,062	-	-	65,062	65,990	65,990
Audit and legal	4,500	-	-	4,500	7,792	7,792
General insurance	13,818	-	-	13,818	13,182	13,182
Interest expense	-	-	-	-	651	651
Supplies and office expense	9,778	-	-	9,778	8,758	8,758
Utilities / telephone	24,093	-	-	24,093	28,094	28,094
Repairs and maintenance	14,458	-	-	14,458	11,390	11,390
Mailroom and other	21,753	-	-	21,753	14,493	14,493
	260,981	-	-	260,981	250,774	250,774
Total expenses	744,103	-	-	744,103	626,072	626,072
Increase (decrease) in net assets	(15,626)	-	-	(15,626)	21,888	21,888
Net assets at beginning of year	1,074,292	-	-	1,074,292	1,052,404	1,052,404
Net assets at end of year	\$ 1,058,666	-	-	1,058,666	1,074,292	1,074,292

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, 2001 and 2000

	2001	2000
Cash Flows from Operating Activities	\$ (15,626)	21,888
Net increase (decrease) in net assets		
Adjustments to reconcile net increase in net assets to net operating activities:		
Depreciation and amortization	74,855	75,783
Investment securities received from conversion of insurance carrier from a mutual company to a stock company	(9,824)	-
(Increase) decrease in:	37,446	(41,816)
Receivables	4,067	(1,899)
Prepaid expenses		
Increase (decrease) in:	(21,984)	21,756
Accounts payable and accruals	68,934	75,712
Net operating activities	(96,769)	(5,300)
Cash Flows from Investing Activities	(96,769)	(5,300)
Purchase of property and equipment	(96,769)	(5,300)
Net investing activities	(96,769)	(5,300)
Cash Flows from Financing Activities	(8,988)	(42,483)
Repayment of debt	(8,988)	(42,483)
Net financing activities	(8,988)	(42,483)
Net increase (decrease) in cash	(36,823)	27,929
Cash and cash equivalents, at beginning of year	52,929	25,000
Cash and cash equivalents, at end of year	\$ 16,106	52,929
Supplemental disclosures:	\$ 1,846	3,226
Interest paid		

See accompanying notes to financial statements.

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

December 31, 2001 and 2000

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 the provisions 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.

Further, the Fund follows the provisions of SFAS No. 116, "Accounting for Contributions Received and Contributions Made", which requires contributions received to be recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions.

Marketable Securities

The Fund received marketable securities from one of its insurance carriers upon its conversion from a mutual company to a stock company which is valued at quoted market prices to comply with Financial Accounting Standards No. 124, "Accounting for Certain Investments of Not for Profit Organizations."

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

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

(1) Summary of Significant Accounting Policies, continued
Presentation of Financial Statements

Certain amounts as reported in the 2000 financial statements have been reclassified to conform to current year presentation, if applicable.

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:

	2001	2000
Notes payable and long-term debt consist of the following:		
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.	\$ 16,780	25,768
Less scheduled current maturities of notes payable,		
long-term debt	9,781	8,988
Long-term portion	\$ 6,999	16,780

Maturities of long-term debt is \$9,781 in 2002 and \$6,999 in 2003.

(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 \$2,348 in 2001 and \$2,290 in 2000. 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-cancellable lease arrangement relating a truck. Total expenses amounted to \$3,985 in 2001 and \$1,328 in 2000. The minimum payments required are \$3,985 for 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 2001 and 2000. Subject to the renegotiation and renewal provisions of the each lease agreement, rental income for 2002 is expected to be \$248,948.

2003 Projected — Building Services Budget

Projected Income	2001	2002	2003
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	\$ 243,948.00	\$ 243,948.00	\$ 243,948.00
Total Income	\$ 243,948.00	\$ 243,948.00	\$ 243,948.00
Projected Expenses			
Audit & Legal	\$ 10,000.00	\$ 10,000.00	\$ 7,000.00
General Supplies	5,000.00	5,000.00	5,500.00
Insurance (Plant)	18,000.00	18,000.00	15,000.00
Janitorial Services	30,000.00	30,000.00	30,000.00
Janitorial Supplies	2,500.00	3,500.00	3,500.00
Mail Room	12,000.00	12,000.00	12,000.00
Mail Truck	3,000.00	4,000.00	5,500.00
General Maintenance/Contingency Fund	40,000.65	36,946.11	37,469.58
Payroll Taxes (Employer's S.S.)	3,882.21	4,037.50	4,273.68
Postage Meter/UPS	1,500.00	1,500.00	1,000.00
Retirement	2,348.32	2,442.26	2,539.94
Salaries	50,747.88	52,777.80	54,888.19
Telephone	4,500.00	5,500.00	5,000.00
Utilities	29,000.00	28,000.00	25,000.00
Insurance (Employee)	17,208.04	19,156.27	21,299.71
Network Expense	10,000.00	7,000.00	8,000.00
Christmas Bonus/Extra Week's Salary	903.20	939.33	976.90
Other	3,357.70	3,148.73	5,000.00
Total Expenses	\$ 243,948.00	\$ 243,948.00	\$ 243,948.00

Building Services—Salary Breakdown

Maintenance Superintendent/ Mail Room Supervisor	2001	2002	2003
Salary	\$24,663.85 (4%)	\$25,650.40 (4%)	\$26,676.42 (4%)
Social Security	1,886.78 (7.65%)	1,962.26 (7.65%)	2,040.75 (7.65%)
Insurance (Health/Dental/Life)	9,097.36	11,035.22	12,000.00
Dental	\$ 626.87	\$ 598.32	
Health	8,109.29	10,092.36	
Disability	361.20	344.54	
Retirement	1,233.19 (5%)	1,282.52 (5%)	1,333.82 (5%)
	36,881.18	39,930.40	42,208.38
Receptionist/Phone System Administrator/Contact Circulation Manager	2001	2002	2003
Salary	22,302.59 (4%)	23,194.70 (4%)	24,122.49 (4%)
Social Security	1,706.15 (7.65%)	1,774.39 (7.65%)	1,845.37 (7.65%)
Insurance (Health/Dental/Life)	8,110.68	8,121.05	9,000.00
Dental	416.52	416.52	0.00
Health	7,374.48	7,374.48	0.00
Disability	319.68	330.05	
Retirement	1,115.13 (5%)	1,159.74 (5%)	1,206.12 (5%)
	33,234.55	34,249.88	36,316.30
Part-time Worker	52 days	52 days	52 days
Salary	3,781.44 (4%/9.09 hr.)	3,932.70 (4%/9.45 hr.)	4,089.28 (4%/9.83 hr.)
Social Security	289.28 (7.65%)	300.85 (7.65%)	312.83 (7.65%)
	4,070.72	4,233.55	4,402.11

Board of Retirement

Director's Report

Our job as the Board of Retirement is to understand what we do and how we do it—the theories and methods of retirement planning and the how involved in accomplishing it. We must see how our actions will play out in the lives of those we serve. This means we are called on to walk through the mine-field of governmental regulations, the present responsibilities of managing money for others, and foreseeing the needs and wishes of these same participants five, ten even thirty or more years in the future. Thankfully, we are not expected to foresee the minutia of all the events ahead, but we certainly are required to keep informed and make good decisions.

An easy task? Certainly not. It is only possible if we use the best information we can get and have the help of the Heavenly Father so bountifully promised: If any man lack wisdom, let him ask . . . Who giveth to all men liberally . . .

Let me reassure you that many steps along the way will require adjustments. Hopefully these will not involve major directional changes, only minor correcting adjustments to keep us on course or even slight changes of course to move forward to the goal we see out there in the distance.

How do we go about doing it?

Advancing means we must first know where we are now. Then analyze what we are presently doing to determine if we are indeed moving in the right direction. Some adjustments may be simple, easy and quick; others may be more radical, difficult and slow.

To determine exactly where we are requires a look into our past. The first steps in the journey to a denominational retirement program began in the 1930 s when our national body began the Superannuation Program. It was an excellent idea, but our funding vehicle was flawed. The denomination understood some of the dynamics involved in retirement apparently, women generally outlive men, and elected women to the first board.

That program hobbled along while several state or local associations conceived what they considered to be better programs, or at least manageable ways. Most of these were the old every one contribute X dollars and the spouse of the first contributor to die takes all. Immediately after the first death the remaining members and any new members contributes again and repeat the cycle. There are still several of these programs being offered across the nation in spite of the problem of recruitment, investing and timing.

Through the years the Superannuation Program was tweaked and squeaked in vain efforts to make it healthy. This program was funded through commercial insurance policies for each participant with the individual paying half the premiums and the denomination paying the other half. The policies were expensive and an adequate funding base never developed.

In desperation to develop a workable plan a group in North Carolina led by Rev. Herman Hersey devised a new approach in 1968 based on the dollar purchase concept and individual accounts. Rev. Hersey was chosen to direct this effort. It was received with excitement and enthusiasm that spread to the national scene. The state program was adopted by the National in 1969, and Brother Hersey was elected Director to continue the program's development and expansion.

The office was maintained in Brother Hersey's home for the first years while he continued to pastor. It was evident that the work required

more time and attention than he could give it part time. As a result the giant step of going full time and moving the office to Nashville was made. This meant that the department would operate in deficit until such time as the denomination would grasp the vision and burden of support, or the fund would grow to sustain it. Brother Herman never faltered in his faith that the latter would happen even if the first did not. Those early board meetings were often taken up by his pep rallies with that concept. He was correct.

The denomination has never accepted responsibility for operating or funding the retirement program of pastors and other church workers. Unfortunately the percentage of operating costs provided by the denomination is not much greater than it was several years ago.

Our Plan is organized under the 1986 Internal Revenue Code Section 403 (b)(9). It applies to non-profit organizations such as churches, hospitals and schools. There are many advantages of being under this particular section of the annuity Code.

This sub section gives us the advantage of investing in insurance contracts, mutual funds, stocks, bonds, church loans and bonds and almost any other investment.

An additional advantage involves our exemption from ERISA regulations as a church controlled 403 (b)(9). However, it has been our goal to operate the plan under many of the ERISA principles without making them part of our document.

The different rules governing the various sections of the 403 (b) code sections or other similar programs such as 401 (k)s or IRAs have often confused our people.

I firmly believe that our story is one where the whole is greater than the sum of the parts but consider some of our parts.

Consider enrollments. The life of any retirement plan is getting enrollees. They are the reason we exist. To examine enrollments we must know who are our prospects are. We serve men and women employed by a Free Will Baptist Church or agency. That includes licensed ordained ministers, missionaries, lay employees of a church or other agency. They may be full-time or part-time but they must be paid, and beginning in 2002 that even includes those whose entire income is designated as housing allowance.

I am frequently asked how many prospects do we have. Only the Lord knows the correct answer. Our denominational yearbook lists 2,471 churches. We have only 901 pastors enrolled so there are possibly 1,570 more preachers. Then there are those serving as associates, music ministers, Christian school teachers, secretaries, janitors, etc. so we have a lot of prospects.

Enrollments for the past few years have been at record highs. Last year we enrolled 84 new members. A month-by-month comparisons with the prior three years indicate September 11th had a negative impact on people joining. Only two enrolled in September and both of them did so by the 11th or before.

There is reason to believe the continued emphasis of several of our state leaders will assist us getting more participants. Our efforts from the office is focused on articles, letters and personal presentations but we are willing to make appointments to present the plan to your church or board.

Consider returns. This is one subject that almost always comes up in any conversation. Many of our participants are keenly aware of the importance of earnings.

Last year we reported the first negative return in the history of our plan. It caused some real concern for a few. Thankfully, the vast majority of our participants and many prospects saw a small negative as a very good return in the 2001

market. Review the two-year study of returns that follows to see the actual results.

Date	Account value At end of period	Earnings (Loss) %	Actual gain (Loss) \$
1/1/2000	\$1,000.00		
6/30/2000	\$1,032.50	6.5%	\$32.50
12/31/2000	\$1,125.43	18.0%	\$92.93
6/30/2001	\$1,103.48	(3.9%)	(\$21.95)
12/31/2001	\$1,111.76	1.5%	\$8.28
The return for: 2000 was an annualized 12.54%			
2001 was an annualized (1.22%)			

The investment results at any time will be a reflection of the diversification, style, and market conditions.

Plan earnings continue to be very good:

1 year -	2001 =	(1.215%)
3 year -	1999-2001 =	7.813%
5 year -	1997-2001 =	10.557%
10 years -	1992-2001 =	9.620%
Life of Plan -	1969-2001 =	8.726%

Cost of operation. In times of high returns we often overlook cost. This past year it became very important. Thankfully the overhead has gone down through the past few years. We have moved David Brown's entire salary package over to the Foundation for 2002 so that will be a considerable decrease in the years ahead.

It has been a good year in spite of the market. Things continue to look up as far as the response by our denomination and individual participants. Thank you for all you have done and are doing to improve and advance the program.

William Evans
Director

Summary of Minutes—May 1-2, 2001

The Director's report was given and MSC to accept report.

Financial and budget report was given MSC to accept report and adopt the budget

Received Reports from money manager representatives

MSC to recognize and appreciate retiring board members Waymon Fields (12 years) and Jack Daniel (16 years)

Officers were elected

Ron Barber, Chairman

Roger Harwell, Vice Chairman

Bill Ferguson, Secretary

Jim Lowe, Asst Secretary

MSC to adjourn

Summary of Minutes—December 5, 2001

The Director's report was given and MSC to accept report.

Financial report was given MSC to accept report.

A car policy report was given MSC to adopt the car policy

Financial report for The Foundation was received
MSC to adjourn

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

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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	7-13

HINTON, WARREN, DENNEY & WALLACE

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JANET W. LEE, CPA

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

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists (the "Board") as of December 31, 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 Board's managements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

March 6, 2002

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Financial Position
December 31, 2001 and 2000

ASSETS

	December 31,	
	2001	2000
Operating Assets		
Cash and cash equivalents	\$ 31,449	\$ 30,134
Funds invested with the Free Will Baptist Foundation	14,056	13,161
Prepaid lease	2,004	6,812
Total operating assets	47,509	50,107
Retirement Assets		
Cash and cash equivalents	567,079	1,796,704
Investment in marketable securities and instruments, at fair market value - Note 3	22,444,492	21,436,886
Accrued investment income receivable	121,968	131,724
Notes receivable, net of allowance for doubtful accounts - Note 2	931,329	1,075,902
Total retirement assets	24,064,868	24,441,216
Office Furniture, Equipment and Automobiles, at cost, net of accumulated depreciation - Notes 1 & 4	35,404	23,367
Total assets	\$24,147,781	\$24,514,690

LIABILITIES & NET ASSETS

Liabilities		
Annuities payable - Note 6	\$ 1,962,393	\$ 1,351,731
Unearned loan origination fees	4,163	11,231
Accounts payable, accrued expenses and other liabilities	21,988	17,226
Total liabilities	1,988,544	1,380,188
Net Assets		
Unrestricted:		
Operations:		
Operating funds	22,526	25,254
Designated for future asset purchases	14,056	13,161
Net invested in equipment	35,404	23,367
Operating net assets	71,986	61,782
Retirement accounts:		
Net assets available for participants	22,059,876	22,885,549
Designated as reserve funds	14,375	175,171
Designated as annuity reserve funds	13,000	12,000
Retirement net assets	22,087,251	23,072,720
Total net assets	22,159,237	23,134,502
Total liabilities and net assets	\$24,147,781	\$24,514,690

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 Financial Position
December 31, 2001 and 2000

	December 31,	
	2001	2000
Operating Assets		
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Net Assets		
Unrestricted:		
Operations:		
Operating funds	22,526	25,254
Designated for future asset purchases	14,056	13,161
Net invested in equipment	35,404	23,367
Operating net assets	71,986	61,782
Retirement accounts:		
Net assets available for participants	22,059,876	22,885,549
Designated as reserve funds	14,375	175,171
Designated as annuity reserve funds	13,000	12,000
Retirement net assets	22,087,251	23,072,720
Total net assets	22,159,237	23,134,502
Total liabilities and net assets	\$24,147,781	\$24,514,690

**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, 2001 and 2000

	2001		
	Retirement Accounts	Operations	Total
Support, Revenue and Other Additions			
Contributions from participants	\$ 1,969,931	\$	\$ 1,969,931
Investment income:			
Gains of investment portfolio:			
Net realized gains	730,683		730,683
Net unrealized gains (losses)	(1,699,203)		(1,699,203)
	(968,520)		(968,520)
Interest and dividends from investments (net of investment fees)	774,928		774,928
Total investment income (loss)	(193,592)		(193,592)
Income earned from interest bearing notes:			
Interest income	116,318		116,318
Loan origination fees earned	7,069		7,069
Total income earned from interest and loan origination fees	123,387		123,387
Forfeitures and late charges	1,002		1,002
Gifts		66,537	66,537
Reimbursement from Free Will Baptist Foundation		40,000	40,000
Miscellaneous income	70	2,498	2,568
Total other income	1,072	109,035	110,107
Total additions	1,900,798	109,035	2,009,833
Allocation for operations	(292,888)	292,888	
Net additions after allocation for operations	1,607,910	401,923	2,009,833

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

	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)	1,405,657		1,405,657
Total investment income (loss)	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

**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, 2001 and 2000

	2001		
	Retirement Accounts	Operations	Total
Expenses and Other Deductions			
Withdrawals by participants	\$ 1,801,985	\$	\$ 1,801,985
Transfers to annuities by participants	695,446		695,446
Insurance deductions from participant's accounts	44,114		44,114
Income allocated to annuitant obligations	49,525		49,525
Salaries		110,517	110,517
Housing		51,744	51,744
Fringe benefits		71,311	71,311
Travel and promotional		22,163	22,163
Office supplies and expense		39,792	39,792
Occupancy		48,571	48,571
Board members expense		18,890	18,890
Legal and auditing		13,237	13,237
Depreciation		14,532	14,532
Miscellaneous	2,309	962	3,271
Total deductions	2,593,379	391,719	2,985,098
Increase (decrease) in net assets	(985,469)	10,204	(975,265)
Net assets at beginning of year	23,072,720	61,782	23,134,502
Net assets at end of year	\$22,087,251	\$ 71,986	\$22,159,237

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

	2000		
	Retirement Accounts	Operations	Total
	\$ 1,032,398	\$	\$ 1,032,398
	71,844		71,844
	47,021		47,021
	97,863		97,863
		106,790	106,790
		49,754	49,754
		62,428	62,428
		25,164	25,164
		43,576	43,576
		48,862	48,862
		11,996	11,996
		13,455	13,455
		14,970	14,970
	1,214	1,965	3,179
	1,250,340	378,960	1,629,300
	3,272,027	(10,482)	3,261,545
	19,800,693	72,264	19,872,957
	\$23,072,720	\$ 61,782	\$23,134,502

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Cash Flows
For the Years Ending December 31, 2001 and 2000

	2001		
	Retirement Accounts	Operations	Total
Cash flows from operating activities			
Cash received from:			
Contributions from participants and employers	\$ 1,969,931	\$	\$ 1,969,931
Gifts		66,537	66,537
Income earned from interest and loan origination fees	116,319		116,319
Investment income	784,684		784,684
Forfeitures and late charges	1,002		1,002
Reimbursement from Free Will Baptist Foundation		40,000	40,000
Miscellaneous income	70	2,498	2,568
Cash paid for:			
Supplies and employees	(40,896)	(372,973)	(413,869)
Withdrawal of funds by participants	(2,497,431)		(2,497,431)
Income allocated to annuitant obligations	(49,525)		(49,525)
Net cash provided (used) by operating activities	<u>284,154</u>	<u>(263,938)</u>	<u>20,216</u>
Cash flows from investing activities			
Purchases of office furniture and equipment		(26,740)	(26,740)
Investments:			
Purchases of investment securities	(27,406,671)		(27,406,671)
Funds invested with Free Will Baptist Foundation		(895)	(895)
Proceeds from sale of investment securities	25,430,545		25,430,545
Notes receivable:			
New loans made	(148,037)		(148,037)
Collection of notes receivable	<u>292,610</u>		<u>292,610</u>
Net cash provided (used) by investing activities	<u>(1,831,553)</u>	<u>(27,635)</u>	<u>(1,859,188)</u>

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

	2000		
	Retirement Accounts	Operations	Total
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			
Purchases 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	<u>232,222</u>		<u>232,222</u>
Net cash provided (used) by investing activities	<u>(291,935)</u>	<u>5,754</u>	<u>(286,181)</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, 2001 and 2000

	2001		
	Retirement Accounts	Operations	Total
Cash flows from financing activities			
Allocation for operations	(\$ 292,888)	\$ 292,888	\$
Net additions to annuities payable	610,662		610,662
Net cash provided by financing activities	317,774	292,888	610,662
Net increase (decrease) in cash	(1,229,625)	1,315	(1,228,310)
Cash and cash equivalents at beginning of year	1,796,704	30,134	1,826,838
Cash and cash equivalents of end of year	\$ 567,079	\$ 31,449	\$ 598,528
Reconciliation of increase (decrease) in net assets to cash flows from operating activities			
Increase (decrease) in net assets	(\$ 985,469)	\$ 10,204	(\$ 975,265)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization		14,532	14,532
Allocation for operations	292,888	(292,888)	
Loss (gains) on investment transactions	968,520	171	968,691
Decrease (increase) in accrued investment income	9,756		9,756
Decrease (increase) in prepaid expenses		4,808	4,808
Increase (decrease) in accounts payable, accrued expenses and other	5,527	(765)	4,762
Decrease in loan origination fees	(7,068)		(7,068)
Total adjustments	1,269,623	(274,142)	995,481
Net cash provided (used) by operating activities	\$ 284,154	(\$ 263,938)	\$ 20,216

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

	2000		
	Retirement Accounts	Operations	Total
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	\$ 1,796,704	\$ 30,134	\$ 1,826,838
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 (increase) in accrued investment income	6,696		6,696
Decrease (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	\$ 1,886,281	(\$ 259,175)	\$ 1,627,106

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2001 and 2000

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 or absence of donor-imposed restrictions. Net assets of the Board and changes therein are classified as follows:

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

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

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

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, 2001 and 2000.

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

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BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2001 and 2000

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.

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**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2001 and 2000

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:

	2001	2000
Participant notes (net) secured by retirement account balances	\$ 2,137	\$ 6,368
Churches and agency notes secured by related real property	959,192	1,099,534
	961,329	1,105,902
Less allowance for doubtful accounts	(30,000)	(30,000)
	<u>\$ 931,329</u>	<u>\$1,075,902</u>

The notes bear interest at various rates from 3.0% to 15% and mature at various dates from 2002 through 2012.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2001 and 2000

Note - 3 Investments in marketable securities and instruments

	2001	
	Market Value	Cost (Depreciation) Appreciation
Investments:		
Certificate of deposit	\$ 462,206	\$ 450,000 \$ 12,206
Mutual funds	2,882,899	3,343,827 (460,928)
Common stocks	10,959,164	10,697,071 262,093
U.S. Government issues	7,370,139	7,102,218 267,921
Corporate bonds	770,084	884,830 (114,746)
Total Investments	<u>\$ 22,444,492</u>	<u>\$22,477,946</u> <u>(\$ 33,454)</u>

For 2001, total investment loss relating to marketable securities and instruments amounted to \$193,592 and consisted of investment losses of \$968,630 and interest and dividends of \$774,928. Investment income (loss) represented yields of (0.88%) and (0.91%) based on the average market value and average cost of such investments for 2001.

	2000	
	Market Value	Cost (Depreciation) Appreciation
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	287,563	525,031 (237,468)
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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2001 and 2000

Note - 4 Office furniture, equipment and automobiles

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

	2001	2000
Office furniture and fixtures	\$ 39,319	\$ 39,319
Computer equipment	41,663	42,947
Automobiles	42,000	19,500
	122,982	101,766
Accumulated depreciation	(87,578)	(78,399)
	\$ 35,404	\$ 23,367

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 \$48,571 and \$48,862 for the years ended December 31, 2001 and 2000, 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, 2001 and 2000, the recorded liability amounted to \$1,962,393 and \$1,351,731. The actuary has determined that the current periodic benefit exceeded the reserve account at December 31, 2001 by \$189,658 (\$-0- at December 31, 2000), accordingly, management has determined that there will be no pension benefit increases for 2002.

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, 2001 and 2000

Note - 9 Reclassifications

Certain reclassifications were made to the December 31, 2000 financial statement presentation to separate transfers to annuities from other withdrawals by participants in the statement of activities as requested by the Board in order to conform to the 2001 financial statement presentation. The reclassifications had no effect on income.

Board of Retirement and Insurance Salary and Benefits Breakdown

	2001	2002	2003
Bill Evans:			
Salary	27,600.89	29,941.00	31,138.64
Housing/Utilities	24,747.01	25,736.89	26,766.36
Social Security/Medicare	9,456.00	9,834.23	10,459.81
Retirement	3,664.35	3,897.45	4,053.35
Insurance	7,312.57	8,948.04	11,977.42
Life	841.20	841.20	756.12
Hospitalization	5,710.01	7,374.48	10,357.42
Dental	396.72	416.52	453.96
Disability	364.64	315.84	409.92
Note: Office Car Furnished			
Total	72,780.82	78,357.61	84,395.58
Ray Lewis			
Salary	19,205.84	21,065.04	21,907.64
Housing/Utilities	26,996.74	28,076.61	29,199.67
Social Security/Medicare	8,345.92	8,679.76	9,231.90
Retirement	3,161.50	3,439.92	3,577.51
Insurance	4,201.97	5,045.04	6,360.66
Life	660.96	660.96	574.92
Hospitalization	3,002.81	3,878.16	5,176.38
Dental	216.36	227.16	247.56
Disability	321.84	278.76	361.80
Note: Office Car Furnished			
Total	61,911.96	66,306.37	70,277.38
Diana Harris			
Salary	24,398.40	25,862.31	26,896.80
Social Security/Medicare	1,866.48	1,941.14	2,210.61
Retirement	1,674.40	1,776.20	1,882.78
Insurance	3,724.32	4,599.67	6,033.30
Life	361.20	361.20	418.92
Hospitalization	3,002.81	3,878.16	5,176.38
Dental	216.36	216.36	247.56
Disability	143.95	143.95	190.44
Total	31,663.60	34,179.32	37,023.49

**Disability Insurance is .059 per \$100

Board of Retirement and Insurance Proposed Budget for 2003

	2001 Budget	2002 Budget	2003 Proposed
Salaries	110,642	76,868	79,943
Employee Benefits	62,382	48,161	60,000
Housing	51,744	53,814	55,967
Travel/Promotion	19,250	20,250	20,250
Auto Maintenance	1,500	1,500	4,500
Future Purchases/Auto	3,000	3,000	7,200
Hardware/Software Future Purchases	12,000	12,000	12,000
Plant Fund	53,000	52,000	52,000
Office Expense	28,000	28,000	28,000
Equipment	4,000	5,000	5,000
Education/Training	8,000	10,000	8,500
Publications	12,250	12,250	8,000
Board Expense	15,000	17,000	18,000
Legal	3,500	8,500	10,000
Auditing	12,000	12,000	12,000
Equipment Lease	0	4,000	0
Software Maintenance	0	7,000	3,000
Board Insurance			5,000
Miscellaneous	2,000	2,000	2,000
Total	398,268	373,343	391,359

Free Will Baptist Foundation Report

2002

What did the Foundation accomplish in 2001? In a market that for the second year was in decline and faced the severe shock of September 11 we saw assets under management increase over \$900,000. The volume of increase was not the real promise though, it was the number of those who sought us for help.

The most frequently used tool in our chest is the Revocable Trust, also known as the Money Management Trust. Deposits in these accounts are up almost ten fold since 1993. Managing these funds provides a major portion of our operational costs. This also provides a vehicle for our various ministries to deposit reserve funds and earn a very good rate of return.

The prime reason for the Foundation to exist through is the placement management of irrevocable charitable agreements. Three of these instruments can be tailored to meet individual and family needs for tax advantages, life-time income and significant ministry gifts following a period of years or death of the donors.

A third area of our ministry focuses on endowments. These are outright gifts managed to provide a steady stream of income to designated ministries and a immediate full income tax charitable deduction.

In light of the estates that will transfer from one generation to another during the next ten to fifteen years we need to seize the opportunity. Many of our most loyal members will need help in that transfer process. Some will definitely want to leave significant gifts possibly to their church or another ministry.

The Foundation is limited in its effort to reach our people will you please help us help you? Advise your donors of our service. We promise that we will not harm your donors or your ministry in our work. We will assist each individual to meet his needs while benefitting the ministry or ministries of his choice.

Together we can fund the work God has called us to do.

Summary of Foundation Minutes April 30, 2001

The Director's report was given and MSC to accept report.

MSC to move David Brown's salary package from Board of Retirement to The Foundation and name him as Associate Director.

Financial and budget report was given MSC to accept report and adopt the budget

Officers were elected

Henry VanKluyve, Chairman

Bobby Bowers, Vice Chairman

Bill Ferguson, Secretary

MSC to adjourn

FREE WILL BAPTIST FOUNDATION, INC.

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Free Will Baptist Foundation Report

HINTON, WARREN,
DENNEY & WALLACE

CERTIFIED PUBLIC ACCOUNTANTS
THE VOLUNTEER BLDG.
SUITE 100
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JANET W. LEE, CPA

Members

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

Independent Auditors' Report

The Board of Directors
Free Will Baptist Foundation, Inc.

We have audited the accompanying statements of financial position of the Free Will Baptist Foundation, Inc. (the "Foundation") as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Free Will Baptist Foundation, Inc., at December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

March 6, 2002

Summary of Foundation Minutes April 30, 2001

The Director's report was given and MSC to accept report.
MSC to move Dave Brown's salary package from Board of
Stipend to The Foundation and name him as Associate Director.
Financial and budget report was given MSC to accept report
and adopt the budget.

Officers were elected:

Henry VanDyke, Chairman
Bobby Bowen, Vice Chairman
Bill Ferguson, Secretary

MSC to adjourn

FREE WILL BAPTIST FOUNDATION, INC. Statements of Financial Position December 31, 2001 & 2000

ASSETS

	2001	2000
Cash and cash equivalents	\$ 349,592	\$ 645,565
Accrued earnings receivable	67,709	63,218
Other accounts receivable	1,319	
Investments, at fair market value -- Note 2	1,830,709	231,028
Certificates of deposit	4,565,125	5,164,942
U.S. Government instruments	982,966	868,558
Common Stocks	567,010	567,010
Real estate investments	488,683	449,299
Mutual funds	163,988	109,504
Corporate bonds	69,564	73,504
Trusts		
Total investments	8,668,045	7,463,845
Notes receivable -- Note 3	16,780	26,910
Total assets	\$ 9,103,445	\$ 8,199,538

LIABILITIES AND NET ASSETS

Liabilities		
Liabilities to beneficial owners:	\$ 6,536,597	\$ 5,775,160
Interest bearing revocable and savings trusts -- Note 4	1,183,705	991,126
Future gift interests payable -- Note 5	1,274,887	1,352,834
Funds held in trust -- Note 6		
Total liabilities	8,995,189	8,119,120
Net Assets		
Unrestricted	108,256	80,418
Total net assets	108,256	80,418
Total liabilities and net assets	\$ 9,103,445	\$ 8,199,538

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

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FREE WILL BAPTIST FOUNDATION, INC.
Statements of Activities
For the Years Ended December 31, 2001 and 2000

	2001	2000
Revenue and Support		
Investment income:		
Interest and dividends, net of investment fees – as restated	\$ 377,794	\$ 186,326
Realized net gains (losses) on sale of investments	75,671	(4,972)
Unrealized net gains (losses) from investments	(52,455)	557,895
Total investment income	401,010	739,249
Support through "The Together Way"		
Plan and other contributions	27,450	26,575
Interest income – note receivable	1,845	1,767
Endowment income	19	648
Miscellaneous	(82)	4,545
Total revenue and support	430,242	772,784
Allocations of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(324,250)	(665,161)
Revenue and support after allocations	105,992	107,623
Expenses		
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	40,000	40,000
Salaries and benefits	533	1,139
Equipment expense	4,810	
Travel and promotion	16,294	16,155
Office expense	2,188	2,124
Publications	4,540	3,647
Training and education		6,838
Legal and auditing	7,375	7,375
Miscellaneous	2,414	247
Total Expenses	78,154	77,525
Increase (decrease) in net assets	27,838	30,098
Net assets at beginning of year	80,418	50,320
Net assets at end of year	\$ 108,256	\$ 80,418

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

FREE WILL BAPTIST FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2001 and 2000

	2001	2000
Cash flows for operating activities		
Cash received for:		
Contributions	\$ 26,131	\$ 28,262
Interest and dividends	266,987	281,261
Other income	1,782	6,960
Cash paid to suppliers and employees	(78,154)	(77,525)
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(324,250)	(665,161)
Net cash used by operating activities	(107,504)	(426,203)
Cash flows from investing activities		
Principal payments received on notes receivable	10,130	11,827
Proceeds from sale of investment securities	7,134,904	1,671,600
Purchases of investment securities	(8,315,888)	(551,888)
Net cash provided (used) by investing activities	(1,170,854)	1,131,539
Cash flows from financing activities		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	961,288	(398,363)
Contributions to funds held in trust	28,369	109,638
Net change in funds held for Free Will Baptist Foreign Missions	(7,272)	518
Net cash provided (used) by financing activities	982,385	(288,207)
Net increase (decrease) in cash	(295,973)	417,129
Cash and cash equivalents at beginning of year	645,565	228,436
Cash and cash equivalents at end of year	\$ 349,592	\$ 645,565
Reconciliation of increase in net assets to cash flows from operating activities		
Increase (decrease) in net assets	(\$ 50,109)	\$ 211,827
Less increase in net assets considered capital additions	(28,369)	(109,638)
Realized and unrealized gains on investment transaction	(23,216)	(552,923)
Decrease (increase) in accrued investment income	(5,810)	24,531
Net cash used by operating activities	(\$ 107,504)	(\$ 426,203)

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

FREE WILL BAPTIST FOUNDATION, INC.

Notes to the Financial Statements

December 31, 2001 and 2000

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, 2001 and 2000.

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 2001 and 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.

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FREE WILL BAPTIST FOUNDATION, INC.

Notes to the Financial Statements

December 31, 2001 and 2000

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:

	2001		
	Market/ Stated Value	Cost	Appreciation (depreciation)
Investments:			
Marketable Securities:			
Certificate of deposits	\$ 1,830,709	\$ 1,827,375	\$ 3,334
U.S. Government instruments	4,565,125	4,401,359	163,766
Common stocks	982,966	982,100	866
Mutual funds	488,683	596,995	(108,312)
Corporate bonds	163,988	166,530	(2,542)
Trusts	69,564	69,564	-0-
Real estate investment trust	567,010	500,000	67,010
Total Investments	\$ 8,668,045	\$ 8,543,923	\$ 124,122
	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	\$ 7,463,845	\$ 7,303,666	\$ 160,179

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FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2001 and 2000

Note 2 - Investments (continued)

Total investment income amounted to \$294,694 for 2001, consisting of investment gains of \$23,216 and interest and dividends of \$271,478. This investment income represents yields of 3.65% and 3.72% based on the average market value and average cost of such investments for 2001.

Total investment income amounted to \$811,340 for 2000, consisting of investment gains of \$552,293 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.

Note 3 - Notes Receivable

Notes receivable consist of obligations from related parties as follows:

	<u>2001</u>	<u>2000</u>
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.	\$ -0-	\$ 1,142
8.5% note receivable due in monthly installments of \$903 through 2003, relating to the purchase of a phone system by the National Association of the Free Will Baptists, Inc.	<u>16,780</u>	<u>25,768</u>
	<u>\$ 16,780</u>	<u>\$ 26,910</u>

Note 4 - Interest Bearing Revocable and Saving Trusts

The Foundation maintains revocable trusts and savings trusts which totaled \$6,536,597 and \$5,767,888 at December 31, 2001 and 2000, 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 \$320,321 and \$281,680 and gift annuities amounting to \$863,384 and \$709,446 as of December 31, 2001 and 2000, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 8.7%.

Note 6 - Funds Held in Trust

The Foundation holds in trust that 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, 2001 and 2000, the permanently restricted endowment funds totaled \$1,274,887 and \$1,352,834, respectively.

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FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2001 and 2000

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 \$40,000 for 2001 and 2000, 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, 2001 and 2000:

	<u>December 31, 2001</u>		
	<u>Account Balance</u>	<u>Amount Insured/ Secured</u>	<u>Amount of Accounting Risk of Loss</u>
Cash and cash equivalents	\$ 257,976	\$ 100,000	\$ 157,976
Short term liquid investments	91,616	91,616	
Certificates of deposit	1,830,709	1,686,424	144,285
U.S. Government instruments	4,565,125	4,565,125	
Common stock	982,966		982,966
Mutual funds	488,683		488,683
Corporate bonds	163,988		163,988
Real estate investment	567,010		567,010
Trusts	<u>69,564</u>		<u>69,564</u>
	<u>\$ 9,017,637</u>	<u>\$ 6,443,165</u>	<u>\$ 2,574,472</u>

	<u>December 31, 2000</u>		
	<u>Account Balance</u>	<u>Amount Insured/ Secured</u>	<u>Amount of Accounting Risk of Loss</u>
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	<u>73,504</u>		<u>73,504</u>
	<u>\$ 8,109,410</u>	<u>\$ 5,911,158</u>	<u>\$ 2,198,252</u>

Note 9 -

Restatement of Prior Years

During the audit it was determined that amounts previously shown as permanently restricted net assets were actually liabilities to the Foundation. Accordingly, the prior year statements of financial position and activities have been restated to properly reflect amounts as endowment funds held.

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Free Will Baptist Foundation Salaries

	2000 Retirement	2001 Retirement	Approved 2002 Foundation	Proposed 2003 Foundation
David Brown				
Salary	\$34,533.57	\$36,730.34	\$44,045.00	\$45,366.35
Social Security/Medicare	\$6,379.69	\$6,487.58	\$3,369.00	\$3,470.53
Retirement	\$2,417.35	\$2,514.04	\$3,029.00	\$3,618.30
Insurance	\$8,432.04	\$9,037.65	\$11,468.20	\$11,468.20
Life	\$403.20	\$403.20	\$403.20	\$403.20
Hospitalization	\$7,227.48	\$7,814.40	\$10,691.00	\$10,691.00
Dental	\$585.84	\$569.88	\$227.00	\$227.00
Disability	\$215.52	\$250.17	\$147.00	\$147.00
Total	\$51,762.65	\$54,769.61	\$61,911.20	\$63,923.38

Data Entry Person (new position, part time)

Salary	\$10,400.00
Social Security/Medicare	\$795.00
Total	\$11,195.00

Free Will Baptist Foundation Budget

	Actual 1999	Actual 2000	Approved 2001	Actual 2001	Approved 2002	Proposed 2003
Income						
The Together Way	24,310	23,839	25,000	27,126	26,000	29,000
Gifts	965	1,646	1,000	325	1,500	1,600
Interest Income	2,720	9,080	4,500	8,191	6,900	4,250
Endowment	562	648	500	19	500	250
Miscellaneous	183	4,545	100	(82)	100	100
Management Fees	78,391	67,865	85,000	70,414	85,000	100,000
Total	107,131	107,623	116,100	105,993	120,000	135,200
Expenses						
Salaries	19,675	1,139	29,150	0	44,045	55,766
Employee Benefits	0	0	0	534	17,866	19,353
Salary Reimbursement	22,000	35,000	35,000	35,000	0	0
Travel	14,740	10,218	12,000	10,013	14,000	14,000
Promotion	N/A	5,937	8,000	6,282	9,000	8,000
Office Expense	1,708	1,663	3,450	620	2,264	3,081
Rent	5,000	5,000	5,000	5,000	5,000	5,000
Printing	0	3,281	6,000	4,305	6,000	6,000
Publications	738	366	1,200	235	1,000	1,000
Training & Education	1,075	6,838	6,000	0	9,000	9,000
Auditing	6,825	7,200	7,500	6,300	6,500	7,000
Legal	27	175	250	1,075	250	1,000
Bank Fees	N/A	95	125	981	125	500
Postage	N/A	366	425	586	450	1,000
Equipment	1,295	0	1,000	4,810	2,000	2,000
Miscellaneous	2,095	247	1,000	2,414	2,500	2,500
Total	75,178	77,525	116,100	78,155	120,000	135,200
	31,953	30,099		27,838		

Home Missions

Report on 2001

Greetings:

- This has been an exciting and fulfilling year for the National Home Missions Department. The Home Missions Board approved the following missionaries for the harvest fields:
Scott and Rebecca Cheatham—Northglenn, Colorado
Bill and Christy Reynolds—Exeter, Rhode Island
Dave and Rebecca Franks, Jr.—Madison, Alabama Hispanic Ministries
Fred and Barbara Jones—Cullman, Alabama Hispanic Ministries
Wayne and Jeanette Wilson—Prattville, Alabama
- Our Free Will Baptist military chaplains have been serving around the world in Germany, Spain, Macedonia, and Kuwait as well as in the United States.
- We had two home mission churches to become self-supporting. They were Russell Johnson, Cheyenne, Wyoming, and Darrell Smith in Oregon City, Oregon.
- Two of our Home Missionaries, Mark Braisher, Overland Park, Kansas, and Rick Morris, Queen Creek, Arizona, received \$35,000.00 each from the "Build My Church" fund to help in purchasing land.
- The Church Extension Loan Fund has made 210 loans to churches and missions to build facilities and purchase land. During this year CELF loaned out \$2,409,000.00.
- Benjamin Randall Day offering for this year was \$301,460.00. The total income to Home Missions for the year was \$4,902,000.00.
- Our home missionaries set several records this year. They made 211,000 contacts and over 1,000 souls were saved during this period. For Sunday morning worship we had an overall average attendance in our mission churches of 2,200 people. For churches in the beginning stages, that is a wonderful answer to prayer.

Our department needs your consistent prayer and financial support as we seek to continue to plant strong, self-supporting Free Will Baptist churches throughout North America, Canada, the United States and the U. S. territories. Thank you, dear friends, for helping us to plant solid, Bible-believing churches in Jerusalem, Judea, and Samaria so that we may reach the world for Christ.

In His Service,

Larry A. Powell
General Director

A Synopsis of Minutes of Home Missions Board Meetings for 2001

April 30, 2001

MSC to approve Scott and Rebecca Cheatham to be approved for the Northglenn, CO work.

MSC to approve Bill and Christy Reynolds to start a new work in Exeter, Rhode Island.

MSC to recommend Shane and Lupita Wilson as Joint Project workers with Tennessee State Home Missions Board to open a Hispanic work in the Johnson City, TN area.

MSC that Fred and Barbara Jones be approved to relocate to the Northern part of Alabama to begin a work among the Hispanics.

June 1, 2001

MSC to approve Mitchell Strickland as a National Home Missionary to Milwaukee, WI.

July 18, 2001

MSC to allow Jeff Crabtree to relocate to the city of Fredericton and to permit him to raise funds for land and building. The Board will review his progress at the May meeting.

August 15, 2001

MSC that Dr. Paul Park be retained as our missionary and coordinator and that all other Korean pastors be placed on designated funds as associate missionaries. It is understood that the Korean pastors will receive their last salary check on October 25, 2001.

MSC that National Home Missions will not participate in Global Focus.

October 30, 2001

MSC to approve Wayne and Jeanette Wilson as Joint Project workers to Prattville, AL.

December 3-6, 2001

The Personnel Committee recommends that the National Home Missions Department only sponsor chaplains who are in the Armed Forces of the United States of America. MSC

Since we no longer see the need for a Slavic Russian Coordinator, we recommend that Leonid Morgan be released from his duties as the Slavic Russian Coordinator for the National Home Missions Department effective January 1, 2002. MSC

MSC to adjust scale of maximum length of loans from 15 years to 20 years.
MSC that the accrued interest from the Build My Church fund be split between Mark Braisher and Rick Morris.

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

December 31, 2001 and 2000

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**HINTON, WARREN,
DENNEY & WALLACE**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. (a nonprofit organization) as of December 31, 2001 and 2000, 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

February 11, 2002

**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, 2001 and 2000**

ASSETS

<u>Assets</u>	2001	2000
Cash - Note 9	\$ 112,817	\$ -0-
Investments	72,404	163,278
Investments in Church Extension		
Loan Fund - Note 6	692,914	1,161,445
Accounts receivable - related party - Note 6	149,351	93,000
Inventory - Note 1	14,462	36,750
Property and equipment, at cost		
less accumulated depreciation of \$137,253		
(\$117,461 in 2000) - Notes 1 & 2	146,369	155,684
	<u>\$1,188,317</u>	<u>\$1,610,157</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Bank overdraft	\$	\$ 26,925
Line of credit - Note 12	128,831	
Accounts payable and accrued expenses	24,910	26,063
Deferred compensation - Note 4	8,144	115,391
	<u>161,885</u>	<u>168,379</u>

Commitments - Notes 7

Net assets

Unrestricted		
Operating	669,440	747,153
Board designated - Note 8	165,000	
	834,440	747,153
Temporarily restricted - Note 5	191,992	694,625
	<u>1,026,432</u>	<u>1,441,778</u>
Total net assets		
	<u>\$1,188,317</u>	<u>\$1,610,157</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, 2001 and 2000**

Unrestricted

	2001	2000
Revenue:		
Cooperative program	\$ 193,450	\$ 205,031
Designated contributions	736,650	578,364
Management fees - Note 6	170,000	120,000
Interest income	81,581	150,432
Dividend income	2,813	
Gain (loss) on sale of investment	(573)	
Unrealized gain (loss) on value of investment	(93,114)	(252,454)
Net assets released from restrictions:		
Restrictions satisfied by payments	4,151,115	4,078,918
	<u>5,241,922</u>	<u>4,880,291</u>
Total revenue		
Expenses:		
Administrative expenses	1,003,520	930,714
Missionary expenses	3,344,492	3,358,034
Missionary land & building	806,623	720,884
	<u>5,154,635</u>	<u>5,009,632</u>
Total expenses		
	87,287	(129,341)
Increase (decrease) in unrestricted net assets		

Temporarily restricted

Revenue:		
Cooperative program	764,662	895,720
Designated contributions	2,883,820	2,798,245
Net assets released from restrictions:		
Restrictions satisfied by payments	(3,344,492)	(3,358,034)
Missionary expenses	(806,623)	(720,884)
Missionary land & building		
	<u>(502,633)</u>	<u>(384,953)</u>
Increase (decrease) in temporarily restricted net assets		
	(415,346)	(514,294)
Total increase (decrease) in net assets		
	<u>1,441,778</u>	<u>1,956,072</u>
Net assets - beginning of year	<u>\$ 1,026,432</u>	<u>\$ 1,441,778</u>
Net assets - end of year		

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, 2001 and 2000

	2001	2000
Operating activities		
Increase (decrease) in net assets		
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	(\$ 415,346)	(\$ 514,294)
Depreciation		
Amortization	19,791	20,470
(Gain) loss on disposal of investment		2,914
(Gain) loss on value of investment	573	
Changes in operating assets and liabilities:	93,114	252,454
(Increase) decrease in receivables	(56,351)	15,000
(Increase) decrease in inventories	22,288	(31,621)
Increase (decrease) in bank overdraft	(26,925)	26,925
Increase (decrease) in accounts payable and accrued expenses	(1,153)	6,335
Increase (decrease) in deferred compensation	(107,247)	(43,590)
Net cash provided (used) by operating activities	(471,256)	(265,407)
Investing activities		
Redemption of investments	1,007,403	711,979
Acquisition of investments	(541,685)	(425,480)
Purchases of property and equipment	(10,476)	(23,948)
Net cash provided (used) by investing activities	455,242	262,551
Financing activities		
Proceeds from the line of credit	1,447,499	
Repayments on the line of credit	(1,318,668)	
Net cash used by financing activities	128,831	-0-
Increase (decrease) in cash and cash equivalents	112,817	(2,856)
Cash and cash equivalents at beginning of years	-0-	2,856
Cash and cash equivalents at end of years	\$ 112,817	\$ -0-

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, 2001 and 2000

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 2001.

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, 2001 and 2000.

**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, 2001 and 2000

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, 2001 and 2000

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	2001	2000
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	52,375	52,375
Office furniture & equipment	126,247	115,770
	283,622	273,145
Less: Accumulated depreciation	(137,253)	(117,461)
	\$ 146,369	\$ 155,684

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 \$-0- (\$2,914 in 2000).

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. This account was replaced by a pension plan during the year (see note 13).

	2001	2000
Balance at beginning of the year	\$ 115,391	\$ 158,981
Contribution for the year:		
Missionaries	7,387	36,334
Transfer and terminations	(114,634)	(79,924)
Balance at end of the year	\$ 8,144	\$ 115,391

Note 5 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	2001	2000
Missionaries	\$ 189,794	\$ 685,905
Church Extension Loan Fund	2,198	8,720
	\$ 191,992	\$ 694,625

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

**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, 2001 and 2000

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 \$170,000 (\$120,000 at December 31, 2000) 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 \$692,914 (\$1,161,445 at December 31, 2000). 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 \$149,351 (\$93,000 at December 31, 2000).

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 in 2000. The Organization entered into a new lease agreement on July 1, 2001. 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, 2000).

Note 8 - Designation of unrestricted net assets

During 2001 the Board designated \$165,000 in unrestricted net assets to reduce the deficits in missionary accounts.

Note 9 - Concentration of credit risk

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2001, the excess amount over the federally insured limit was \$12,817 (\$0- in 2000). 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 \$692,914 (\$1,661,445 in 2000) invested in a demand note of the Church Extension Loan Fund. This note is uninsured.

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

Notes to the Financial Statements
December 31, 2001 and 2000

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, 2001	
	Cost	Fair Value
Equity securities	\$360,671	\$ 72,404
Investment return is summarized as follows:		
Net realized and unrealized income		(93,687)

	December 31, 2000	
	Cost	Fair Value
Equity securities	\$360,400	\$163,278
Investment return is summarized as follows:		
Net realized and unrealized income		(\$ 252,454)

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, 2001, the Organization owes \$128,831 (\$0- at December 31, 2000) against the line.

**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, 2001 and 2000**

Note 13 - 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 with 5 or more years of service and 2% of gross salary for missionaries and administrative employees with less than 5 years of service. Pension expenses amounted to \$17,195 (\$0 in 2000). 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.

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

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

Our report on our audits of the basic financial statements of the Board of Home Missions for 2001 and 2000 appears on page 1. We conducted our audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hinton, Warren, Denney & Wallace

February 11, 2002

**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, 2001 and 2000**

	2001	2000
Administrative expenses		
Salaries and wages	\$ 308,310	\$ 285,065
Payroll taxes	14,624	17,365
Housing allowance and employee benefits	95,900	81,100
Employee savings	5,502	13,259
Retirement	7,703	
Cost of literature	5,537	8,097
Promotion expense	49,919	41,620
Utilities	16,119	10,067
Office expense	26,787	28,734
Printing and postage	163,448	170,434
Rent expense	50,220	50,220
Professional fees	13,768	8,983
Auto and travel expense	59,909	67,741
Board meeting expense	24,508	16,779
Insurance expense	79,339	52,459
Telephone	7,625	11,071
Amortization		2,914
Together Way Office	2,061	3,817
Miscellaneous	52,450	40,519
Depreciation	19,791	20,470
Total administrative expenses	1,003,520	930,714
Missionary expenses		
Salary and wages	2,706,682	2,756,874
Employee savings	20,266	30,134
Retirement	9,492	
Promotion expense	1,438	9,938
Printing and postage	129,206	165,850
Literature	50,718	46,375
Auto and travel expense	228,312	194,420
Insurance expense	24,317	26,073
Designated contributions	79,444	79,793
Miscellaneous other expense	94,617	48,577
Total missionary expenses	3,344,492	3,358,034
Missionary land & buildings	806,623	720,884
Total expenses	\$5,154,635	\$5,009,632

See accountants' report on supplementary information.

**Home Missions Department Proposed Faith
Budget for 2003**

	2002	2003
Missionary Maintenance		
Salaries	\$ 2,750,000.00	\$ 2,750,000.00
Travel & Promotion	250,000.00	250,000.00
Employee Savings	35,000.00	35,000.00
Postage and Printing	175,000.00	175,000.00
Miscellaneous	20,000.00	20,000.00
Land & Building Fund	525,000.00	525,000.00
Total	\$ 3,755,000.00	\$ 3,755,000.00
Missionary Assistance		
Printing & Postage	\$ 175,000.00	\$ 175,000.00
Telephone	12,000.00	12,000.00
Board Member Expense	15,000.00	15,000.00
Auditing & Legal	10,000.00	10,000.00
Literature	5,000.00	5,000.00
Together Way Office	3,000.00	3,000.00
Supplies	30,000.00	30,000.00
Missionary Training	25,000.00	25,000.00
Total	\$ 275,000.00	\$ 275,000.00
Administration		
Salaries	\$ 276,500.00	\$ 276,500.00
Housing	73,500.00	73,500.00
Payroll Taxes	20,000.00	20,000.00
Employee Savings	15,000.00	15,000.00
Insurance	55,000.00	55,000.00
Utilities	12,000.00	12,000.00
Total	\$ 452,000.00	\$ 452,000.00
Evangelism and Church Growth		
Auto & Travel	\$ 70,000.00	70,000.00
Promotion	45,000.00	45,000.00
Revivals	20,000.00	20,000.00
Roll Call Sunday	2,000.00	2,000.00
Total	\$ 137,000.00	\$ 137,000.00
Plant		
Office Space	\$ 51,000.00	51,000.00
Equipment & Supplies	15,000.00	15,000.00
Depreciation	20,000.00	20,000.00
Total	\$ 86,000.00	\$ 86,000.00
Cross-Cultural Ministry	\$ 295,000.00	\$ 295,000.00
Total Faith Budget	\$ 5,000,000.00	\$ 5,000,000.00

**Proposed State Goals for 2003
National Home Missions Department**

	<u>2002 Goal</u>	<u>2003 Goal</u>
Alabama	\$ 390,000.00	\$ 390,000.00
Alaska	\$ 10,000.00	\$ 10,000.00
Arizona	\$ 25,000.00	\$ 25,000.00
Arkansas	\$ 275,000.00	\$ 275,000.00
California	\$ 195,000.00	\$ 195,000.00
Canada	\$ 5,000.00	\$ 5,000.00
CEL	\$ 100,000.00	\$ 100,000.00
Colorado	\$ 85,000.00	\$ 85,000.00
Florida	\$ 70,000.00	\$ 70,000.00
FWB Foundation	\$ 8,000.00	\$ 8,000.00
Georgia	\$ 145,000.00	\$ 145,000.00
Hawaii	\$ 500.00	\$ 500.00
Idaho	\$ 15,000.00	\$ 15,000.00
Illinois	\$ 115,000.00	\$ 115,000.00
Indiana	\$ 60,000.00	\$ 60,000.00
Iowa	\$ 5,000.00	\$ 5,000.00
Kansas	\$ 30,000.00	\$ 30,000.00
Kentucky	\$ 85,000.00	\$ 85,000.00
Louisiana	\$ 40,000.00	\$ 40,000.00
Maine	\$ 5,000.00	\$ 5,000.00
Maryland	\$ 40,000.00	\$ 40,000.00
Massachusetts	\$ 5,000.00	\$ 5,000.00
Michigan	\$ 175,000.00	\$ 175,000.00
Mid-Atlantic	\$ 5,000.00	\$ 5,000.00
Mississippi	\$ 130,000.00	\$ 130,000.00
Missouri	\$ 230,000.00	\$ 230,000.00
Montana	\$ 1,000.00	\$ 1,000.00
New Hampshire	\$ 2,000.00	\$ 2,000.00
New Jersey	\$ 1,500.00	\$ 1,500.00
New Mexico	\$ 18,000.00	\$ 18,000.00
North Carolina	\$ 355,000.00	\$ 355,000.00
Ohio	\$ 175,000.00	\$ 175,000.00
Oklahoma	\$ 425,000.00	\$ 425,000.00
Oregon	\$ 25,000.00	\$ 25,000.00
Other Income	\$ 280,000.00	\$ 280,000.00
Other States	\$ 20,000.00	\$ 20,000.00
Pennsylvania	\$ 75,000.00	\$ 75,000.00
Puerto Rico	\$ 8,000.00	\$ 8,000.00
South Carolina	\$ 160,000.00	\$ 160,000.00
South Dakota	\$ 2,000.00	\$ 2,000.00
Tennessee	\$ 550,000.00	\$ 550,000.00
Texas	\$ 125,000.00	\$ 125,000.00
Utah	\$ 4,000.00	\$ 4,000.00
Virginia	\$ 160,000.00	\$ 160,000.00
Virgin Islands	\$ 60,000.00	\$ 60,000.00
Washington	\$ 5,000.00	\$ 5,000.00
West Virginia	\$ 80,000.00	\$ 80,000.00
Wisconsin	\$ 55,000.00	\$ 55,000.00
WNAC	\$ 130,000.00	\$ 130,000.00
Wyoming	\$ 35,000.00	\$ 35,000.00
Total	\$ 5,000,000.00	\$ 5,000,000.00

Salaries

	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Director:			
Salary	\$ 43,954.71	\$ 45,273.35	\$ 47,084.28
Housing	15,600.00	15,600.00	15,600.00
Utilities	1,900.00	2,100.00	2,200.00
Savings	2,994.84	3,067.06	3,134.21
Insurance:			60.00
Travel	60.00	60.00	60.00
Life	283.20	283.20	283.20
Health	7,374.48	7,600.00	8,500.00
Dental	416.52	500.00	600.00
Totals	\$ 72,583.75	\$ 74,483.61	\$ 77,461.69
Office car furnished			
Director of Development:			
Salary	\$ 28,485.72	\$ 29,988.29	\$ 32,051.82
Housing	21,600.00	21,600.00	21,600.00
Utilities	2,100.00	2,300.00	2,400.00
Savings	2,504.28	2,579.41	2,682.59
Insurance:			60.00
Travel	60.00	60.00	60.00
Life	283.20	283.20	283.20
Health	3,878.16	4,000.00	4,700.00
Dental	227.16	300.00	400.00
Totals	\$ 59,138.52	\$ 61,110.90	\$ 64,177.61
Office car furnished			
Director of Church Growth and Evangelism:			
Salary	\$ 33,285.72	\$ 34,788.29	\$ 36,851.82
Housing	16,800.00	16,800.00	16,800.00
Utilities	2,000.00	2,200.00	2,300.00
Savings	1,001.64	2,579.41	2,682.59
Insurance:			60.00
Travel	60.00	60.00	60.00
Life	283.20	283.20	283.20
Health	10,092.36	11,500.00	12,500.00
Dental	598.32	650.00	750.00
Totals	\$ 64,121.24	\$ 68,860.90	\$ 72,227.61
Office car furnished			
Director of Missionary Assistance:			
Salary	\$ 35,685.72	\$ 37,188.29	\$ 32,051.82
Housing	14,400.00	14,400.00	21,600.00
Utilities	3,000.00	3,100.00	3,200.00
Savings	2,379.06	2,579.41	2,682.59
Insurance:			60.00
Travel	60.00	60.00	60.00
Life	283.20	283.20	283.20
Health	10,092.36	11,500.00	12,500.00
Dental	598.32	650.00	750.00
Totals	\$ 66,498.66	\$ 69,760.90	\$ 73,127.61
Office car furnished			

CHURCH EXTENSION LOAN FUND

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

February 11, 2002

CHURCH EXTENSION LOAN FUND
Statements of Financial Position
December 31, 2001 and 2000

ASSETS

	2001	2000
Assets		
Cash - Note 6	\$ 1,584,925	\$ 989,588
Notes receivable - Notes 1, 4 & 8	14,626,009	14,092,285
Bonds receivable	91,627	84,309
Accrued interest receivable	117,544	113,470
Property and equipment - at cost, less accumulated depreciation of \$26,506 (\$22,600 in 2000) - Notes 1 & 2	3,662	7,568
Total assets	\$16,423,767	\$15,287,220
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable - related party - Note 4	\$ 149,351	\$ 93,000
Accounts payable - Build my Church Project		70,000
Accrued interest	128,638	123,068
Revocable and irrevocable trusts - Note 9	1,616,750	1,631,858
Deferred compensation - Note 10	286,409	440,967
Notes payable - Notes 3, 4 & 8	12,717,016	11,278,410
Total liabilities	14,898,164	13,637,303
Net assets		
Unrestricted	1,525,603	1,649,917
Total net assets	1,525,603	1,649,917
Total liabilities and net assets	\$16,423,767	\$15,287,220

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

CHURCH EXTENSION LOAN FUND
Statements of Activities
For the Years Ended December 31, 2001 and 2000

	Unrestricted	
	2001	2000
Operating		
Revenue		
Investment income	\$ 33,955	\$ 83,040
Interest income on notes receivable	1,365,438	1,282,415
Management fee	7,034	13,126
	<u>1,406,427</u>	<u>1,378,581</u>
Expenses	972,567	935,496
Interest expense	8,951	11,264
Office expense	21,839	23,752
Auto and travel	170,000	120,000
Management fee - Note 4	6,625	8,254
Promotion	2,176	1,810
Postage	1,012	4,960
Professional fees	3,906	4,913
Depreciation	70,000	70,000
Build My Church Project expense	149,351	198,000
Transfer to Free Will Baptists Home Missions	<u>1,406,427</u>	<u>1,378,449</u>
	<u>-0-</u>	<u>132</u>
Increase (decrease) in operating net assets		
Build My Church - Note 5		
Revenue		
Designated contributions	125,686	89,813
Expenses	250,000	
Transfer to Free Will Baptist Home Missions	<u>(124,314)</u>	<u>89,813</u>
Increase (decrease) in Build My Church net assets	<u>(124,314)</u>	<u>89,945</u>
Total increase (decrease) in net assets	<u>1,649,917</u>	<u>1,559,972</u>
Net assets - beginning of year	<u>\$ 1,525,603</u>	<u>\$ 1,649,917</u>
Net assets - end of year		

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

CHURCH EXTENSION LOAN FUND
Statements of Cash Flows
For the Years Ended December 31, 2001 and 2000

	2001	2000
Operating activities		
Increase (decrease) in net assets	(\$ 124,314)	\$ 89,945
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,906	4,913
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(4,074)	(11,316)
Increase (decrease) in accounts payable	(13,649)	(15,000)
Increase (decrease) in accrued interest payable	5,570	(8,585)
Increase (decrease) in deferred compensation	(154,558)	66,550
Net cash (used) provided by operating activities	(287,119)	126,507
Investing activities		
Proceeds from sale of investments		1,546,823
Collection on notes receivable	(2,646,331)	3,175,852
Additions to notes and bonds receivable	2,105,289	(4,589,076)
Net cash provided (used) in investing activities	(541,042)	133,599
Financing activities		
Addition to trusts	41,513	6,968
Termination of trusts	(56,621)	(43,600)
Additions to notes payable	3,456,686	2,422,485
Repayment of notes payable	(2,018,080)	(2,171,624)
Net cash provided by financing activities	1,423,498	214,229
Increase (decrease) in cash and cash equivalents	595,337	474,335
Cash and cash equivalents at beginning of year	989,588	515,253
Cash and cash equivalents at end of year	\$ 1,584,925	\$ 989,588
Supplemental disclosures		
Interest received	\$ 1,388,001	\$ 1,347,405
Interest paid	\$ 966,997	\$ 944,081

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

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2001 and 2000

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 2001 and 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 U.S. 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 U.S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

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.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2001 and 2000

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. 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.

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. Effective January 1, 2002 the interest was reduced to 8.5% and the maximum length of new loans was increased to twenty years.

The aggregate maturities of these notes are as follows:

2002	\$ 641,284
2003	704,930
2004	774,892
2005	851,799
2006	936,337
Thereafter	<u>10,716,767</u>
	<u>\$14,626,009</u>

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2001 and 2000

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

Allowance for doubtful accounts

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

Cash equivalents

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

Note 2 - Property and equipment

A summary of property and equipment follows:

	2001	2000
Automobile	\$ 18,200	\$ 18,200
Office equipment	<u>11,968</u>	<u>11,968</u>
	30,168	30,168
Accumulated depreciation	(26,506)	(22,600)
	<u>\$ 3,662</u>	<u>\$ 7,568</u>

Note 3 - Notes payable

Notes payable consist of 5 1/2 - 7% unsecured demand notes from individuals and churches. The proceeds of these notes are then loaned to churches to help them purchase land and buildings. The Board of Trustees change the interest rates on these notes payable as other interest rates change. Effective January 1, 2002 all rates were reduced 1/2%.

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 \$170,000 (\$120,000 at December 31, 2000) 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 \$243,410 (\$486,884 at December 31, 2000). The Fund had accounts payable to the Board of Home Missions in the amount of \$149,351 (\$93,000 at December 31, 2000).

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2001 and 2000

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. 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. During the year \$250,000, from the second phase was transferred to the Home Missions General Fund. This money was originally transferred from the Home Missions General Fund to start the second phase after the first phase was completed. The total amount given through the end of the year is \$1,487,554 (\$1,611,868 at December 31, 2000).

Note 6 - Concentration of credit risk

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2001, the excess amount over the federally insured limit was \$1,484,925 (\$889,588 in 2000). However, 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. The amount invested under this agreement was \$1,449,000 (\$1,061,000 in 2000). Any cash invested under this agreement should, under the terms of this agreement, be collateralized by U.S. Government Securities.

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, 2001 and 2000.

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, 2001 and 2000.

Note 8 - Concentration

Included in notes receivable at December 31, 2001 are eighteen loans which total \$7,030,161 (seventeen loans which total \$6,427,975 in 2000). This balance represents 48.07% (45.61% in 2000) of total notes receivable.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2001 and 2000

Note 8 - Concentration (continued)

Notes payable include fifty notes which total \$7,971,054 or 62.68% (forty-six notes which total \$7,205,614 or 63.89% in 2000) of total notes payable. Of these fifty (forty-six in 2000) notes payable, two total \$1,000,000 or 7.86% (two notes total \$986,884 or 8.75% in 2000) of total notes payable.

Note 9 - Revocable and irrevocable trusts

Nine irrevocable and four revocable charitable remainder trusts pay interest at 6-9% per year. The principal of these trusts was used to make mortgage loans. Interest expense for the year ended December 31, 2001 amounted to \$139,519 (\$134,813 at December 31, 2000).

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, 2001 was \$28,884 (\$38,695 at December 31, 2000).

Note 11 - Restatement of prior years

The statement of activities was changed to separate the operating revenue and expenses from the Build My Church revenue and expenses. Accordingly, the 2000 statement of activities was restated to reflect this change.

Master's Men

The Men's Ministry of the National Association of Free Will Baptists

2001 was another year of changes in the Master's Men Department. As we try to keep up with the demands of our men we are constantly initiating new and better programs.

In 2001 we added eleven new chapters. We initiated our Father's Day project by offering free bookmarks to all Free Will Baptist churches as Father's Day gifts.

We also introduced another Direction Bible Study, Blessed is the Man.

Our sports fellowship continued to be successful as we saw an increase in the number of participants.

Our National Men's Retreat was well attended with forty seven men from several different states gathering at Trinity Camp in Guin, AL to hear Bro. Danny Dwyer, pastor in Florence, AL.

Operation Saturation was another success. For the second year we teamed with Home Missions to recruit our people to gather at Home Mission churches across America to help spread the word about the local Free Will Baptist church and the Gospel of Jesus Christ. In conjunction with Operation Saturation, I led a group of fifteen people to St. Croix, U.S.V.I. While on the island we conducted three revival services each day. During the morning we held services in both the elementary and high schools and at the church at night. We saw twelve decisions to accept Christ during the week. We also participated in door to door evangelism.

The Master's Men Board approved several events for 2002. Rather than one National Retreat we will conduct three regional retreats. We will team with WNAC to sponsor a National Couples Retreat. We will be working with Foreign Missions on projects home and abroad.

Finally 2001 ended with Bro. Tom Dooley resigning as Director of the Master's Men Department. Bro. Tom has felt called to return to the pastorate and has taken that position at First FWB Church in Austintown, OH. We appreciated the hard work Bro. Tom did while serving the Master's Men Department.

In closing let me ask for your continued prayers and support as I lead our department. I feel God has a plan for our men and we need to provide the opportunities for them to serve.

Your fellow servant,

Kenneth W. Akers, General Director

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

Antioch, Tennessee

Financial Statements

December 31, 2001

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

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MICHAEL JOHNSTON
Certified Public Accountant

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

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

I have audited the accompanying balance sheets of The Master's Men, a Department of the National Association of Free Will Baptists, as of December 31, 2001 and 2000, 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, 2001 and 2000 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 17, 2002

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,

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash	\$ 6,947	\$ 8,177
Trust account - Build A House campaign	977	928
Trust account - Lifetime membership	100,598	110,075
Investments	26,869	56,164
Accrued interest receivable	2,399	539
Inventories	505	0
Cash value of endowment insurance	3,594	3,691
Total current assets	\$ 141,889	\$ 179,574
NOTES RECEIVABLE (Note 4)	53,000	53,000
PROPERTY AND EQUIPMENT, net (Note 2)	18,426	23,324
CAPITALIZED LEASE, net (Note 3)	1,908	2,109
Total assets	<u>\$ 196,797</u>	<u>\$ 258,007</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 2,576	\$ 4,270
Deferred revenue (Note 5)	2,270	1,200
Accrued expenses	109	180
Total current liabilities	\$ 4,955	\$ 5,650
FUND BALANCE (DEFICIT) (Note 6)		
Unrestricted	\$ 33,605	\$ 77,765
Restricted	176,663	174,592
Total capital	\$ 210,268	\$ 252,357
Total liabilities and capital	<u>\$ 4,955</u>	<u>\$ 258,007</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,

	2001			2000
	Unrestricted	Restricted	Total	Total
REVENUE				
Dues from members	\$ 15,840	\$ 0	\$ 0	\$ 12,890
Cooperative program	62,584	0	62,584	59,132
Merchandise sales	3,879	0	3,879	3,074
Interest and dividend income	3,452	0	3,452	17,833
Gain (loss) on sale of investments	(26,687)	0	(26,687)	45,061
Gain (loss) in market value of investments	(39,920)	0	(39,920)	(95,661)
Gifts and other income	163,391	15,821	179,212	57,224
	<u>\$ 182,539</u>	<u>\$ 15,821</u>	<u>\$ 182,520</u>	<u>\$ 99,553</u>
EXPENSES				
Salaries and wages	\$ 105,348	\$ 0	\$ 105,348	\$ 98,887
Payroll taxes and employee benefits	19,208	0	19,208	20,465
Cost of sales and printing	7,565	0	7,565	11,308
Travel expense	18,218	0	18,218	17,632
Conferences and conventions	7,336	0	7,336	4,851
Office expense	5,475	0	5,475	4,853
Postage	3,259	0	3,259	4,973
Promotion expense	33,181	0	33,181	25,631
Rent expense	18,601	0	18,601	21,983
Professional fees	950	0	950	1,175
Bookkeeping expense	900	0	900	900
Depreciation	4,898	0	4,898	4,263
Amortization	201	0	201	201
Insurance expense	0	97	97	103
Dues, subscriptions and fees	1,559	0	1,559	961
Master's Hands construction expense	0	0	0	0
Missions projects	0	13,653	13,653	9,796
	<u>\$ 226,699</u>	<u>\$ 13,750</u>	<u>\$ 135,101</u>	<u>\$ 227,982</u>
REVENUES OVER (UNDER) EXPENSES	<u>\$ (44,160)</u>	<u>\$ 2,071</u>	<u>\$ 47,419</u>	<u>\$ (128,429)</u>
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	<u>77,765</u>	<u>174,592</u>	<u>252,357</u>	<u>380,786</u>
RETAINED EARNINGS, ENDING	<u>\$ 33,605</u>	<u>\$ 176,663</u>	<u>\$ 299,776</u>	<u>\$ 252,357</u>

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

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

STATEMENT OF CASH FLOWS
Years ended December 31,

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue over (under) expenses	\$ 47,419	\$(128,429)
Adjustments to reconcile to net cash		
Depreciation	4,898	4,263
Amortization	201	201
Loss (gain) on sale of investments	26,687	(45,061)
Loss in market value of investments	39,920	95,661
Changes in assets and liabilities		
Change in inventories	(505)	0
Change in accrued interest receivable	(1,860)	0
Change in accounts payable	(1,694)	1,172
Change in deferred revenue	1,070	(360)
Change in accrued expenses	(71)	(334)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 26,557</u>	<u>\$ (72,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reductions (additions) to trust accounts	\$ 9,428	\$ (6,571)
Reductions (additions) to investments	(116,024)	27,161
Sales of investments	78,712	72,549
Reductions (additions) to cash value of insurance	97	103
Additions to property and equipment	0	(18,027)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>\$ (27,787)</u>	<u>\$ 75,215</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition to notes receivable	\$ (53,000)	\$ 0
Proceeds from notes receivable	53,000	0
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>\$ 0</u>	<u>\$ 0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(\$ 1,230)</u>	<u>\$ 2,328</u>
CASH AT BEGINNING OF YEAR	<u>8,177</u>	<u>5,849</u>
CASH AT END OF YEAR	<u>\$ 6,947</u>	<u>\$ 8,177</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2001**

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>2001</u>	<u>2000</u>
Equipment and furniture	\$ 45,487	\$ 45,487
Less: accumulated depreciation	27,061	22,163
Property and equipment, net	<u>\$ 18,426</u>	<u>\$ 23,324</u>

NOTE 3 - CAPITALIZED LEASES

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

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

**NOTES TO FINANCIAL STATEMENTS
December 31, 2001**

NOTE 4 - NOTES RECEIVABLE

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

	<u>2001</u>	<u>2000</u>
Note receivable from Howard Gwartney, Locust Grove, Oklahoma; 7%; dated 5/10/01; due on demand	\$ 53,000	\$ 0
Note receivable from John Fowlkes, Vilonia, Arkansas; 7%; dated 11/8/99; due on demand	0 <u>\$ 53,000</u>	53,000 <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, 2001 and 2000.

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>2001</u>	<u>2000</u>
Mission projects	\$ 6,922	\$ 5,174
Build A House campaign	48,676	48,676
Lifetime Membership	106,678	106,258
Master's Hands projects	13,950	13,950
Endowment insurance	437	534
	<u>\$176,663</u>	<u>\$ 174,592</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:
Kenneth W. Akers, 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 accor-

dance 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, Kenneth W. Akers, 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 _____, _____.

Kenneth W. Akers, 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

	2000	2001	2002	2003
Director	28,200	30,600	30,600	31,880
Salary	19,800	19,800	19,800	20,400
Housing	1,945	2,400	2,460	2,614
Retirement	8,000	8,400	8,400	3,600
Insurance	58,400	61,260	61,260	58,494
Total				10,200
Associate				

Proposed Budget for 2003

Expenses		Income	
Office Operations		Dues	17,000
Rent	20,292	Father's Day Offering	4,000
Equipment & Supplies	3,000	Together Way	74,920
Telephone	2,000	Softball	4,000
Postage	1,600	Golf	4,000
Total	26,892	Gifts	22,000
Accounting		Promotional Sales	2,000
Bookkeeping	900	Resource Sales	2,000
Audit	1,000	Endowment Income	6,000
Total	1,900	Total Income	135,920
Resource Development			
Printed Materials	7,000		
Postage	2,400		
Total	9,400		
Department Travel	10,000		
Salaries			
Director			
Salary Package	58,494		
Salary	31,880		
Housing	20,400		
Retirement	2,614		
Insurance	3,600		
Associate (contract)	10,200		
Secretary (40 hrs./wk@8.50)	17,680		
FICA	1,097		
MED	257		
Total	19,034		
Total Salaries	87,728		
Total Expenses	135,920		

Free Will Baptist Bible College

For sixty years Free Will Baptist Bible College has been fulfilling its mission "to equip men and women, through Bible-based education, to serve Christ and His Church." The college is entering a new era with momentous challenges. In order to face these challenges, we must maintain a healthy balance between tradition and innovation.

We want to be a truly Christian community of faith and learning: a community where Scripture serves as the foundation for all teaching and learning, a community where Christian teachers and Christian students come together to search out and find God's truth and apply that truth to the whole of life. The Great Commission motivates us to educate ministers, missionaries, and other vocational Christian workers to proclaim the Good News of salvation in Christ to a dying world. The Great Commandment motivates us to educate laypeople to serve God and their neighbor, living out the gospel in a non-church-related career and endeavoring to take every thought captive to the obedience of Christ.

The financial condition of the college has presented an enormous challenge. We entered the 2001-02 academic year with a ten-year-low enrollment of 281. This severely affected our financial condition: we faced a \$600,000 budget deficit. That deficit has been greatly reduced in two ways. First, our dedicated faculty and staff drastically cut the college's operating expenditures. This reduction in our operating budget was neither easy nor painless, but I commend our faculty and staff for it. Second, our supporting churches, alumni, and friends responded to our need by increasing their giving by an amazing 18% over the previous year. Our sincerest thanks go to our faculty and staff at FWBBC and our supporters in the denomination. Without all of you, we could not have dealt with this financial concern.

Because of the downward trend in enrollment and the resulting financial difficulties the college is facing, as well as the withdrawal of Watkins Institute's offer to purchase our current campus, the Board of Trustees has voted to postpone relocation until some of these problems can be addressed. Money given for relocation has been well invested. The progress and work that has occurred up to this point will enable us, when the time is right, to proceed with relocation. Funds received for relocation will continue to be wisely invested. We are poised for growth, and relocation is still a part of our long-range plan.

As you know, in March Brother Tom Malone became chancellor of the college and I assumed the position of president. I am honored to be the fifth president of Free Will Baptist Bible College and will seek to build wisely on the labors of L. C. Johnson, L. R. Ennis, Charles A. Thigpen, and C. Thomas Malone.

Noticeable changes are occurring on campus. We are renovating several of our older buildings. We have begun repaving our parking lots. We are reconditioning and landscaping our grounds. We want everything we do to reflect a desire for excellence.

The beauty of our current campus will complement our endeavor to build our student body. We are intensifying our efforts to recruit new students and retain our current students. Please call 1-800-76-FWBBC and give us the names and contact information of students who are prospects for enrollment at the college. Your help in student recruitment will enable

us to prepare students to further the kingdom of God in the many fields of service to which He has called them.

In that regard, we are retooling our Pastoral Ministry program to meet the needs of Free Will Baptist churches. The shrinking number of pastors for our churches makes our efforts vitally important. We are making changes in our Pastoral Ministry program to make it more effective and relevant for the needs of Free Will Baptists today. Chief among these changes is the addition of adjunct and visiting faculty members who are currently pastoring growing Free Will Baptist churches. A new brochure describing our Pastoral Ministry program is now available.

Our continued emphasis on preparing harvest field laborers for world missions is evidenced by our renovation of a new missionary-in-residence home. Free Will Baptist Foreign Missions provides us with a missionary-in-residence each year. This project, which is being done with the financial help of the Foreign Missions Department, will help us ensure that world missions remains a major priority at FWBBC.

We are also continuing to explore new programs to equip laypeople as servant-supporters in our local churches and senders of our missionary force. This fall we will begin offering the coursework for a major in History, and we are committed to gain state teacher licensure in History as well. We want all our students—those studying for pastoral ministry, those preparing for missionary service, and all the rest in their various fields—to be well-equipped for the warfare in which they will be engaged.

In order to secure additional scholarship funding for our students, we are seeking grants from private foundations and other sources. We have obtained the services of a professional grant-writer with broad experience in the funding of Christian higher education.

As always, we cannot continue to do our job without your help. By praying for us, by supporting us financially, by sending students to us, you enable us to do the job of equipping our students to find their places of service in the church and in the world.

Thank you for the opportunity to serve the National Association of Free Will Baptists. Please let us know how we can better serve you, your families, and your churches.

Respectfully submitted,

J. Matthew Pinson
President

Free Will Baptist Bible College Board of Trustees Synopsis of Minutes

December 5-6, 2001

The Board met on campus with President Malone and President-elect Pinson. Minutes were approved. The action of the Executive Committee to establish a line of credit with AmSouth for the remodeling of several campus buildings was approved. The resignation of Stewart Clark, acting director of enrollment management, was received and Jeff Caudill was approved to fill the vacancy. A line of credit for operational expenses, to be used only if essential, was approved.

Approval was given to delete the major in Church Music-Pastoral Associate in Music Ministry Emphasis, and to add majors in Church Music Ministries and History leading to licensure.

Reports were heard from the various heads of departments. The salary of the President-elect was set at \$1,000 per month; a job description for the Chancellor was adopted.

May 3, 2002

By means of conference call The Institutional Plan: 2001-2004 was adopted. Approval was given to hire David Williford for the position of Director of Advancement.

May 13-15, 2002

The Board met on campus May 13-16, 2002. Minutes were approved; the financial statements were received; the 2002-03 budget was adopted; departmental reports were received from all department heads.

A proposal for the Teacher Education Center and early childhood education program was considered and tabled for further investigation. Included in the investigation is the possible purchase of property at 3622 West End Avenue to house the center.

A statement placing relocation on hold was adopted. The President presented measures to increase enrollment; the Chancellor discussed efforts to increase giving. Board officers to make up the executive committee were elected.

Financial Aid Report — 2001-2002

Type of Aid	No. of recipients	Amount of Aid
Institutional loans issued	42	\$ 50,433.84
Student worker earnings	70	\$ 110,721.00
Scholarship recipients	209	\$ 212,128.43
Tennessee Grant Programs	15	\$ 40,209.00
Federal SEOG	19	\$ 14,386.00
Federal Work Study Program	16	\$ 20,748.00
Federal Pell Grant	98	\$ 207,576.00
Federal Subsidized Stafford Loan Program	145	\$ 468,076.00
Federal Unsubsidized Stafford Loan Program	54	\$ 183,003.00
PLUS Loan Program	35	\$ 181,560.00
Alternative Loans	10	\$ 44,887.00
Total Financial Aid Administered 2001-2002		\$1,533,728.27

Annual Registration Report 2001-2002

Enrollment306
Enrollment Breakdowns by:

State:					
Alabama	19	Illinois	23	Mississippi	7
Arizona	1	Indiana	7	Missouri	7
Arkansas	23	Kansas	3	North Carolina	19
California	3	Kentucky	6	Ohio	4
Florida	12	Louisiana	1	Oklahoma	6
Georgia	16	Michigan	11	South Carolina	10
				Tennessee	91
				Texas	5
				Virginia	12
				Virgin Islands	1
				West Virginia	3
				Foreign (8)	16

Classification:

Freshmen	87	Juniors	64	Special	3
Sophomores	98	Seniors	54		

Other Categories:

New	58	Male	160	Dormitory	202	Free Will Baptist	272
Returning	19	Female	146	Town	104	Other	34
Continuing	189						
Transfer	37	Full-time	255	Single	259		
Special	3	Part-time	51	Married	47		

*Major:

Pastoral	40	Other Majors	181
YM/CE	27	Undecided	21
Missions	34	Special	3

The student body represents 23 states and 8 foreign countries.

*Please be aware that student majors can change from semester to semester.

Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc.123,780



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

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

HHA Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

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

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2002 and 2001, 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 auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill, Harper & Associates

July 9, 2002

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents	\$ 344,068	330,032
Investments in marketable securities, at market value	3,114	4,900
Accounts receivable:		
Student accounts	36,414	36,851
Employee and other	35,289	30,957
Pledges receivable	37,100	28,500
Less allowance for doubtful accounts	(16,000)	(6,000)
Prepaid expenses	5,496	32,036
Inventories	61,215	43,822
Total current assets	<u>506,696</u>	<u>501,098</u>
Non current assets:		
Cash:		
Restricted for endowments	133,026	57,305
Restricted for student loans	558,182	567,400
Investments in marketable securities, at market value:		
Restricted for endowments	495,200	570,268
Held under life income agreements	3,404	4,352
Campaign pledges	108,800	253,100
Loans to students, less allowance for doubtful loans of \$15,000	161,726	171,989
Total non current assets	<u>1,460,338</u>	<u>1,624,414</u>
Property, plant and equipment:		
Investment in property, plant and equipment	7,003,653	6,553,176
Accumulated depreciation	2,947,391	2,824,804
Net property, plant and equipment	<u>4,056,262</u>	<u>3,728,372</u>
Total assets	<u>\$ 6,023,296</u>	<u>\$ 5,853,884</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 117,822	73,807
Current portion of long-term debt	3,991	3,611
Notes payable	407,327	149,062
Student deposits and agency funds	70,100	56,809
Accrued salaries	105,812	123,213
Deferred revenues -- summer school and other	12,323	23,910
Total current liabilities	<u>717,375</u>	<u>430,412</u>
Long-term debt	<u>47,079</u>	<u>51,070</u>
Total liabilities	<u>764,454</u>	<u>481,482</u>
Net assets:		
Unrestricted funds	3,759,674	3,805,530
Temporarily restricted funds	280,953	352,015
Permanently restricted funds	1,218,215	1,214,857
Total net assets	<u>5,258,842</u>	<u>5,372,402</u>
Total liabilities and net assets	<u>\$ 6,023,296</u>	<u>\$ 5,853,884</u>

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, 2002 and 2001

	2002				Total 2001
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2002	
Revenues:					
Tuition and fees	\$ 1,639,730	—	—	1,639,730	1,681,970
Federal grants and contracts	—	32,209	—	32,209	35,965
Private gifts	1,152,710	187,419	87,546	1,427,675	1,565,227
Endowment income	1,682	2,952	—	4,634	17,968
Investment income	6,660	1,643	7,026	15,329	20,510
Loss on investment transactions	(1,786)	(949)	(85,632)	(88,367)	(61,214)
Sales and services of auxiliary enterprises	919,133	—	—	919,133	938,574
Other sources	31,007	—	(5,582)	25,425	33,086
	3,749,136	223,274	3,358	3,975,768	4,232,086
Net assets released from restrictions	294,336	(294,336)	—	—	—
Total revenues	4,043,472	(71,062)	3,358	3,975,768	4,232,086
Expenditures:					
Educational and general:					
Instruction	1,132,649	—	—	1,132,649	1,201,184
Academic support	340,795	—	—	340,795	358,767
Student services	474,410	—	—	474,410	448,469
Institutional support	1,216,818	—	—	1,216,818	1,096,640
Total educational and general expenditures	3,164,672	—	—	3,164,672	3,105,060
Auxiliary enterprises:					
Dormitories	400,412	—	—	400,412	412,200
Dining hall	420,810	—	—	420,810	420,358
Bookstore	91,738	—	—	91,738	90,463
Snackshop	11,696	—	—	11,696	13,056
Total auxiliary enterprises expenditures	924,656	—	—	924,656	936,077
Total expenditures	4,089,328	—	—	4,089,328	4,041,137
Increase (decrease) in net assets	(45,856)	(71,062)	3,358	(113,560)	190,949
Net assets at beginning of year	3,805,530	352,015	1,214,857	5,372,402	5,181,453
Net assets at end of year	\$ 3,759,674	280,953	1,218,215	5,258,842	5,372,402

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2002 and 2001

	2002			Total 2002	Total 2001
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds		
Cash flows from operating activities					
Cash collected from students	\$ 2,561,004	—	—	2,561,004	2,699,212
Federal grants	—	35,484	—	35,484	35,402
Federal Pell grants considered to be agency fund transactions	—	207,251	—	207,251	175,173
Private gifts and grants	1,144,110	130,672	—	1,274,782	1,232,131
Endowment income	1,682	2,952	—	4,634	17,968
Investment income	6,660	1,643	—	8,303	10,308
Other revenues	23,400	—	—	23,400	36,628
Cash paid for scholarships, to vendors and for payroll	(3,717,004)	(165,842)	—	(3,882,846)	(4,063,351)
Cash paid for Federal Pell grants	—	(207,251)	—	(207,251)	(175,173)
Net operating activities cash flows	19,852	4,909	—	24,761	(31,702)
Cash flows from investing activities					
Marketable securities purchased	—	—	(231,488)	(231,488)	(612,300)
Proceeds from sale of marketable securities	—	—	220,925	220,925	109,137
Expended for plant assets	(359,665)	(128,496)	—	(488,161)	(441,474)
Student notes receivable advances	—	—	(62,917)	(62,917)	(154,329)
Student note receivable collections	—	—	65,895	65,895	169,656
Net investing activities cash flows	(359,665)	(128,496)	(7,585)	(495,746)	(929,310)
Cash flows from capital activities					
Campaign pledges receivable collected	—	64,697	—	64,697	98,678
Gifts received for:					
Endowments and student loans	—	—	87,546	87,546	76,442
Proposed new campus	—	136,350	—	136,350	316,976
Other student loan transactions:					
Interest income on student loans	—	—	—	—	7,404
Investment income	—	—	7,026	7,026	10,202
Collection costs and other transactions	—	—	4,316	4,316	(2,993)
Net capital activities cash flows	—	201,047	98,888	299,935	506,709
Cash flows from financing activities					
Proceeds from long-term debt	280,000	—	—	280,000	57,158
Repayment of long-term debt	(3,611)	—	—	(3,611)	(2,476)
Interfund activities	77,460	(77,460)	—	—	—
Notes payable for student loans, net	—	—	(24,800)	(24,800)	(16,483)
Net financing activities cash flows	353,849	(77,460)	(24,800)	251,589	38,199
Net increase (decrease) in cash and cash equivalents	14,036	—	66,503	80,539	(416,104)
Cash and cash equivalents at beginning of year	330,032	—	624,705	954,737	1,370,841
Cash and cash equivalents at at end of year	\$ 344,068	—	691,208	1,035,276	954,737

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2002 and 2001

2002

	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2002	Total 2001
Cash and cash equivalents consist of the following:					
Current assets	\$ 344,068	-	-	344,068	330,032
Non current assets:					
Cash restricted for endowments	-	-	133,026	133,026	57,305
Cash restricted for student loans	-	-	558,182	558,182	567,400
Total cash and cash equivalents	\$ 344,068	-	691,208	1,035,276	954,737
Reconciliation of increase (decrease) in net assets to net operating activities cash flows					
Increase (decrease) in net assets	\$ (45,856)	(71,062)	3,358	(113,560)	190,949
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(87,546)	(87,546)	(76,442)
Proposed new campus	-	(136,350)	-	(136,350)	(316,976)
Campaign pledges receivable collected	-	(64,697)	-	(64,697)	(98,678)
Change in Campaign pledges receivable	-	144,300	-	144,300	158,700
Net other transactions from student loan funds	-	-	(992)	(992)	(10,771)
Depreciation	160,271	-	-	160,271	160,377
Loss on investment transactions	1,786	949	85,632	88,367	61,214
Net interfund transfers	(128,496)	128,496	-	-	-
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	10,437	-	-	10,437	(578)
Pledges receivable	(8,600)	-	-	(8,600)	5,200
Employee and other	(7,607)	3,273	-	(4,334)	3,953
Investments in marketable securities	-	-	-	-	(4,900)
Inventories	(17,393)	-	-	(17,393)	(2,810)
Prepaid expenses	26,540	-	-	26,540	(21,716)
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	44,467	-	(452)	44,015	(97,624)
Student deposits and agency funds	13,291	-	-	13,291	4,497
Accrued salaries	(17,401)	-	-	(17,401)	10,557
Deferred revenues	(11,587)	-	-	(11,587)	3,346
Net operating activities cash flows	\$ 19,852	4,909	-	24,761	(31,702)

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 2002 and 2001

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

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.

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."

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, 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.

Contributed Services

In kind contributions when made are recorded as contribution revenue and an offsetting expense if the contribution meets the requirements prescribed by accounting principles generally accepted in the United States of America. Volunteers make significant contributions in the form of time donated for service to the College. The value of such contributions are not reflected in these statements because they do not meet requirements.

Scholarship Allowances / Tuition and Fees

Colleges and Universities are required to report all tuition and fee revenue net of any scholarship allowance. A scholarship allowance is defined as the difference between the stated charge of goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Operation and Maintenance of Plant

Expenditures for operation and maintenance of plant are allocated among functional expenditure categories based on actual usage of buildings as determined based on square footage.

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.

	Cost or Basis	Market Value	Excess of Market Over (Under) Cost	Unrealized Cumulative Gains	Unrealized Cumulative Losses
Balance May 31, 2002:					
Permanently Restricted Funds:					
Common stock	\$ 294,374	329,473	35,099	36,504	(1,405)
Bonds	68,835	69,190	355	355	—
Variable annuity contracts	147,081	96,537	(50,544)	—	(50,544)
Temporarily Restricted Funds:					
Variable annuity contracts	5,000	3,404	(1,596)	—	(1,596)
Unrestricted Funds:					
Common stock	4,900	3,114	(1,786)	—	(1,786)
	\$ 520,190	501,718	(18,472)	36,859	(55,331)
Balance May 31, 2001	\$ 537,645	579,520	41,875	63,194	(21,319)
Realized loss on sale of securities			\$ (28,020)		
Unrealized loss due to change in the cumulative change in market value pools			(60,347)		
Loss on investment transactions			\$ (88,367)		

(3) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:	
Private scholarships	\$ 54,017
Federal Supplemental Educational Opportunity Grant	15,611
Federal Work Study Program	16,598
Equipment capitalized	13,101
Other instructional and institutional	11,333
Renovation expenditures	40,629
Proposed new campus related costs:	
Capitalized expenditures	\$ 41,644
New campus land maintenance and expense	5,735
Campaign office expense	95,668
Allocation to unrestricted gifts	—
	143,047
Net assets released from restrictions	\$ 294,336

Federal Pell grants to students amounting to \$207,251 and \$175,173 for 2002 and 2001, 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:

	2002	2001
Proposed new campus	\$ 172,875	259,175
Scholarships	74,536	74,057
Life income funds	3,128	4,077
Other instructional and institutional	30,414	14,706
	<u>\$ 280,953</u>	<u>352,015</u>

(5) Net Assets

Net assets of the College consist of the following as of May 31, 2002 and 2001:

	2002				2001
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operations	\$ (65,518)	-	-	(65,518)	131,839
Net investment in plant assets	3,825,192	-	-	3,825,192	3,673,691
Life income funds	-	3,128	-	3,128	4,077
Unexpended funds restricted for:					
Operating purposes	-	104,950	-	104,950	88,763
Plant facilities	-	172,875	-	172,875	259,175
Student loan funds	-	-	589,990	589,990	587,284
True endowment funds	-	-	131,184	131,184	179,705
Scholarship endowment funds	-	-	497,041	497,041	447,868
Total net assets	<u>\$ 3,759,674</u>	<u>280,953</u>	<u>1,218,215</u>	<u>5,258,842</u>	<u>5,372,402</u>

(6) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2002	2001
Land	\$ 296,519	296,519
Proposed new campus, land and costs incurred to date	1,007,740	966,096
Renovation in progress (current campus) * *	70,254	-
Buildings	3,570,214	3,412,885
Equipment	1,519,927	1,372,113
Library books	538,999	505,563
	<u>7,003,653</u>	<u>6,553,176</u>
Accumulated depreciation and amortization	2,947,391	2,824,804
Net investment in plant	<u>\$ 4,056,262</u>	<u>3,728,372</u>
Depreciation and amortization charged to expenditures	<u>\$ 160,271</u>	<u>160,376</u>

* *The College began a renovation project for certain buildings on the existing campus during the year. The College expects to expend a total of approximately \$400,000, of which \$227,084 was spent during the current year.

(7) Relocation Campaign

The College began its Relocation Campaign, to last five years, in March 1998, with the purpose to raise funds to enable the College to relocate to Joelton, Tennessee. It was anticipated that the Campaign would raise approximately \$12,000,000, including \$6,000,000 to provide an additional subsidy for operation of the College. The remaining funds to construct the new campus were to be provided by the sale of the existing campus and any short fall through long term borrowing.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(7) Relocation Campaign, continued

In December 2001, the College's Board of Trustees approved a plan to place the relocation project on hold. This postponement was necessary since the Campaign had not raised the funds necessary, nor was the College successful in obtaining a suitable purchaser for the existing campus, to enable the College to proceed with the relocation at this time.

The following explanation was made by President Pinson in his annual report to the denomination:

"Because of the downward trend in enrollment and the resulting financial difficulties the College is facing, as well as the withdrawal of . . . (the) offer to purchase the current campus, the Board of Trustees has voted to postpone relocation until some of these problems can be addressed. Money given for relocation has been well invested. The progress and work that has occurred up to this point will enable us, when the time is right, to proceed with the relocation. Funds received for relocation will continue to be wisely invested. We are poised for growth, and relocation is still a part of our long-range plan."

(8) 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, 2002 and 2001.

	2002	2001
Unrestricted Operations:		
The College receives post dated check books and bank draft agreements, deposited monthly for general operations, which are collectible over in one year period and are considered fully collectible.	\$ 37,100	28,500
Relocation Campaign and Renovation of Existing Campus:		
Uncollected pledges	\$ 272,000	544,000
Less allowance for potential uncollectible pledges	(151,600)	(264,900)
Less present value of future cash flows discounted at 8%	(11,600)	(26,000)
	<u>\$ 108,800</u>	<u>253,100</u>

(9) Notes Payable and Long-Term Debt

Notes payable:

Permanently Restricted Funds - Student Loan Funds

5% unsecured demand notes payable to individuals \$ 127,327 149,062

Unrestricted Funds:

Non-interest bearing, unsecured demand notes to individual 100,000 -

Unsecured demand note, for the purpose of renovation of certain facilities on the existing campus, in the maximum amount of \$400,000, bearing interest at 1.25% above the LIBOR rate. The loan shall be repayable March 2003, if not demanded sooner. 180,000 -

Unsecured demand note, for the purpose of operational cash needs, in the maximum amount of \$600,000, bearing interest at 1.25% above the LIBOR rate. The loan shall be repayable March 2003, if not demanded sooner. - -

Total notes payable \$ 407,327 149,062

FREE WILL BAPTIST BIBLE COLLEGE
Notes to Financial Statements, continued

(9) Notes Payable and Long-Term Debt, continued

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.

Less current portion of long-term debt	\$ 51,070	54,681
Long-term debt	3,991	3,611
	<u>\$ 47,079</u>	<u>51,070</u>

Principal maturities of long-term are as follows: 2003 - \$3,991; 2004 - \$4,444; 2005 - \$4,974; 2006 - \$5,541; 2007 - \$6,182; and \$26,245 in years thereafter.

(10) Pension Plan

The College has a defined benefit pension plan which covers all regular employees, except full-time students, hired prior to attaining age 61 following completion of one year of service and attainment of age 21. Service for benefit and vesting purposes shall be the number of plan years in which the participant completes at least 1,000 hours. The benefits on retirement are determined based on average compensation during the three consecutive years during the last ten years prior to the participant's normal retirement date which produces the highest average. Employees are not required to contribute toward the cost of the plan. The College's funding policy is to fund pension costs accrued. The plan assets consist of investments 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, 2002 and 2001.

Reconciliation of benefit obligations:

	2002	2001
Benefit obligation at beginning of year	\$ 2,329,829	1,873,733
Service cost	87,669	68,152
Interest cost	178,162	157,706
Participant contributions	-	-
Plan amendments	-	-
(Gain) loss due to actuarial experience	(82,757)	63,624
Gain due to changes in actuarial assumptions	-	212,464
Benefits paid to plan participants	(55,380)	(45,850)
Benefit obligation at end of year	<u>\$ 2,457,523</u>	<u>2,329,829</u>

Reconciliation of asset value:

Plan assets at beginning of year	\$ 2,158,684	2,099,369
Actual return of plan assets	(90,226)	38,636
Employer contributions	59,910	66,529
Benefits paid to plan participants	(55,380)	(45,850)
Plan assets at end of year	<u>\$ 2,072,988</u>	<u>2,158,684</u>

Reconciliation of funded status:

Funded status at end of year (liability)	\$ (384,535)	(171,145)
Unrecognized net transition obligation asset	(49,826)	(74,737)
Unrecognized prior service cost	21,628	43,259
Unrecognized net (gain) or loss	408,567	219,393
Amount included in prepaid expense / (accounts payable and accrued expenses)	<u>\$ (4,166)</u>	<u>16,770</u>

FREE WILL BAPTIST BIBLE COLLEGE
Notes to Financial Statements, continued

(10) Pension Plan, continued

	2002	2001
Accumulated benefit obligation at end of year	\$ 2,149,517	1,972,112
Vested benefit obligation at end of year	\$ 2,127,660	1,927,068
Reconciliation of unrecognized net loss:		
Unrecognized loss at beginning of year	\$ 219,393	(194,882)
Amount of loss recognized during the year	-	-
Loss due to actuarial experience	(82,757)	63,624
Gain due to changes in actuarial assumptions	-	212,464
Gain due to assets	271,931	138,187
Unrecognized (gain) or loss at end of year	<u>\$ 408,567</u>	<u>219,393</u>
Net periodic benefit cost:		
Service cost at end of year	\$ 87,669	68,152
Interest cost on projected benefit obligation	178,162	157,706
Expected return on plan assets	(181,705)	(176,823)
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	<u>\$ 80,846</u>	<u>45,755</u>
Assumptions used for determination of net pension cost:		
Assumed discount rate	7.75%	8.50%
Rate of compensation increase	4.00%	4.00%
Expected long-term rate of return	8.50%	8.50%
Actuarial valuation method	Projected	Projected
	Unit Credit	Unit Credit
Assumptions used for determination of end of year obligations:		
Assumed discount rate	7.75%	7.75%
Rate of compensation increase	4.00%	4.00%
Expected long-term rate of return	N/A	N/A
Actuarial valuation method	Projected	Projected
	Unit Credit	Unit Credit

(11) 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 \$600,000 since the balance at certain financial institutions is greater than the FDIC insurable limit. The College also owns marketable securities which are subject to accounting risk of loss amounting to the recorded balance.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(12) Reclassification of Expenditures

Statement of activities has been reclassified to conform to the required reporting of financial aid given to students and operation and maintenance of plant. The Audit and Accounting Guide, Not-for-Profit Organizations issued by American Institute of Certified Public Accountants, requires cost of student financial aid to be netted to student fee revenue, and expenses relating to operation and maintenance of plant be allocated to each functional classification of expenses. The College's practice has been to record student financial aid as an expense and to group operation and maintenance of plant together for budgetary purposes. There is no effect on net asset balances or increase (decrease) in net assets, the correction is a reclassification in the manner in which revenues and expenditures are presented. Further, the College changed its method of allocating depreciation expense to actual usage. The following table indicates the effect of the reclassifications.

	As Previously Reported	Reclassifications			As Reclassified
		Depreciation	Student Financial Aid	Operation and Maintenance of Plant	
Revenues:					
Tuition and fees	\$ 1,753,373	-	(71,403)	-	1,681,970
All other revenues combined	2,550,116	-	-	-	2,550,116
	4,303,489	-	(71,403)	-	4,232,086
Expenditures:					
Educational and general expenditures:					
Instruction	1,086,864	(20,859)	-	135,179	1,201,184
Academic Support	323,147	3,536	-	32,084	358,767
Student services	431,102	(4,111)	-	21,478	448,469
Operation and maintenance of plant	426,357	(6,389)	-	(419,968)	-
Institutional support	972,373	22,236	-	102,031	1,096,640
Scholarships and fellowships	71,403	-	(71,403)	-	-
	3,311,246	(5,587)	(71,403)	(129,196)	3,105,060
Auxiliary enterprises:					
Dormitories	291,732	3,632	-	116,836	412,200
Dining hall	405,231	2,440	-	12,687	420,358
Bookstore	89,419	(152)	-	1,196	90,463
Snackshop	14,912	(333)	-	(1,523)	13,056
	801,294	5,587	-	129,196	936,077
	4,112,540	-	(71,403)	-	4,041,137
Increase in net assets	\$ 190,949	-	-	-	190,949

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, 2002, amounted to \$4,043,472. Total Unrestricted Funds Expenditures were \$4,089,328, providing a \$45,856 decrease in net assets at the end of the fiscal year.

While expenses were \$45,856 more than revenues, we are pleased to be within 1% of a balanced budget. As many may recall, FWBBC faced a potential \$600,000 deficit last fall due to a drop in enrollment. This large deficit was avoided by generous gifts, a strong second semester enrollment and significant cuts in budgeted expenditures.

Positive Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financial activities showed cash and cash equivalents increasing \$14,036 in Unrestricted Funds, unchanged in Temporarily Restricted Funds, and increasing \$66,503 in Permanently Restricted Funds for a cumulative cash flow increase of \$80,539. (However, it must be noted that \$280,000 was borrowed during the year, without which the cash flow statement would have been a negative \$199,461.)

Unrestricted Giving

Private gifts provided \$1,152,710 in Unrestricted Funds Revenues. Of that amount, \$1,117,779 was provided from General Fund gifts, \$34,160 from Estate gifts, and \$771 from Special gifts.

It is noteworthy that General Fund gifts were up 20.68% from last year, the largest increase in over a decade. This was due not from a single large gift, but from an increase in gifts overall. FWBBC thanks all who so faithfully and sacrificially gave to make this substantial increase a reality.

General Fund Giving Keeps Tuition Costs Down

Because of above-mentioned General Fund gifts, tuition paid by FWBBC students was subsidized \$150 for every semester hour taken in 2001-2002. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$230, instead of \$380. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$4,500 this past academic year. Without gifts, many of our students would be unable to attend FWBBC.

Financial Obligations

The College's long-term debt has increased. Notes Payable to Individuals amounts to (A) \$227,327, (divided as a \$100,000 interest-free note for unrestricted use, and \$127,327 in interest-bearing notes permanently restricted for student loans). FWBBC has also drawn (B) \$180,000 on a new bank note designed to help fund renovation of various buildings on campus. Lastly, the College has a (C) \$47,079 balance for a grand piano, making the total long-term debt \$454,406 as of May 31, 2002.

(A) The College has sufficient cash and savings to liquidate the Notes payable to Individuals, but chooses to keep the \$100,000 available for unrestricted use, and the \$127,327 as part of its student financial aid program.

(B) Campus property values have increased as a result of the \$180,000 renovation debt - more than the borrowed amount. Renovation debt will be paid through income earned on some of the affected properties.

(C) The \$47,079 grand piano note balance is scheduled for maturity by September 2010.

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

SUMMARY OF FINANCIAL INFORMATION (continued)

Investments

FWBBC's investments heavily involved in securities lost \$88,367 due to unfavorable market conditions. Of that amount, \$28,020 was realized, or actual loss, while \$60,347 was unrealized, or paper loss.

Assets to Debt Ratio

FWBBC's assets to debt ratio, while still good, has slipped from previous years. Total assets amount to \$6,023,296. Our long-term liabilities (listed in "Financial Obligations" above) come to \$454,406, giving a 13.26 to 1 ratio. Adding all other liabilities brings the total to \$764,454, and gives a 7.88 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.

The Board of Trustees has voted to postpone relocation efforts until timing and finances are more favorable. (refer to the auditor's report, Note (7), page 10).

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

FREE WILL BAPTIST BIBLE COLLEGE

Budget for the year ending May 31, 2003

Unaudited -- Not Part of Audit

	As Budgeted	Allocation of Operation and Maintenance of Plant	Budget After Allocations	
Revenues:				
Tuition and fees	\$ 2,007,200	-	2,007,200	1,639,730
Private gifts:				
Together / Capital Campaign	\$ 1,300,000			
Estates and Miscellaneous	76,500			
Grants & Foundation	100,000	1,476,500	1,476,500	1,181,931
Endowment income	4,000	-	4,000	1,682
Investment income	8,000	-	8,000	6,660
Sales and services of auxiliary enterprises	1,090,390	-	1,090,390	919,133
Other sources -- net assets released from restrictions	75,000	-	75,000	294,336
	<u>\$ 4,661,090</u>	<u>-</u>	<u>4,661,090</u>	<u>4,043,472</u>
Expenditures:				
Educational and general:				
Instruction	\$ 1,153,826	119,767	1,273,593	1,132,649
Academic support	412,573	28,440	441,013	340,795
Student services	522,114	19,021	541,135	474,410
Operation and maintenance of plant	455,041	(455,041)	-	-
Institutional support	1,176,740	90,417	1,267,157	1,216,818
Total educational and general expenditures	3,720,294	(197,396)	3,522,898	3,164,672
Auxiliary enterprises:	940,796	197,396	1,138,192	924,656
Total expenditures	<u>\$ 4,661,090</u>	<u>-</u>	<u>4,661,090</u>	<u>4,089,328</u>

Free Will Baptist Bible College Salary Breakdown

	2000-01	2001-02	2002-03
President *			
Salary	\$ 59,172	\$ 59,172	\$ 60,000
Social Security	4,526	4,526	4,590
Retirement	2,958	2,958	0**
Medical Insurance	2,528	2,500	6,960
Life Insurance	240	263	240
	<u>\$ 69,424</u>	<u>\$ 69,419</u>	<u>\$ 71,790</u>
Academic Dean			
Salary	\$ 47,266	\$ 47,266	\$ 48,684
Social Security	3,616	3,616	3,724
Retirement	2,363	2,363	2,434
Medical Insurance	2,528	2,500	2,940
Life Insurance	240	263	240
	<u>\$ 56,013</u>	<u>\$ 56,008</u>	<u>\$ 58,022</u>
Advancement Director			
Salary	\$ 40,118	\$ 40,118	\$ 42,148
Social Security	3,069	3,069	3,224
Retirement	2,006	2,006	0**
Medical Insurance	2,528	2,500	6,960
Life Insurance	240	263	240
	<u>\$ 47,961</u>	<u>\$ 47,956</u>	<u>\$ 52,572</u>
Treasurer			
Salary	\$ 45,787	\$ 45,787	\$ 47,161
Social Security	3,503	3,503	3,608
Retirement	2,289	2,289	2,358
Medical Insurance	2,528	2,500	2,940
Life Insurance	240	263	240
	<u>\$ 54,347</u>	<u>\$ 54,342</u>	<u>\$ 56,307</u>

*Campus housing provided (with Social Security variation). Vehicle provided.

**Qualifies for pension benefits after one year of service.

Note: Some administrators have chosen a voluntary reduction from listed salaries.

General Fund Gift Goals 2002/2003

State	Amount
AL Total	\$ 72,600
AR Total	\$ 80,960
AZ Total	\$ 1,460
CA Total	\$ 7,080
CO Total	\$ 720
CT Total	\$ 1,560
DE Total	\$ 2,240
FL Total	\$ 34,920
GA Total	\$ 80,520
IA Total	\$ 720
ID Total	\$ 100
IL Total	\$ 28,640
IN Total	\$ 7,000
KS Total	\$ 360
KY Total	\$ 17,160
LA Total	\$ 1,520
MA Total	\$ 120
ME Total	\$ 1,680
MD Total	\$ 600
MI Total	\$ 32,280
MO Total	\$ 50,760
MS Total	\$ 22,080
NB Total	\$ 840
NC Total	\$ 200,710
NE Total	\$ 360
NJ Total	
NM Total	\$ 360
NY Total	
OH Total	\$ 18,840
OK Total	\$ 22,140
PA Total	\$ 600
SC Total	\$ 65,640
SD Total	\$ 100
TN Total	\$ 275,480
TX Total	\$ 10,000
VA Total	\$ 20,000
VI Total	\$ 1,440
WA Total	\$ 840
WI Total	\$ 50
WV Total	\$ 7,520
WNAC	\$ 5,520
Other	\$ 24,480
Total	\$ 1,100,000

Foreign Missions

A Summary of the Activities on Our Fields

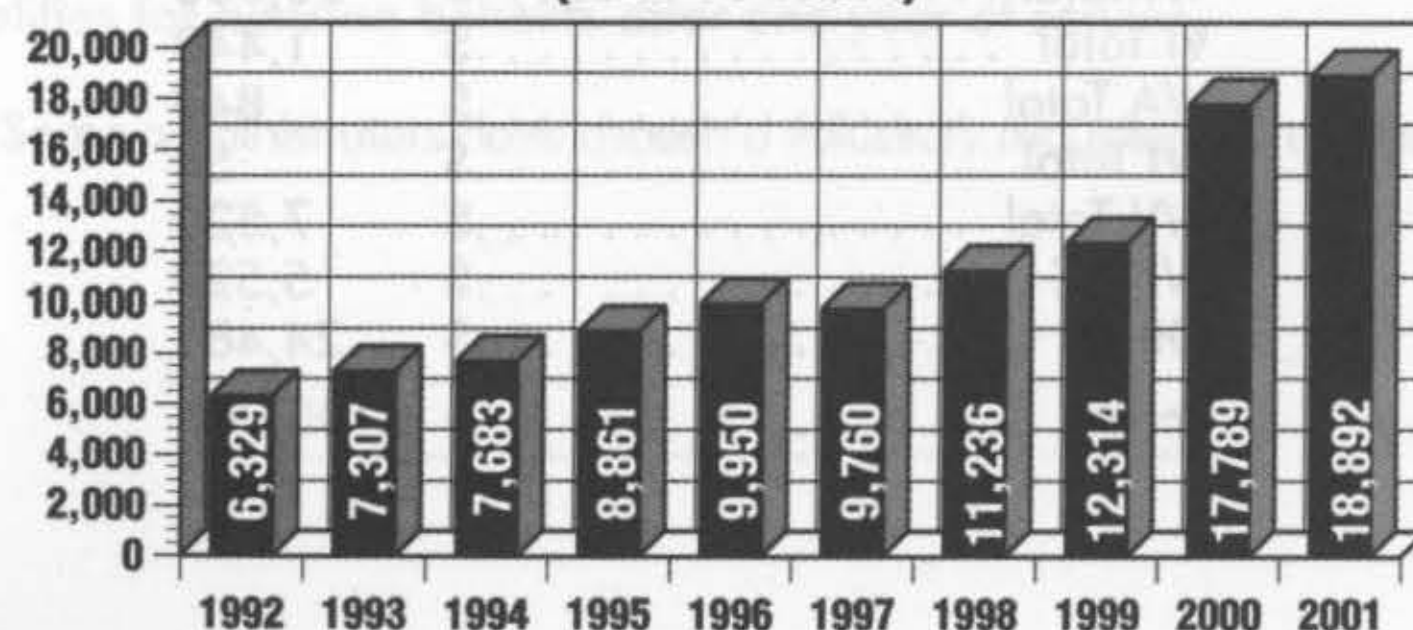
As we look back over 2001 we have much for which we are thankful. On September 11, as a result of terrorist attacks and the military response by the United States, the landscape of world evangelism changed. American foreign missionaries around the world immediately became more vulnerable. Military installations in and outside of the U.S. hardened their positions and raised their level of readiness. Businessmen in foreign countries began riding with security details in vehicles equipped with armor. But the missionaries continued on with their service in and among the people. That is their life. You cannot have an impact without contact. Things had changed!

Free Will Baptist Foreign Missions had missionaries in 10 countries in 2001: 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 national pastors and evangelists are taking the gospel to other restricted access countries which are not here named for security reasons. *We are thankful for the unwavering commitment of our missionaries.*

For the first time in history, Free Will Baptist foreign missionaries all gathered in one place. In April of 2001 that place was outside of Atlanta, Georgia, at the Simpsonwood Conference and Retreat Center. The occasion was used to bring all the missionaries up to speed at one time concerning the plans for denominational mobilization and how that can have a positive impact on their ministries. Many said it was like a touch of Heaven. *We are thankful for this unprecedented time together and the challenge we all received.*

In our year-end reporting we discovered that there are 289 organized churches and 335 mission works as a result of Free Will Baptist Foreign Missions. There are 66 ordained pastors and 304 licensed and lay preachers. In addition to these workers there are 176 students in nine Bible institutes in seven countries around the world (Brazil, Cuba, India, Ivory Coast, Panama, Uruguay, and Russia). God is raising an army to take forth His Word to the ends of the earth. The total average Sunday attendance continues to climb: 18,892. We are thankful He allows us to be co-laborers with Him for the harvest (see figure below).

Overseas Attendance Growth (Last 10 Years)

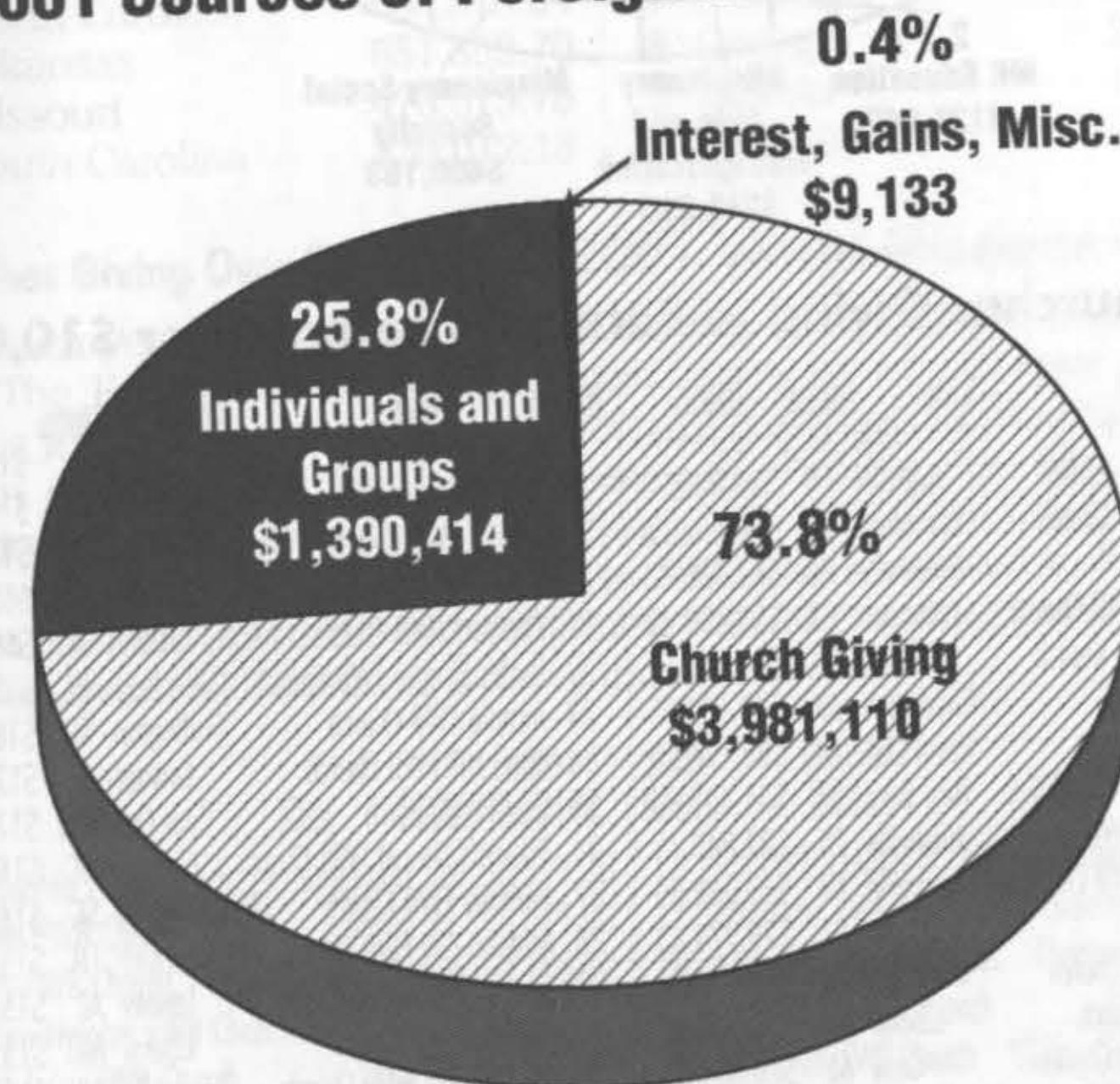


Eight career missionaries and six short-term missionaries (with commitments from one-two years) were approved by the board during 2001. The France M-Team consists of Micah Derby, Becky Hale, Tim and Di Keener, and Sean and Jill Warren. In addition to these, Terry and D. D. Vandivort were appointed to Ivory Coast. Short-termers appointed include: Tonya Blanchard (Japan), Alicia Hart (Japan), Shannon Little (Japan), Brenda Wendlandt (Japan), and Doug and Patty Chamberlin (Spain). *We are thankful the Lord of the Harvest is still calling forth laborers.*

2001—Financial Summary

The call for financial involvement in the mission enterprise comes directly from Scripture where Paul said, "... And how shall they preach except they be sent" (Romans 10:15a). In 2001 the total giving was \$5,494,911.18. This was down 2.8% over the total giving for 2000. Of this amount, nearly four million was given through local churches. This represents 73.8% of the total given (see figure below).

2001 Sources of Foreign Missions Income

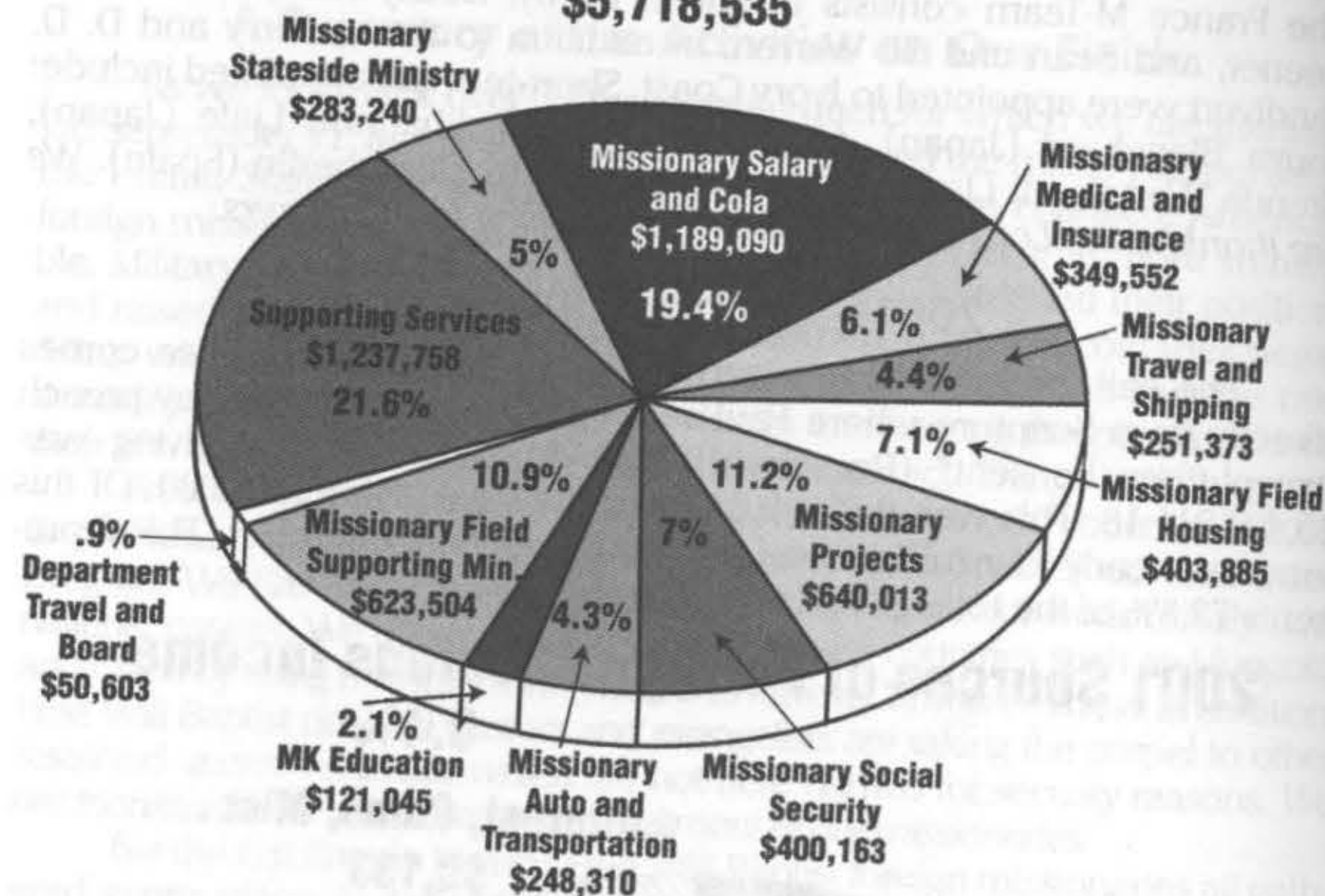


Though giving was down 2.8% over 2000, through the combined efforts of our missionaries and staff we were able to cut expenses by 4.3% to \$5,718,535.17. Because of this our expenses in 2001 were \$223,623.99 over income. To see how these expenses were categorized look at the pie chart on page 160.

In 2001 1,457 churches and hundreds of individuals supported missions efforts through Free Will Baptist Foreign Missions. The contributions from each church have allowed us to continue ministries around the world. We would like to give special recognition to those churches that gave over \$10,000. Pages 126 and 127 contain the list of 72 churches in this category.

Foreign Missions Total Expenditures for 2001

\$5,718,535



2001 Churches Giving to Foreign Missions over \$10,000

Rank	Name	City	State	Amt.	Rank	Name	City	State	Amt.
1	First FWB Church	Russellville	AR	\$143,265.00	27	Ina FWB Church	Ina	IL	\$19,844.00
2	Donelson FWB Church	Nashville	TN	\$88,848.25	28	First FWB Church	Jacksonville	NC	\$19,021.20
3	Limestone FWB Church	Limestone	TN	\$82,452.76	29	Garner FWB Church	Garner	NC	\$18,561.37
4	Unity FWB Church	Greenville	NC	\$67,130.43	30	First FWB Church	Beaufort	NC	\$18,362.65
5	Norman First FWB Church	Norman	OK	\$53,697.42	31	Prospect FWB Church	Dunn	NC	\$18,333.03
6	Macedonia FWB Church	Purdy	MO	\$44,983.51	32	Ruth's Chapel FWB Church	New Bern	NC	\$18,297.17
7	First FWB Church	Charleston	AR	\$44,600.75	33	Temple FWB Church	Darlington	SC	\$18,134.42
8	Central FWB Church	Royal Oak	MI	\$38,174.03	34	Sand Hill FWB Church	Coward	SC	\$17,968.11
9	Pleasant Acres FWB Church	New Bern	NC	\$34,407.88	35	First FWB Church	Star City	AR	\$17,029.62
10	Cofer's Chapel FWB Church	Nashville	TN	\$32,845.75	36	Tippett's Chapel FWB Church	Clayton	NC	\$16,835.39
11	Cross Timbers FWB Church	Nashville	TN	\$30,362.55	37	Bethany FWB Church	Timmons	SC	\$16,642.50
12	First FWB Church	Albany	GA	\$29,974.63	38	Ashland City FWB Church	Ashland City	TN	\$15,851.86
13	Fellowship FWB Church	Kingsport	TN	\$29,377.78	39	Liberty FWB Church	Lawley	AL	\$15,671.23
14	Hannon FWB Church	Liberal	MO	\$28,086.00	40	Verdella FWB Church	Liberal	MO	\$15,504.97
15	Piney Grove FWB Church	Guin	AL	\$26,335.85	41	Allen Chapel FWB Church	Batesville	AR	\$15,477.87
16	Horse Branch FWB Church	Turbeville	SC	\$25,767.13	42	Peace FWB Church	Wilson	NC	\$15,437.86
17	Peace FWB Church	Florence	SC	\$25,377.00	43	First FWB Church	Miami	FL	\$15,000.00
18	First FWB Ch. N Little Rock	N Little Rock	AR	\$24,283.98	44	Calvary Fellowship FWB Ch	Fenton	MO	\$14,725.00
19	Union Chapel FWB Church	Chocowinity	NC	\$23,218.00	45	Fulton FWB Church	Fulton	MS	\$14,708.93
20	Westside FWB Church	Johnsonville	SC	\$22,408.76	46	Unity FWB Church	Smithfield	NC	\$14,608.32
21	Bethel FWB Church	South Roxana	IL	\$22,096.00	47	First FWB Church	Washington	NC	\$14,369.78
22	Free Will Baptist Church	Townsend	DE	\$21,728.03	48	First Bible FWB Church	New Castle	IN	\$14,359.29
23	First FWB Church	Florence	SC	\$21,072.62	49	New Hope FWB Church	Grand Ridge	FL	\$14,103.89
24	Parker's Chapel FWB Church	Greenville	NC	\$20,992.00	50	Bethany FWB Church	Broken Arrow	OK	\$13,918.00
25	Bethel FWB Church	Kinston	NC	\$20,414.96	51	Cavanaugh FWB Church	Fort Smith	AR	\$13,829.59
26	Faith FWB Church	Goldsboro	NC	\$20,140.05	52	Winfield First FWB Church	Winfield	AL	\$13,478.97

Rank	Name	City	State	Amt.	Rank	Name	City	State	Amt.
53	Porter FWB Church	Portsmouth	OH	\$13,274.00	63	Temple FWB Church	Greenville	NC	\$11,346.43
54	Bethlehem FWB Church	Ashland City	TN	\$13,106.50	64	Emmanuel FWB Church	Jacksonville	NC	\$11,097.50
55	New Hope FWB Church	Joelton	TN	\$12,759.47	65	First FWB Church	Tuckerman	AR	\$10,959.23
56	Cornerstone FWB Church	Whiteville	NC	\$12,500.00	66	Gospel Light FWB Church	Bonne Terre	MO	\$10,840.00
57	Oak Park FWB Church	Pine Bluff	AR	\$12,314.95	67	First FWB Church	Huntsville	AR	\$10,804.24
58	First FWB Church	Darlington	SC	\$11,999.00	68	Freedom FWB Church	Lancaster	SC	\$10,587.02
59	Ballew's Chapel FWB Church	Grubbs	AR	\$11,859.25	69	Trinity FWB Church	Bridgeton	MO	\$10,526.95
60	Red Bay FWB Church	Red Bay	AL	\$11,821.88	70	First FWB Church	Vernon	AL	\$10,207.40
61	First FWB Church	Farmington	MO	\$11,530.87	71	Good Springs FWB Church	Pleasant View	TN	\$10,205.71
62	Mt. Olive FWB Church	Guin	AL	\$11,518.17	72	Immanuel FWB Church	Durham	NC	\$10,085.00

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

2001 Top Ten States Giving to Foreign Missions

Rank	State	Total	Rank	State	Total
1	Tennessee	817,258.79	6	Oklahoma	437,800.40
2	North Carolina	684,579.84	7	Alabama	332,479.75
3	Arkansas	651,852.70	8	Georgia	216,066.62
4	Missouri	473,679.78	9	Florida	187,265.21
5	South Carolina	439,012.18	10	Michigan	155,248.76

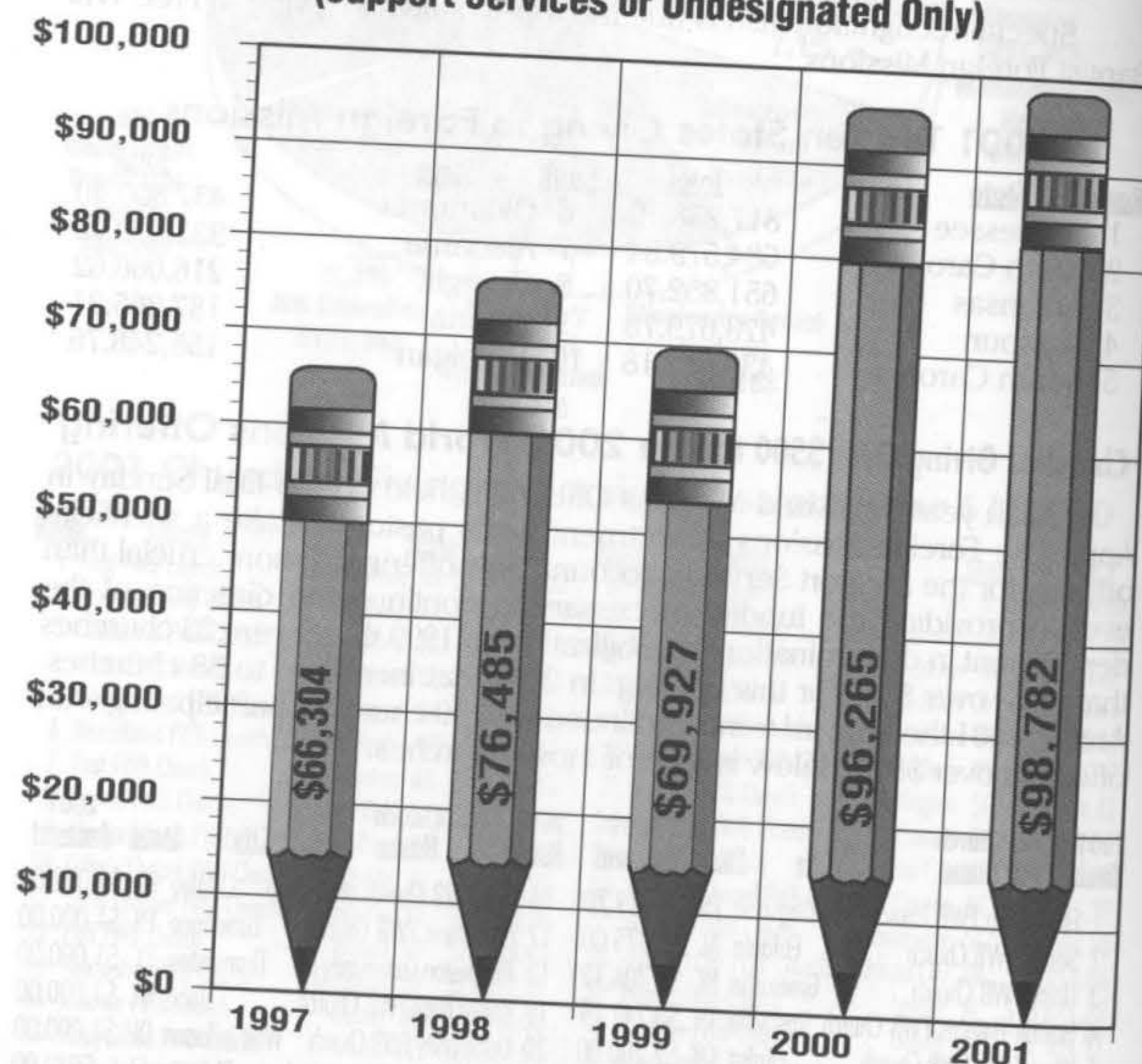
Churches Giving Over \$500 to the 2001 World Missions Offering

Each year the World Missions Offering is held on the final Sunday in April. The Foreign Missions Department urges pastors to take a sacrificial offering for the Support Services account. This offering is more crucial than ever in providing the funding necessary to continue the direction of the department in denominational mobilization. In 1999 there were 23 churches that gave over \$500 for this offering. In 2000 that increased to 38 churches. And, in 2001 the upward trend continued with 40 churches participating with offerings over \$500. Below is a list of those churches:

2001 Rank	Church Name	City	State	2001 Amount	2001 Rank	Church Name	City	State	2001 Amount
1	Fellowship FWB Church	Kingsport	TN	\$8,519.70	16	First FWB Church of Chipley	Chipley	FL	\$1,002.00
2	Sardis FWB Church	Eufaula	AL	\$6,375.00	17	Limestone FWB Church	Limestone	TN	\$1,000.00
3	Unity FWB Church	Greenville	NC	\$3,706.12	18	Thomaston Community Ch.	Thomaston	TX	\$1,000.00
4	Horton Heights FWB Church	Nashville	TN	\$3,241.79	19	Rocky Pass FWB Church	Nebo	NC	\$1,000.00
5	West Tulsa FWB Church	Tulsa	OK	\$2,200.00	20	Community FWB Church	West Jefferson	OH	\$1,000.00
6	Allen Chapel FWB Church	Batesville	AR	\$1,989.00	21	North Valley FWB Church	Phoenix	AZ	\$972.00
7	First FWB Church	Stanley	NC	\$1,810.00	22	First FWB Church	Russellville	AR	\$970.16
8	Horse Branch FWB Church	Turbeville	SC	\$1,584.55	23	Woodbine FWB Church	Nashville	TN	\$910.67
9	Porter FWB Church	Portsmouth	OH	\$1,470.00	24	New Hope FWB Church	Kent	WA	\$893.12
10	Dailyville FWB Church	Waverly	OH	\$1,368.00	25	Shallowford FWB Church	Marietta	GA	\$880.00
11	Ballew's Chapel FWB Church	Grubbs	AR	\$1,312.00	26	Calvary FWB Church	Salem	IL	\$842.59
12	Sherwood Forest FWB Church	New Bern	NC	\$1,260.33	27	Mt. Gilead FWB Church	Brinson	GA	\$821.25
13	Three Rivers FWB Church	Wexford	PA	\$1,130.00	28	Oakwood FWB Church	Woodlawn	TN	\$719.00
14	Unity FWB Church	Middleburg Hts	OH	\$1,085.50	29	First FWB Church	Batesville	AR	\$717.00
15	Heritage FWB Church	Columbus	OH	\$1,048.78	30	First FWB Church	Ypsilanti	MI	\$705.50

2001 Rank	Church Name	City	State	2001 Amount	2001 Rank	Church Name	City	State	2001 Amount
31	Blue Point FWB Church	Cisne	IL	\$698.10	36	Cedar Springs FWB Church	Blakely	GA	\$500.00
32	Cookeville FWB Church	Cookeville	TN	\$640.00	37	Red Bay FWB Church	Red Bay	AL	\$500.00
33	Trinity FWB Church	Bridgeton	MO	\$625.00	38	Good News FWB Church	Chesterfield	VA	\$500.00
34	East Nashville FWB Church	Nashville	TN	\$565.00	39	Fulton FWB Church	Fulton	MS	\$500.00
35	Lake Hills FWB Church	Hot Springs	AR	\$525.00	40	Westside FWB Church	Johnsonville	SC	\$500.00

Five-Year World Missions Offering (Support Services or Undesignated Only)



The greatest transfer of wealth ever in history is occurring now as aging parents are passing their life earnings down to their Baby Boomer children. Free Will Baptists need to capitalize on this trend by encouraging various ways in which people can be a blessing through investments, wills, and other instruments of planned giving. Through certain tax laws there are incredible incentives in funding non-profit organizations. The ability for Free Will Baptists to make a bold 21st century thrust could be greatly enhanced by educating our people to these possibilities. We are determined to make a more concerted effort toward this in the future.

Endowments at Foundation to the benefit of Foreign Missions

Year	Endowed Amount	Earnings Received
2001	343,640.42	1,227.72
2000	327,744.90	39,973.04
1999	325,837.93	29,462.29
1998	287,091.86	21,180.00
1997	282,753.65	28,888.54

Amount of Future Endowments upon Death of Donor

	2001	2000	1999	1998	1997
Total planned Gifts	230,637.12	238,785.31	230,225.07	235,717.96	239,532.08
Amount of direct gifts	14,489.39	16,067.49	18,107.49	22,500.00	22,500.00
Amount towards endowments	216,147.73	222,717.82	212,117.58	213,217.96	217,032.08

The table above shows that 2001 was not a very good year as far as investments go. The total endowment with the Free Will Baptist Foundation, however, continues to grow.

Board Meetings and Actions

Semi-Annual Meeting – December 5, 2001

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

The board approved releasing \$50,000 from the Stateside Missionary Housing account to go toward renovating the Boyce House on the campus of Free Will Baptist Bible College with the understanding that it will be utilized as the Missionary-In-Residence house in the future.

The concept of an Advisory Council to the board was approved. This is meant to facilitate the involvement of laymen and laywomen with professional skills into the missionary enterprise.

The proposal to provide "significant gifts with world evangelism significance for pastors who lead their churches to support the April Foreign Missions Month emphasis" was adopted.

The board appointed field chairmen and vice-chairmen for existing field councils:

France:	Dennis Teague, chairman	Steve Riggs, vice-chairman
Ivory Coast:	Jerry Pinkerton, chairman	Clint Morgan, vice-chairman
Brazil:	Curt Holland, chairman	Jim Combs, vice-chairman
Panama:	Stan Bunch, chairman	Eddie Bowerman, vice-chairman
Uruguay:	Dennis Owen, chairman	Jaimie Lancaster, vice-chairman
Japan:	Ken Bailey, chairman	Don McDonald, vice-chairman
Spain:	Jeff Turnbough, chairman	Tim Johnson, vice-chairman
India:	Carlisle Hanna	
Russia:	Mike Corley	
Korea:	John Chang	

Several VISION projects were adopted. They are found in the 2003 proposed budget.

Robert and Judy Bryan were approved to be reinstated from a leave of absence.

The resignation of Charolette Tallent was accepted.

The Russian Bible Institute VISION project was amended from \$109,000 to \$112,000 for 2001 and 2002. A Russian Pastor's Awareness budget was approved for 2002 for \$20,000. This would fall under the 2002 Anticipated Opportunities budget.

The board approved that any funds remaining in a missionary's on-field vehicle fund would be returned to the missionary's account upon transfer of fields, resignation, or retirement.

The annual missionary retreat for 2002 was suspended because of financial strains and scheduling issues.

TEAM (Teens Equipped and Active in Missions), the summer missions program for high school students, was renamed E-TEAM in memory of Ken Eagleton, deceased missionary to Brazil. It was through his influence that the program was initiated.

The board approved a change in policy as it relates to educational debt. Candidates may have up to \$200 per month in payback expenses for educational debt.

The board gave final approval to the France M-Team, which consists of Micah Derby, Becky Hale, Tim and Di Keener, and Sean and Jill Warren.

Alicia Hart was approved for a two-year short-term assignment as an English teacher in Japan.

The board approved 39 college students for short-term opportunities overseas this summer (including 18 on the World Cup 2002 Team going to Japan). Seventy-six high school students from 18 states and one foreign country were selected to serve with E-TEAM in the summer of 2002. TEAMS will be going to Chicago, France, Japan, Mexico, Puerto Rico, and Virgin Islands.

The board agreed to provide the *HeartBeat* mailing list to the National Publications Committee of the National Association for a one-time survey mailing.

Annual Meeting – April 23-24, 2002

The 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; Sherwood Lee; Bill Jones; Bill Van Winkle; David Williford; and Randy Wilson. The following actions were taken:

The first day of the meeting was held with the field chairmen. Field chairmen attending included: Ken Bailey, Japan; Stan Bunch, Panama; Curt Holland, Brazil; Clint Morgan (vice-chairman), Ivory Coast; Dennis Owen, Uruguay; Dennis Teague, France; and Jeff Turnbough, Spain.

Joni Thomas and Benjamin Bailey were both approved for two-year assignments in Japan as English teachers. Robert and Judy Bryan were granted a transfer from Ivory Coast to France.

Joel Collum of Hinton, Warren, Denny & Wallace CPAs presented the audit.

The board approved the creation of a film division within the organizational structure of Free Will Baptist Foreign Missions. The name of the film division has not been chosen. It will function under the immediate supervision of the Director of Public Relations.

Preliminary approval was given to the concept of Regional or Field Directors instead of the current field council structure.

The following changes in 2002 project budgets were approved. All of these would derive their budgeting authority from the Anticipated Opportunities budget: Doropo Hospital budget from \$10,000 to \$22,000; Ivory Coast Bouake project from \$72,000 to \$79,000. New 2002 budgets include: film division, \$75,000; France bookstore project, \$10,000.

As part of the exit strategy for Korea, a proposal for a three-year evaluation of our ministry there was adopted (July 2002-June 2005). The ultimate goal remains that of training and deploying Korean missionaries into unreached areas in Central and South Asia and the Pacific Rim.

The board approved the application of an Administrative Allocation for the following short-term missions opportunities: E-TEAM, \$50; overseas apprentices, \$100; short-term appointees, \$100 per month on the field.

The General Director was instructed to end the 2002 fiscal year in the black.

All secretaries and administrative assistants were honored on Administrative Professionals Day. Administrative staff, board members, and field chairmen personally gave funds for their tokens of appreciation.

The board accepted the resignation of board member Terry Eagleton. Appreciation and commendation were expressed for the time he served on the board.

The board elected the following officers:

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

E-Mail Ballot – May 13, 2002

To be included in the 2003 budget to be submitted to the National, the board approved \$100,000 for the revolving church loan fund and \$100,000 for the national worker's fund for Spain.

Special Tribute To Our Missionaries, Staff, and Board

The year of 2001 will go down as a difficult one in many ways for those involved in world evangelism. The terrorist attacks of September 11 have had a significant impact on every walk of life. This certainly is felt by American missionaries serving overseas. Through the questions of security and the resultant decrease in finances, your Free Will Baptist foreign missionaries have continued significant and sacrificial ministry around the world. We honor them for their undying faithfulness to the commission of our Lord.

Perhaps there has not been a more involved foreign missions board than the one currently serving. Every single individual brings a passionate commitment for world evangelism to the task. You can tell by their lives and priorities that they possess the mind of Christ. Decisions are not always easy, nor are the lines always clearly drawn. Each of these men of God, however, takes his responsibilities very seriously, and they represent us all well.

To achieve the goals of denominational mobilization, and the ongoing care of our missionary family, a great deal has been asked of the staff working at the office in Antioch. I do not know of a group of people anywhere who have such a sweet disposition through such stressful circumstances. The morale has remained high in the midst of budget shortfalls and decreased spending. The overall commitment is to "stay the course" and keep striving for the goal of total denominational mobilization for Great Commission evangelism. It is not possible for a more fitting tribute to be expressed than simply to say, "Well done."

Board of Foreign Missions of the
National Association of
Free Will Baptists
DECEMBER 31, 2001
Financial Statements

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

December 31, 2001 and 2000

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 2001 and 2000, 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

April 5, 2002

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Financial Position
December 31, 2001 and 2000

ASSETS

	2001	2000
Cash and cash equivalents - Notes 1 & 2	\$1,040,979	\$ 977,457
Investments in trusts - Notes 1 & 2	1,137,405	1,305,340
Investments - Notes 2 & 10	19,637	80,021
Accounts receivable from employees and missionaries - Note 2	90,800	123,992
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 3	185,392	158,938
Prepaid expenses	4,552	
Total assets	\$2,474,213	\$2,650,300

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 210,545	\$ 209,978
Supplemental retirement insurance payable	355,456	324,893
Accrued severance pay payable	146,773	148,104
Total liabilities	712,774	682,975

Commitments - Notes 7 & 8

Net assets (deficit)		
Unrestricted	(315,004)	(167,828)
Temporarily restricted - Note 4	2,050,202	2,108,912
Permanently restricted - Note 4	26,241	26,241
Total	1,761,439	1,967,325
Total liabilities and net assets	\$2,474,213	\$2,650,300

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, 2001 and 2000

	2001	2000
Unrestricted		
Revenue:		
Contributions - Notes 1 & 5	\$1,118,382	\$ 1,068,342
Investment income	57,772	146,462
Gain (loss) on investments	(60,476)	(95,778)
Projector lease income	5,700	
Gain on disposal of property & equipment	5,664	10,498
Net assets released from restrictions:		
Restrictions satisfied by payments	4,426,106	4,639,592
Total revenue	5,553,148	5,769,116
Expenses:		
Support services	1,274,218	1,119,498
Missionaries	4,201,830	4,027,284
VISION campaign	224,276	612,308
Total expenses	5,700,324	5,759,090
Increase (decrease) in unrestricted net assets	(147,176)	10,026
Temporarily restricted		
Revenue:		
Contributions - Notes 1, 4 & 5	4,367,396	4,495,526
Net assets released from restrictions:		
Restrictions satisfied by payments	(4,426,106)	(4,639,592)
Increase (decrease) in temporarily restricted net assets	(58,710)	144,066
Permanently restricted		
Revenue:		
Contributions - Notes 1 & 4	25,031	25,031
Increase in permanently restricted net assets	25,031	25,031
Total increase (decrease) in net assets	(205,886)	109,009
Net assets - beginning of year	1,967,325	2,076,334
Net assets - end of year	\$1,761,439	\$ 1,967,325

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, 2001 and 2000

	2001	2000
<u>Operating activities</u>		
Increase (decrease) in net assets	(\$ 205,886)	(\$ 109,009)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	71,528	56,443
Loss (gain) on investments	60,476	95,778
Gain on disposal of property and equipment	(5,664)	(10,498)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	33,192	38,645
Decrease (increase) in prepaid expenses and deposits	4,552	349,952
Increase (decrease) in accounts payable and accrued expenses	29,799	(88,895)
Net cash provided (used) by operating activities	(12,003)	332,416
<u>Investing activities</u>		
Purchases of equipment	(127,318)	(108,278)
Proceeds from sale of equipment	35,000	39,145
Purchases of investment	(82,157)	(197,747)
Proceeds of investment redeemed	250,000	6,896
Net cash provided (used) by investing activities	75,525	(259,984)
<u>Financing activities</u>		
Net cash provided by financing activities	-0-	-0-
Increase (decrease) in cash and cash equivalents	63,522	72,432
Cash and cash equivalents at beginning of year	977,457	905,025
Cash and cash equivalents at end of year	\$1,040,979	\$ 977,457
<u>Supplemental noncash investing and financing information</u>		
Purchases of equipment	\$ 127,318	\$ 127,253
Less: accounts payable	(18,975)	
	\$ 127,318	\$ 108,278

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, 2001 and 2000

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 2001 and 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.

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, 2001 and 2000

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, 2001 and 2000

Note 2 -

Summary of significant concentrations of financial instruments

As of December 31, 2001 and 2000, 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, 2001			
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Interest bearing deposit accounts with financial institution	\$1,040,979	\$100,000	\$ 940,979
Total cash and cash equivalents	1,040,979	100,000	940,979
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,137,405		1,137,405
Common stock	19,637		19,637
Total investments	1,157,042		1,157,042
Accounts receivable from employees and missionaries	90,800		90,800
Total	\$2,288,821	\$100,000	\$2,188,821

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	977,457	100,000	877,457
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	1,385,361		1,385,361
Accounts receivable from employees and missionaries	123,992		123,992
Total	\$2,486,810	\$100,000	\$2,386,810

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 2001 and 2000

Note 3 - Property and equipment

A summary of property and equipment is as follows:

	2001	2000
Office furniture and equipment	\$ 68,851	\$ 56,832
Cameras and projectors	139,747	132,717
Automobiles	134,900	104,400
Computer equipment	74,244	79,235
	417,742	373,184
Less: Accumulated depreciation	232,350	214,246
	<u>\$ 185,392</u>	<u>\$ 158,938</u>

Depreciation expense, computed utilizing the straight-line method amounted to \$71,528 (\$56,443 in 2000).

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	2001	2000
Missionaries	\$1,963,841	\$2,374,689
VISION campaign	86,361	265,777
	<u>\$2,050,202</u>	<u>\$2,108,912</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:

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

Note 5 - Support services allocation

The Board charges a fee against the foreign field accounts to reimburse the unrestricted net assets for support service 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 \$87,566 (\$91,113 in 2000). 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, 2001 and 2000

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, and 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, 2000).

Note 8 - Commitments

The Board provides health insurance for its 84 (84 in 2000) 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 \$121,195 (\$128,925 in 2000) in benefit payments and \$119,045 (\$107,246 in 2000) in insurance 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, 2001 and 2000

Note 10 - Investments

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

December 31, 2001			
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 79,520	\$ 19,637	(\$ 59,883)

Investment return is summarized as follows:

Net realized and unrealized income (\$ 60,476)

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)

Note 11 - Financial statement presentation

During the year the Board restructured and consolidated the presentation of informational and promotional, travel and board and administrative expenses. These expenses are now presented as support services expenses. Accordingly, certain amounts in the prior year statement of activities and schedule of functional expenses have been reclassified to conform to the 2001 presentation. There was no charge in the 2000 decrease in net assets.

SUPPLEMENTARY INFORMATION

**HINTON, WARREN,
DENNEY & WALLACE**

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 2001 and 2000 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, 2002

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Schedule of Functional Expenses
For the Years Ended December 31, 2001 and 2000

	2001	2000
Support services:		
Video and audio visual	\$ 66,204	\$ 26,818
Heartbeat	31,450	35,004
Other publications expense	15,987	23,752
Postage	41,656	35,471
Publicity	20,190	23,971
Telephone	13,654	12,120
Dues	300	789
Paper and supplies	2,309	1,614
Together Way Program	2,976	5,940
Retreat	(364)	11,191
Tracts and books	5,924	5,254
Seminar and training	1,005	7,752
Convention expense	5,352	8,340
Department auto	31,072	27,208
Board members	14,506	20,311
Administrative - overseas travel		24
Department insurance	3,468	3,933
Department travel	18,211	33,184
Travel insurance		320
Honorariums	3,067	1,237
Missions promotion	58,888	10,277
Recruiting and candidate expense	3,750	1,367
Salaries	485,683	415,619
Housing	64,600	78,975
Social Security	23,910	29,389
Employer payroll taxes	25,764	18,384
Retirement	25,448	21,933
Hospitalization	84,118	59,381
Office travel allowance	4,867	2,815
Legal and professional	15,640	6,947
Office rent	74,988	74,988
Off-site storage expense	1,540	1,430
Computer software expense	7,266	6,438
Office equipment	10,448	16,926
Maintenance of office equipment	1,020	1,849
Office supplies	15,253	17,288
Bank service charges	2,735	1,118
Office help	240	170
Staff recognition	915	1,173
COLA indexes	4,575	4,330
Benevolence	617	53
Staff retreat	721	775
Miscellaneous	9,421	4,945
Depreciation	71,528	56,443
Visitor meals, entertainment & lodging	2,377	1,073
Mobilization network	939	1,179
Total support services	<u>\$1,274,218</u>	<u>\$1,119,498</u>

See accountants' report on supplementary information.

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**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Schedule of Functional Expenses
For the Years Ended December 31, 2001 and 2000

	2001	2000
Missionary expenses:		
Ivory Coast	\$ 835,813	\$ 899,080
France	397,279	374,156
India	227,462	176,139
Brazil	638,956	663,054
Japan	701,927	482,284
Panama	205,145	256,001
Spain	394,496	294,380
Uruguay	265,210	336,849
Commonwealth of Independent States	120,916	109,406
Unreached people	11,118	22,280
Korea	112,505	134,870
Overseas Apprentices	147,459	106,490
Other projects	175,771	224,017
Missionary medical	(32,227)	(51,722)
Total missionary expenses	<u>4,201,830</u>	<u>4,027,284</u>
VISION campaign expenses:		
Project expenses	<u>224,276</u>	<u>612,308</u>
Total VISION campaign expenses	<u>224,276</u>	<u>612,308</u>
Total expenses	<u>\$5,700,324</u>	<u>\$5,759,090</u>

See accountants' report on supplementary information.

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Free Will Baptist Foreign Missions Consolidated 2003 Budget

Fields and Projects	Personal Allowances	Ministry Allowances	Administration Allocation	Project Allowances	Total Field Budget
Ivory Coast	673,884.93	155,495.34	80,904.85	172,491.00	1,082,776.12
Brazil	475,913.68	62,410.00	59,167.16	91,350.00	688,840.85
France	509,895.57	84,700.00	65,213.06	146,068.76	805,877.39
India	56,796.94	53,600.00	7,245.90	106,000.00	223,642.84
Japan	451,336.69	286,300.00	43,475.37	120,000.00	901,112.06
Korea	41,600.00	25,300.00	7,245.90	74,500.00	148,645.90
Russia/C.I.S.	47,118.80	9,750.00	7,245.90	84,500.00	148,614.69
P.R.A.C.				18,500.00	18,500.00
Panama	170,079.64	19,000.00	21,737.69	58,500.00	269,317.33
Spain	390,278.62	49,050.00	37,429.48	62,150.00	738,908.10
Uruguay	179,783.08	28,300.00	21,737.69	55,600.00	285,420.76
Cuba				28,600.00	28,600.00
Other fields			13,600.00	694,203.50	707,803.50
Projected missionary appointments			28,983.58	200,000.00	228,983.58
Other anticipated opportunities				100,000.00	100,000.00
Total fields and projects	2,996,687.96	773,905.34	393,986.54	2,012,463.26	\$ 6,377,043.11

Administrative

Office of the General Director	156,333.65
Department of Field Operations	114,332.63
Department of Stateside Development	124,982.73
Department of Mobilization & Recruitment	153,468.18
Department of Public Relations	371,132.57
Department of Member Care	94,690.32
Department of Financial Operations	410,891.20
Total Administration	1,425,831.29
Less: missionary/project allocations - 9%	(393,986.54)
Net Administration	1,031,844.74

Total Operational

VISION Projects	\$ 7,408,887.85
Special Projects	\$ 4,583,770.00
Video & Film Division	\$ 120,000.00
Grand Total Budget	\$ 250,000.00
	\$ 12,362,657.85

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

Support Services Personnel Compensation Detail

	1999	2000	2001	2002	2003	Increase	Percent Increase
General Director *							
Salary	33,438	31,576	35,799	35,799	36,694	895	2.5%
Housing and Utilities	20,000	24,000	22,000	22,000	22,550	550	2.5%
Social Security	8,617	8,962	9,321	9,321	9,554	233	2.5%
Retirement	2,672	2,779	2,890	2,890	2,962	72	2.5%
Insurance	5,430	5,974	8,099	10,691	12,000	1,309	12.2%
Total Cost of Employment	70,157	73,291	78,109	80,700	83,760	3,060	3.8%
Director of Public Relations *							
Salary	28,600	32,076	33,840	33,840	34,686	846	2.5%
Housing and Utilities	11,400	12,000	12,000	12,000	12,300	300	2.5%
Social Security	6,450	7,108	7,392	7,392	7,577	185	2.5%
Retirement	2,000	2,204	2,292	2,292	2,349	57	2.5%
Insurance	7,363	8,099	8,099	10,691	12,000	1,309	12.2%
Total Cost of Employment	55,813	61,487	63,623	66,215	68,912	2,697	4.1%
Director of Field Operations *							
Salary	25,000	29,077	30,840	30,840	28,986	(1,854)	-6.0%
Housing and Utilities	15,000	15,000	15,000	15,000	18,000	3,000	20.0%
Social Security	6,450	7,108	7,392	7,392	7,577	185	2.5%
Retirement	2,000	2,204	2,292	2,292	2,349	57	2.5%
Insurance	5,430	8,099	8,099	10,691	12,000	1,309	12.2%
Total Cost of Employment	53,881	61,488	63,623	66,215	68,912	2,697	4.1%
Director of Stateside Development *							
Salary	26,800	29,077	30,240	30,240	30,996	756	2.5%
Housing and Utilities	13,200	15,000	15,600	15,600	15,990	390	2.5%
Social Security	6,450	7,108	7,392	7,392	7,577	185	2.5%
Retirement	2,000	2,204	2,292	2,292	2,349	57	2.5%
Insurance	5,430	5,974	5,974	10,691	12,000	1,309	12.2%
Total Cost of Employment	53,881	59,362	61,498	66,215	68,912	2,697	4.1%
Director of Financial Operations *							
Salary	40,000	44,081	45,844	45,844	46,990	1,146	2.5%
Social Security	6,374	7,024	7,305	7,305	7,487	183	2.5%
Retirement	2,000	2,204	2,292	2,292	2,350	57	2.5%
Insurance	7,363	8,099	8,099	10,691	12,000	1,309	12.2%
Total Cost of Employment	55,737	61,408	63,540	66,132	68,827	2,695	4.1%
Director of Mobilization & Recruitment *							
Salary	21,600	29,076	30,240	30,240	30,996	756	2.5%
Housing and Utilities	14,400	15,000	15,600	15,600	15,990	390	2.5%
Social Security	2,903	7,108	7,392	7,392	7,577	185	2.5%
Retirement	1,800	2,204	2,292	2,292	2,349	57	2.5%
Insurance	2,827	3,110	3,110	4,105	5,000	895	21.8%
Total Cost of Employment	43,530	56,498	58,634	59,629	61,912	2,283	3.8%
Director of Member Care *							
Salary	0	0	45,844	45,844	46,990	1,146	2.5%
Social Security	0	0	7,305	7,305	7,487	183	2.5%
Retirement	0	0	2,292	2,292	2,350	57	2.5%
Insurance	0	0	5,974	10,691	12,000	1,309	12.2%
Total Cost of Employment	0	0	61,415	66,132	68,827	2,695	4.1%

*Vehicle Provided

Note: Medical insurance amount does not include portion paid personally

Sunday School and Church Training Service Board Report

I became General Director of the Sunday School and Church Training Department/Randall House Publications of the National Association of Free Will Baptists on January 1, 1994. My job has been to oversee the publishing wing of the denomination, which involved the production and printing of a complete Sunday school curriculum in both English and Spanish. We have over 40 denominations using the materials we publish. During my tenure we have printed nearly 100 books, which were made available to both the Christian bookstore and American bookstore markets. These products were sold through Ingram Distributors, Barnes and Noble, and Borders Books—along with other large book chains. They are also available over the Amazon Internet Website. Over 50 of our titles have been placed into three electronic book formats. Our books were recently made available to the British Commonwealth through a print-on-demand company in London, England.

My role was to forecast, govern, and budget for our department and make my reports to a board of nine members. I was involved in the daily role of the company's organization and work.

Other chores involved speaking at District, State and National meetings and conducting workshops and seminars in local churches or conventions. Writing articles, etc., also contributed to a good portion of my time.

The countless accomplishments made by our staff have been the source of most of my pleasure here and the following will relate to some of them:

Leadership adjustment: I attempted to transfer to every manager the leadership over, and the responsibility for, his/her employees. The teamwork concept of leadership has been a drastic change, but has produced ownership in their roles. I do not regret the move to this type approach to leadership because it will enable my successor a better opportunity to assume his role, since he will probably know little about each department from the beginning.

I have a sincere appreciation for every manager, my assistant, and all employees that have helped bring Randall House to its present status. They have all done well.

Equipment and technology updates: In 1994 our technology was lacking. Since that time we purchased at least 50 computers with companion printers. Many scanners and color printers for proofing of work were purchased to give our workers the tools needed to fulfill their job. It is difficult to determine the thousands of dollars required to purchase software to operate them or programs to develop and create our materials.

We purchased a collator, a folder, three printing presses, an image-setter, a film processor, and a plate processor in the printing division.

A new computer mainframe and software to completely link all our departments with order processing was purchased and recently another new updated system replaced the original one in the Order Processing Department.

A direct-to-envelope addresser printer, new tabber, labeling machine, inserter, and shipping computer system was added to our Shipping Department.

We leased a large multi-purpose photocopier to aid in our clerical duties, which was placed in our workroom.

We can rejoice today because we are on the cutting edge of technology.

Personnel: We had about the same amount of employees in 1994 as we do now. We have had a number of long-term employees retire. Their production abilities have been assumed by our new employees, and our managers have had to train them well to make up the differences.

Building and grounds improvements: Many offices were remodeled with most having new work stations. Carpets have been laid in the business, editorial, bookstore and administrative offices. New flooring has been put in the upstairs kitchen. We repaired the parapet, sealed the roof, paved the parking lot, purchased a loading lift for the back dock, and added a new sign to the building. We also purchased a new phone system and voice mail equipment to give us better communication abilities.

We were able to sell the land on the backside of our property, which gave us some capital at a critical time.

We continue to see signs of a new road in front of our property as surveyors and road workers continue to plot its route. However, no time schedule has been released by the city.

Sales and Marketing: Our sales, which had shown a steep decrease, began to slow with our changes and revisions. We began to market beyond ourselves using many other methods that had not been previously used. They gave us many new accounts and allowed us to keep our unit production steady and our prices lower than our competition.

Likewise, this department has developed a Randall House Website to inform our people of changes and to be used as a medium to sell our products. This also enabled us to have Internet capabilities to download photos or connect to the services of other companies to better our production.

They also developed *Outreach* magazine to share ideas for church growth and included the spring and fall campaigns to help our churches with growth programs.

Product changes: At my beginning we had only about five quarterlies with colored covers. Today, all of the Sunday School and Church Training Service periodicals are in full color. All of our Sunday school courses have been revised or newly written with the exception of the Nursery and Pre-School department courses. These are in the projection to be done next.

Our youth editor introduced the new series called *Destination Reality* for youth workers.

Randall Bookstore: The bookstore saw sizable growth during this same period. We were able to purchase and implement a computerized inventory system allowing the clerks to know if the needed product was in stock.

Later we added electronic lookup software that would enable the clerk to see if that product was in our distributor's warehouse enabling the clerk to advise the customer we could ship immediately. These capabilities helped the store sales to accelerate and created many satisfied customers. This service was enhanced also when non-Randall House products were requested over our WATS lines and these orders were forwarded to the bookstore for additional sales.

The store also began to do various mailings to its marketing area, provide book tables at selected functions, and to co-sponsor teacher-worker seminars.

Spanish adjustments: This department caused us to have a continued obsolescence each year so we began first the giving free to all our Spanish speaking Free Will Baptist churches hoping to reduce our obsolescence that way. However, that was not reducing it fast enough to help, so with the

advice of our auditor we removed it from inventory accounting.

We still continue to give curriculum to our Free Will Baptist Spanish speaking churches at about \$8,000 dollars yearly.

External Ministries: It was my privilege to conduct over 100 seminars and workshops and speak at numerous Sunday school conventions, and state and national conventions during my tenure here.

We have a yearly extension of our ministry at FWBBC in both the Pastoral Theology classes and the Christian Education Department.

We have seen a continued growth in the NYC and SCM ministries seeing much fruit from their outreach.

We print *Co-Laborer* and *Contact* magazines at a savings to both organizations. We have provided complimentary printing for the Stewardship Commission, print *Integrity* for the Commission for Theological Integrity, and have printed and given free books to our Russian and Korean brethren. We have 16 books that are being translated in Korea and two in Russia.

We print and distribute free the *Free Will Baptist Yearbook* for all our churches.

On the last printing of *Rejoice* hymnal, Dr. Melvin Worthington and I signed an agreement allowing us to store and distribute it. We also print the *Treatise* for the Executive Department and sell it on a royalty basis.

We established a Heritage scholarship at Free Will Baptist Bible College on behalf of Dr. Roger C. Reeds.

We have given surplus curriculum to Russia, various mission fields, rescue mission and prison chaplains.

We give free literature to all home missionaries who request it for one year who are under the auspices of the state or national home mission boards.

We continue with a number of other co-operative programs with others within the National Association.

Randall House Publications is celebrating its 40th anniversary in 2002.

In 1994 we didn't have a lot of money with a heavy long-term indebtedness, but ending 2001 we had no long-term debts and our financial picture is good.

These years spent at Randall House Publications have been enjoyable. The staff are great people, and I enjoyed working with them and appreciate the efforts and work they have done to see Randall House continue. The Sunday School and Church Training Service Board has been great to work with. They have been dedicated to this ministry. I will always remember everyone's kindness to me.

Alton Loveless
1994-2002

Summary of the Minutes For the Sunday School and Church Training Board

The Board had four meetings and a telephone conference call in the past year. The first two meetings were held at the National Association in Detroit, Michigan. We decided at the first meeting what resumes we would request in the search for our new General Director. In the second meeting we elected officers and determined committee assignments. In our telephone conference call we determined the candidates to interview for the position of General Director.

The third meeting was held at the Leadership Conference in Nashville, December 3-5. We met with the employees at RHP concerning the General Director search and interviewed candidates for the position. We then selected Rev. Ron Hunter for General Director. We approved three new writers for RHP.

The fourth meeting was held at Randall House Publications on April 29-30, 2002. We approved the 2001 audit and 2003 budget. We authorized the publishing of a new teacher's aid book. Thanks and appreciation was expressed to Dr. Loveless for his eight years at the helm of Randall House. Outgoing Chairman David Sutton also received thanks and appreciation.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Financial Statements

December 31, 2001 and 2000

(With Independent Auditors' Report Thereon)

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

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Hill, Harper & Associates
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, 2001 and 2000, and the related statements of activity and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2001 and 2000, and changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill, Harper & Associates

April 16, 2002

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Balance Sheets

December 31, 2001 and 2000

	2001	2000
Assets		
Current assets:	\$	
Cash and interest bearing deposits	242,423	200,716
Certificates of deposit	50,000	50,000
Cash invested with the Free Will Baptist Foundation	278,547	166,704
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$7,000	74,620	112,818
	7,183	5,600
Employees and other	81,803	118,418
Total receivables	431,358	443,198
Inventory	9,262	4,053
Deferred charges and prepaid expenses	1,093,393	983,089
Total current assets		
Property, plant and equipment, at cost:	110,341	110,341
Land	730,228	728,696
Building	569,612	569,612
Printing service equipment	584,281	571,313
Office and administrative equipment	51,698	51,698
Automobiles and trucks	2,046,160	2,031,660
	1,541,161	1,436,782
Less accumulated depreciation and amortization	504,999	594,878
Net property, plant and equipment	\$ 1,598,392	1,577,967
Liabilities and Net Assets		
Current liabilities:	\$	
Accounts payable	74,178	70,461
Accrued expenses	40,766	42,461
Current portion of long term debt	—	9,841
Due to affiliated organization	1,087	7,970
	116,031	130,733
Total current liabilities	1,482,361	1,447,234
Unrestricted net assets	\$ 1,598,392	1,577,967
Commitments		
See accompanying notes to financial statements.		

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

Statements of Activity and Changes in Net Assets

For the Years Ended December 31, 2001 and 2000

	2001	2000
Revenues:		
Net sales:		
Curriculum	\$ 1,947,477	1,987,219
Randall House books	86,747	66,915
Merchandise	29,644	18,515
Vacation Bible School	27,536	25,000
Bookstore	337,987	322,834
Printing	97,565	156,467
Other sales	40,032	43,917
Net sales	2,566,988	2,620,867
Freight and handling	122,378	117,504
Other income	77,026	45,162
Interest income	20,149	9,562
Gain on sale of assets	1,162	-
Commission income on hymnal sales	33,298	38,906
	2,821,001	2,832,001
Expenses:		
Cost of sales:		
Inventory at beginning of year	443,198	422,336
Merchandise purchases	356,180	318,518
Depreciation	45,515	39,742
Editorial	332,157	362,722
Printing production	691,594	744,607
Spanish department	28,882	26,878
	1,897,526	1,914,803
Less inventory at end of year	431,358	443,198
	1,466,168	1,471,605
Selling, general and administrative:		
Administrative	132,321	133,882
Bookstore	126,607	115,565
Bookkeeping	207,031	241,336
Building	143,901	129,906
Sales and promotion	175,318	250,486
Shipping	233,738	223,188
General	83,985	69,820
Depreciation	58,865	66,224
Interest expense, including finance charges	64	4,296
	1,161,830	1,234,703
Total expenses	2,627,998	2,706,308
Increase in net assets from operations	193,003	125,693
Other expenses:		
Printing contributed to the denomination	34,217	36,458
Youth department	123,659	151,784
Total other expenses	157,876	188,242
Increase (decrease) in net assets	35,127	(62,549)
Net assets, beginning of year	1,447,234	1,509,783
Net assets, end of year	\$ 1,482,361	1,447,234
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, 2001 and 2000

	2001	2000
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 35,127	(62,549)
Adjustments to reconcile increase (decrease) in net assets to net operating activities		
Depreciation and amortization	104,380	105,966
(Increase) decrease in:		
Receivables	36,615	10,327
Inventories	11,840	(20,862)
Deferred charges and prepaid expenses	(5,209)	9,411
Increase (decrease) in:		
Accounts payable	3,717	(322)
Accrued expenses	(1,695)	1,851
Due to affiliated organization	(6,883)	6,498
Net operating activities	177,892	50,320
Cash Flows from Investing Activities		
Cash invested with Free Will Baptists Foundation	(111,844)	(16,704)
Purchase of property, plant and equipment	(14,500)	(134,755)
Net investing activities	(126,344)	(151,459)
Cash Flows from Financing Activities		
Repayments of long term debt	(9,841)	(85,159)
Net financing activities	(9,841)	(85,159)
Net increase (decrease) in cash	41,707	(186,298)
Cash at beginning of year	200,716	387,014
Cash at end of year	\$ 242,423	200,716
Supplemental disclosures:		
Interest, including finance charges paid	\$ 64	4,296
See accompanying notes to financial statements.		

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements

December 31, 2001 and 2000

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 adheres to the provisions of 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.

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 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 2000 financial statements have been reclassified to conform to 2001 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.

(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 \$278,547 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. From time to time throughout the year, the Board's cash balances exceed the amount of FDIC insurance coverage. The Board, however does not anticipate nonperformance by the financial institutions.

(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, 2001 the Board was warehousing approximately 23,000 hymnals with an estimated replacement value of \$113,000. The following summarizes the transactions under this agreement as of December 31, 2001.

	2001	Since Inception
Amount due to Executive Office at beginning of period	\$ 7,970	-
Total sales of hymnals	62,648	627,002
Less total fees earned	(33,298)	(317,663)
Less remittances made to the Executive Office	(36,233)	(308,252)
Amount due to (from) Executive Office at end of period	\$ 1,087	1,087

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, 2001 the Board was warehousing approximately 2,300 hymnals with an estimated replacement value of \$17,000.

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 \$32,443 and \$32,459 for the years ended December 31, 2001 and 2000, 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) Note Payable

The Board had a note payable with interest at 8.00%, with an outstanding balance at December 31, 2000 of \$9,841. This note was repaid during 2001.

(6) Youth Department

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

	<u>2001</u>	<u>2000</u>
Revenue from conferences and related services	\$ 177,406	145,119
Expenditures for conferences and related services	180,514	154,027
General and administrative expenses	120,551	142,876
Total expenditures	301,065	296,903
Excess of expenses over revenues	\$ (123,659)	(151,784)

(7) Contributed Services to Denominational Ministries

During the years ended December 31, 2001 and 2000 the Board contributed printing costs to the Denomination as follows:

	<u>2001</u>	<u>2000</u>
Integrity Book	\$ -	6,142
Church Directory	15,291	15,690
Outreach Magazine	17,068	12,666
Together Way	1,858	-
Korean Books	-	1,582
Russian Books	-	378
Total contributed services	\$ 34,217	36,458

(8) Commitments

The Board leases an automobile and equipment under noncancelable leases. Minimum annual rentals under noncancelable operating leases are summarized as follows: \$9,568 in 2002; \$5,088 in 2003 and 2004.

Budget 2003

REVENUES

Total Sales \$ 3,224,863.52

Other Income

Freight & Handling 135,000.00
Commission on Hymnals 75,000.00
Student and Children Ministries 190,000.00
Miscellaneous Income 20,000.00

Total Revenues \$ 3,644,863.52

COST OF SALES

Cost of Outside Purchases \$ 327,000.00
Creative Services 390,200.00
Printing Production 813,600.00
Spanish 5,000.00
Total Cost of Sales Expenses \$ 1,535,800.00

GENERAL EXPENSES

Student and Children Ministries \$ 306,500.00
Sales Division 277,300.00
Bookstore 139,800.00
Denominational Ministries 108,200.00
Administration 151,500.00
Accounting 241,100.00
Shipping 272,100.00
Building 189,100.00
General Expenses \$ 297,700.00

TOTAL GENERAL EXPENSES \$ 1,983,300.00

GRAND TOTAL OF ALL EXPENSES \$ 3,519,100.00

TOTAL REVENUES \$ 3,644,863.52

WORKING CAPITAL \$ 125,763.52

Budget 2003
Sunday School Literature

<u>Quantity</u>	<u>Description</u>	<u>Cost</u>	<u>Revenue</u>
4,376	Nursery Teacher	4.25	18,598.00
17,245	Make N Do	2.60	44,837.00
13,607	My Bible Lesson Cards	2.60	35,378.20
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	4.25	35,211.25
23,169	Preschool Student	2.60	60,239.40
34,435	Preschool Companion	2.60	89,531.00
23,182	Picture Lesson Cards	2.60	60,273.20
6,898	Bible Times	2.99	20,625.02
10,554	Primary Teacher	2.25	23,746.50
38,726	Primary Student	2.60	100,687.60
48,382	Primary Companion	2.60	125,793.20
2,982	Memory Verse Pac	9.99	29,790.18
9,599	Primary Days	2.99	28,701.01
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	4.25	50,617.50
54,999	Junior Student	2.60	142,997.40
52,102	Junior Companion	2.60	135,465.20
7,472	Junior Counselor	2.99	22,341.28
5,112	Turning Point Teacher	4.25	21,726.00
1,884	Turning Point Packet	10.50	19,782.00
23,822	Turning Point Student	2.60	61,937.20
12,785	Teen Power	2.99	38,227.15
7,278	Horizon Teacher	4.25	30,931.50
2,388	Horizon Packet	10.50	25,074.00
36,570	Horizon Student	2.60	95,082.00
39,864	Bible Teacher	4.25	169,422.00
13,946	Bible Challenge	2.60	36,259.60
17,506	Visitor's Lesson Leaflets	2.60	45,515.60
4,917	Power For Living	2.99	14,701.83
18,075	Depth	2.60	46,995.00
90,860	Bible Scholar	2.60	236,236.00
237,776	Bible Scholar LP	2.75	653,884.00
352	Bible Teacher Cassette	22.95	8,078.40
Total Sunday School Literature Sales			2,672,104.72

C. T. S. Literature

<u>Quantity</u>	<u>Description</u>	<u>Cost</u>	<u>Revenue</u>
370	Helpers Leader's Guide	4.25	1,572.50
1,084	Helpers Packet	4.25	4,607.00
535	Discovers Leader's Guide	4.25	2,273.75
2,294	Discovers Packet	5.50	12,617.00
638	Learners Leader's Guide	4.25	2,711.50

2,546	Learners Student	2.60	6,619.60
610	Adventurers Leader's Guide	4.25	2,592.50
3,032	Adventurers Student	2.60	7,883.20
650	Destination Reality	14.95	9,717.50
8,255	Focus Student	2.75	22,701.25
8,255	Lifeline Student	2.60	21,463.00

\$ 94,758.80

Total C. T. S. Literature Sales

\$ 2,766,863.52

Total Sunday School and C. T. S. Sales

\$ (440,000.00)

Less Discounts to Bookstores

\$ 2,326,863.52

Grand Total Literature Sales

OTHER SALES & INCOME

\$ 20,000.00

Spanish Curriculum

90,000.00

RHP Books

50,000.00

Merchandise

38,000.00

Bulletin Service

400,000.00

Bookstore Sales

180,000.00

Printing Sales

120,000.00

Miscellaneous Sales

\$ 898,000.00

Total Other Sales & Income

\$ 3,224,863.52

Total All Sales

Other Income

\$ 135,000.00

Freight & Handling

75,000.00

Commission on Hymnals

190,000.00

Student and Children Ministries

20,000.00

Miscellaneous Income

\$ 420,000.00

Total Other Income

\$ 3,644,863.52

TOTAL REVENUE

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	\$ 230,000.00
Housing	33,000.00
Travel	4,000.00
Supplies	9,000.00
Curriculum Development	1,000.00
Writers' Fees	25,000.00

Equipment & Maintenance	3,000.00
Color Separations	1,000.00
Freelance Artwork	500.00
Conventions & Seminars	2,500.00
Dues & Subscriptions	300.00
Postage	300.00
Telephone	2,100.00
FICA	19,200.00
Retirement	12,000.00
Insurance	46,400.00
Miscellaneous	900.00
	<u>\$ 390,200.00</u>

PRINTING PRODUCTION

Salaries	\$ 175,000.00
Travel	500.00
Pressroom Supplies	22,000.00
Pressroom Equip. Maint./Parts	12,000.00
Pressroom Stock	120,000.00
Pressroom Ink	12,000.00
Bindery Supplies	6,000.00
Bindery Maintenance/Parts	3,500.00
Outside Printing	410,000.00
General Supplies	1,500.00
Telephone	2,100.00
FICA	12,500.00
Retirement	8,000.00
Insurance	26,000.00
Camera Supplies	2,500.00
Camera Maintenance/Parts	1,600.00
Camera Film-Negatives	17,000.00
Plates/Supplies	11,000.00
In-House Printing	(100,000.00)
Depreciation	70,000.00
Dues & Subscriptions	100.00
Miscellaneous	300.00
	\$ 813,600.00

SPANISH

Salaries	\$ 0.00
Travel	0.00
Supplies	0.00
Equipment Maintenance	0.00
Redesign	0.00
Translation/Editing	5,000.00
Postage	0.00
Telephone	0.00
FICA	0.00
Retirement	0.00
Insurance	0.00
Dues & Subscriptions	0.00
Miscellaneous	0.00
	\$ 5,000.00

Total Cost of Sales**\$ 1,535,800.00****General Expenses****STUDENT AND CHILDREN MINISTRIES**

Salaries	\$ 58,000.00
Housing Allowance	15,500.00
Convention Workers' Salaries	7,500.00
Entertainment	300.00
Travel	6,000.00
Supplies	7,500.00
In-House Printing	3,000.00

NYC 2003	60,000.00
Truth & Peace 2003	55,000.00
NYET 2003	5,500.00
Fund Raising Expense	1,000.00
National Student & Children Workers' Retreat 2003	35,000.00
Conventions & Seminars	300.00
Dues & Subscriptions	400.00
Postage	3,200.00
Telephone	4,200.00
FICA	7,100.00
Retirement	3,000.00
Insurance	15,000.00
Miscellaneous	3,000.00
T & P2 2003	16,000.00
	\$ 306,500.00

SALES DIVISION

Salaries	\$ 52,000.00
Housing	14,000.00
Entertainment	300.00
Travel	5,000.00
Supplies	6,000.00
Advertising & Promotion	35,000.00
Printing & Color Separations	600.00
In-house Printing	85,000.00
Dues & Subscriptions	1,800.00
Postage	40,000.00
Telephone	2,000.00
FICA	2,300.00
Retirement	2,800.00
Insurance	16,000.00
Conventions & Seminars	6,500.00
Miscellaneous	8,000.00
	\$ 277,300.00

BOOKSTORE

Salaries	\$ 90,000.00
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	7,000.00
Retirement	2,800.00
Insurance	20,000.00
Advertising & Promotion	4,500.00
Dues & Subscriptions	500.00
Miscellaneous	400.00
	\$ 139,800.00

DENOMINATIONAL MINISTRIES

Outreach Magazine	\$ 22,000.00
Free Will Baptist Yearbook	20,000.00
Spanish Literature Gifts	8,000.00
Stewardship Lessons	8,000.00
Together Way Printing	3,000.00
Korean Printing	1,000.00
Russian Printing	1,000.00
CE Church Training Team	43,200.00
Scholarships	1,000.00
RHP Ministers' Fund	1,000.00
	\$ 108,200.00

ADMINISTRATIVE

Salaries	\$ 76,000.00
Housing Allowance	28,000.00
In-house Printing	1,200.00
Entertainment	1,200.00
Travel	12,000.00
Auto Expense	1,600.00
Auto Lease	7,000.00
Supplies	2,000.00
Equipment Maintenance	100.00
Equipment Rental	1,500.00
Conventions & Seminars	300.00
Dues & Subscriptions	300.00
Postage	2,000.00
Telephone	2,200.00
FICA	2,200.00
Retirement	4,600.00
Insurance	9,000.00
Miscellaneous	300.00
	\$ 151,500.00

CUSTOMER SERVICE/ACCOUNTING/BUSINESS OFFICE

Salaries	\$ 155,000.00
Royalties	8,000.00
Equipment Rental	400.00
Supplies	8,000.00
Equipment Maintenance	3,000.00
Dues & Subscriptions	200.00
Postage	5,700.00
Telephone	5,000.00
FICA	13,000.00
Retirement	4,000.00
Insurance	36,000.00
Travel	1,500.00
In-house Printing	1,000.00
Miscellaneous	300.00
	\$ 241,100.00

SHIPPING

Salaries	\$ 92,500.00
Supplies	20,000.00
Equipment Maintenance	3,000.00
Equipment Rental	10,000.00
Freight	110,000.00
Postage	6,200.00
Telephone	2,100.00
FICA	6,800.00
Retirement	3,200.00
Insurance	18,000.00
Miscellaneous	300.00
	\$ 272,100.00

BUILDING

Salaries	\$ 51,500.00
Housing	0.00
Supplies	9,000.00
Equipment Maintenance	5,000.00
Building Maintenance	25,000.00
Utilities	55,000.00
Insurance (Building)	25,000.00
Telephone	2,100.00
FICA	3,800.00
Retirement	2,400.00
Insurance	10,000.00
Miscellaneous	300.00
	\$ 189,100.00

GENERAL EXPENSES

Auto Expense	\$ 3,500.00
Supplies	2,200.00
Equipment Maintenance	6,000.00
Equipment Rental	14,000.00
Equipment/Lease/Purchase	75,000.00
Bad Debt	2,000.00
Board Travel & Expense	15,000.00
Legal & Auditing	11,000.00
Taxes	16,000.00
Payroll Services	7,000.00
Debt Retirement	50,000.00
Miscellaneous	10,000.00
Depreciation	75,000.00
Interest Expense	5,000.00
Service Charge Expense	6,000.00
	\$ 297,700.00

TOTAL GENERAL EXPENSES**\$ 1,983,300.00**

Cost Comparisons 2002

	SP	GL	ST	**UGP	AY	DCC	GR	RHP
Nursery Teacher	5.29	4.99	5.29	0.00	5.29	5.59	14.99	4.00
Teacher's Resource Packet	10.99	12.99	11.99	0.00	11.99	11.99	19.99	9.99
Pupil's Handwork	2.99	2.89	2.99	0.00	3.19	2.99	0.00	2.40
Bible Lesson Cards	2.99	3.99	0.00	0.00	0.00	0.00	0.00	2.40
Preschool Teacher	5.29	4.99	5.29	1.45	5.59	5.59	7.99	4.00
Teacher's Resource Packet	10.99	12.99	11.99	0.00	11.99	11.99	19.99	9.99
Preschool Student	3.19	0.00	0.00	1.50	3.19	3.19	4.29	2.40
Preschool Workbook	2.99	2.89	2.99	0.00	2.99	2.99	0.00	2.40
Picture Lesson Cards	0.00	0.00	2.29	0.85	0.00	0.00	0.00	2.40
Primary Teacher	5.29	4.99	4.99	1.45	5.59	5.59	7.99	4.00
Visual Packet	10.99	10.99	11.99	6.25	11.99	11.99	19.99	9.99
Primary Student	3.19	0.00	0.00	1.50	3.19	3.19	4.29	2.40
Primary Workbook	0.00	2.89	2.99	0.00	2.99	2.99	0.00	2.40
Memory Verse Packet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.99
Junior Teacher	5.29	4.99	4.99	1.45	4.25	5.59	7.99	4.00
Visual Packet	10.99	10.99	11.99	6.25	0.00	11.99	19.99	9.99
Junior Student	3.19	0.00	0.00	1.70	3.30	2.99	4.29	2.40
Junior Workbook	0.00	2.89	2.99	0.00	3.30	0.00	0.00	2.40
Teen Teacher	5.29	16.99	4.99	1.55	5.30	5.29	19.99	4.00
Visual Packet	10.99	0.00	11.99	0.00	0.00	11.99	0.00	9.99
Teen Student	2.99	0.00	2.99	1.70	3.40	2.99	0.00	2.55
Teen Workbook	0.00	0.00	0.00	0.00	0.00	0.00	0.00	***0.00
High Teen Teacher	5.29	16.99	4.99	1.75	5.30	5.29	19.99	4.00
Visual Packet	0.00	0.00	11.99	0.00	0.00	11.99	0.00	9.99
High Teen Student	5.59	0.00	2.99	1.70	3.40	2.99	0.00	2.55
High Teen Workbook	0.00	0.00	0.00	0.00	0.00	0.00	0.00	***0.00
Lifeline (Teen Devotional)	4.49	0.00	0.00	0.00	0.00	0.00	0.00	*2.40
Bible Teacher (Young Adults)	5.59	0.00	0.00	1.85	5.30	5.79	17.99	4.00
Bible Challenge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Bible Teacher	5.29	19.99	5.29	3.80	5.30	5.79	17.99	4.00
Bible Scholar	2.99	6.99	2.99	1.85	3.80	3.19	0.00	2.40
Bible Scholar Large Print	4.19	0.00	3.99	0.00	4.50	3.69	0.00	2.60
Depth (Adult Devotional)	0.00	0.00	2.49	0.00	0.00	2.99	0.00	2.40
Visual Packet	10.99	0.00	11.99	0.00	0.00	11.99	0.00	0.00
Visitor Lesson Leaflet	0.00	0.00	0.00	0.00	3.15	2.99	0.00	2.40

SP = Scripture Press GL = Gospel Light **UGP = Union Gospel Press ST = Standard
AY = FWB Press DCC = David C. Cook RHP = Randall House Publications GR = Group Publishing

*Produced only by Randall House.

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

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

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

Salaries

	2001	2002	2003
General Director			
Salary	\$ 39,307.15	\$ 39,307.15	\$ 33,467.73
Housing and Utilities	24,341.26	24,341.26	26,709.48
Social Security	4,869.10	4,869.10	0.00
Retirement	3,117.40	3,117.40	3,432.00
Insurance:			
Disability	375.12	375.12	436.43
Medical	6,500.00	7,983.24	4,464.00
Dental	765.36	765.36	765.36
	\$ 79,275.39	\$ 80,758.63	\$ 69,275.00

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

	2001	2002	2003
Creative Services Director			
Salary	\$ 25,941.88	\$ 26,719.23	\$ 27,520.80
Housing Allowance	18,241.23	18,788.46	19,352.11
Social Security	3,380.01	3,481.28	3,632.65
Retirement	2,015.00	2,015.00	2,015.00
Insurance:			
Life	164.76	164.76	164.76
Medical	6,500.00	7,983.24	7,983.24
Dental	765.36	765.36	765.36
Disability	270.24	270.24	270.24
	\$ 57,278.48	\$ 60,187.57	\$ 61,704.16

	2001	2002	2003
Student and Children Ministries Director			
Salary	\$ 19,370.30	\$ 19,951.40	\$ 22,387.77
Housing Allowance	14,832.00	14,832.00	14,832.00
Social Security	2,616.47	2,740.75	2,847.31
Retirement	1,560.00	1,560.00	1,560.00
Insurance:			
Life	85.20	85.20	85.20
Medical	6,500.00	7,983.24	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
	\$ 45,965.25	\$ 48,153.87	\$ 50,696.80

Commission for Theological Integrity Report

The purpose of this commission is: (1) To alert our people to 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 5-6, 2001, we sponsored our sixth annual Theological Symposium. It met at Hillsdale Free Will Baptist College in Moore, Oklahoma. Papers were read on a variety of subjects. But the main focus was on Arminianism vs. Calvinism. Many thought that it was the best Theological Symposium to date. We continue to be encouraged by the quality of the papers that are read in our Symposiums. The Theological Symposium for 2002 will be conducted at Free Will Baptist Bible College in Nashville, Tennessee. It will begin Monday evening, November 4, and go through Tuesday evening, November 5.

At the National Association in 2000, we introduced the first issue of *Integrity: A Journal of Christian Thought*. 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. Our second issue will be coming out later this year. Paul Harrison is serving as editor. It is our opinion that the production of *Integrity* is one of the best steps that The Commission for Theological Integrity has taken. It was enthusiastically received by our people. We are looking forward to this next issue.

For several years we have been sponsoring a seminar at our National Association on areas of concern. In recent years, what is referred to as "The Openness of God" or "Free Will Theism" has gained considerable attention. At this year's National Association, we are addressing that area of concern. Ron Callaway will be conducting a seminar: "Does God Know the Future?" In the past, our seminars have been conducted on Tuesday afternoon from 1:30-3:00. This year, our seminar will be conducted on Tuesday morning from 8:30- 10:00. It will be in the Convention Center in the East Hall.

We thank you for the privilege of serving you.

In His Service,

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

Financial Report

Bank Balance - January 1, 2001 5,007.04

INCOME

Commission Income:
The Together Way 3,116.41
Interest on Bank Account 30.26
Registration Fees for Theological Symposium 340.00

Total Commission Income 3,486.67

Journal Income:
From Hillsdale Free Will Baptist College 1,500.00
Other Gifts 70.00
From Sale of Journal 72.00

Total Journal Income 1,642.00

Total Income 5,128.67

EXPENSES

Commission Expenses:
Bookkeeping 200.00
Convention Speaker/Digest of Reports 402.31
Annual Meeting and Symposium Expenses 2,570.06
Miscellaneous Office Expenses 7.14

Total Commission Expenses 3,179.51

Journal Expenses 0.00*

Total Expenses 3,179.51

Bank Balance - December 31, 2001 6,956.20

* There were no Journal expenses because the expenses will not occur until the Journal is produced in 2002.

2003 Budget

Income:

Together Way For Integrity:	3,000.00
Free Will Baptist Bible College	1,500.00**
Registration Fees for Theological Symposium	450.00
Interest Income	50.00
Total Income	5,000.00

Expenses:

Annual Meeting	2,225.00
Publication of Integrity	3,000.00
National Convention	500.00
Theological Symposium	450.00
Bookkeeping	200.00
Office	125.00
Total Expenses	6,500.00

* The statement of income and the statement of 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.

** It will be noted that a contribution of \$1,500.00 was listed in the Financial Report for 2001 which was given on the previous page. Also, this will explain why the "Expenses" are \$1,500.00 more than anticipated income since we already have this money in our account.

Media Commission

The Media Commission experienced many different emotions in 2001. The excitement of new products was evident again as we released *He Keeps Me Singing: A Free Will Baptist Gathering*.

This video/CD/cassette package has thrilled the hearts of our Free Will Baptist family with stirring music and a look into the lives of some Free Will Baptists who have made our heritage so special. Many thanks to Scott Bullman for his hard work in directing this project for us.

We continue to provide commercial products for TV, radio, and print media as well as logo and stationary design. The Church Video Brochure is also available and is one of the best tools on the market to show who Free Will Baptists are and what we believe. It is also available in a generic form as well as the customized version for your local church.

The Media Commission has partnered with a group to provide custom web design for your church. In this agreement, individuals may also utilize filtered internet service at a rate competitive with other ISP's. For information on this and any of our products, please feel free to call 1-615-731-6812 or visit our web site at www.fwbmedia.com.

We, along with the denomination, also mourn the loss of Commission member Bill Gardner who went home to be with the Lord in June 2001. An endowment has been set up and named in his honor to continue some of these dreams he worked so hard to see realized.

Another hard working Commission member, Ron Hunter, has recently accepted the position as general director of Randall House Publications. Because of this, he has tendered his resignation from the Media Commission effective in early 2002. His replacement will be elected at the National Convention meeting in Memphis, Tennessee in July.

The Media Commission receives one-half of one percent (.5%) of the undesignated Together Way funds. While this is insufficient to operate effectively, we are grateful for those who have chosen to give to this ministry and utilize these products. That is what makes it possible to produce more for the Lord and Free Will Baptists.

Thank you for allowing us to serve God while serving Free Will Baptists. May His blessings continue to shine on the Free Will Baptist denomination as we strive to work together for the building of His Kingdom.

Respectfully Submitted,

Steve Faison (VA), Chairman
Doug Kite (NC), Sec/Treasurer
Mike Jones (SC)
Kevin Norris (MI)

2003 Proposed Budget

Projected Income	
Together Way	\$ 2,500
Sale of Product	5,000
Services	2,000
Designated	500
Total	\$10,000

Projected Expense	
Promotion	\$ 1,000
Commission Expenses	2,000
Convention Expenses	2,000
Projects	5,000
Total	\$10,000

FWB Music Commission Report

National Association of Free Will Baptists
July 21-25, 2002

The Music Commission has been active in planning the music for the 2002 national convention in Memphis, Tennessee. The commission held its annual meeting at First FWB Church in Gastonia, North Carolina, on January 10-11, 2002. Our agenda at this meeting, as presented by Dr. Randy Sawyer, was as follows:

1. Plan the whole music program for the 2002 National Association
2. Discuss plans for a new hymnal
3. Discuss future projects and vision

I. 2002 National Convention

- A. Evaluated the 2001 convention
- B. Planned 2002 Convention
 - Sunday Evening: Homecoming Service
 - Monday Evening: Patriotic Service
 - Wednesday Evening: Missions Services

II. Hymnal Discussion

- A. The NAFWB voted last year to investigate the possibilities of publishing a new hymnal.
- B. The commission voted that before we proceed any further, we should send out a survey to the denomination to get a perspective of its needs.

For Example:

- Are churches buying hymnals? If so, what kind?
- Will our constituency pay the bill?
- With the current market, will other churches buy our hymnal vs. ones like the *Celebration Hymnal*?
- Will enough FWB churches buy enough hymnals to pay for the project?
- Would those who use hymnals buy a new one? Or did they just now buy *Rejoice*?
- How would we market this outside Free Will Baptists?
- Who would publish the hymnal?
- Do we need to orchestrate it?
- What if we did just a supplement to *Rejoice*? Within this supplement we provide some medleys with orchestrations and modulations could be provided.

Notes from conversation with Dr. Melvin Worthington concerning hymnal:

1. We could develop a revised hymnal. The idea of a supplement or a revision may be a good idea.
2. He is in favor of a survey. There were approximately 1,500 surveys filled out for the *Rejoice Hymnal* survey.
3. As of January 2002, the Executive Office had sold almost 200,000 copies of *Rejoice*.

Notes from conversation with Dr. Vernon Whaley concerning hymnal:

1. The life of a hymnal is approximately 10 years.

2. We may have to change the name to avoid conflict with the current *Rejoice Hymnal*.
3. A study committee was chosen back in 1983-1984 for the *Rejoice Hymnal*.
4. Time line: Should plan for 3-4 years for completion of the project.

Hymnal Summary: We propose to do an extensive survey, before proceeding any further, to assess need, content, etc. The Educational Task Force had computers set up at the 2001 National Association to do their survey. Maybe we could do the same. Upon approval from Dr. Worthington, we would conduct a survey to find out the answers to the above questions. We discussed consulting Mark McPeak, from Donelson Church, about helping us with such a survey. We must consider the cost of producing the survey, designing it, establishing an online site, printing, etc.

Commission's follow-up conversation:

1. Discussed possible editors of the hymnal
2. Discussed instrumental editors
3. Discussed Steering Committee
4. Discussed a financial plan for hymnal

III. 2002 Project

The Worship Leaders Cookbook: 50 Recipes for Blended Worship

Members of the commission submitted 20 of their "best" orders of services. This resource book will contain several orders from each commission member along with other music ministry related ideas and will be available at the Music Commission Seminar at the 2002 National Convention.

We would like to thank those who shared in the convention music this year. The participation was tremendous, and it was a joy to see and hear God's people praising Him in song. Because so many united to use their gifts and talents for the Lord, the hearts of our people were blessed, and God was honored.

There are many opportunities to participate in the music every year. We trust that even more will join us in the future as we exalt Christ through music. Look for an advance schedule of rehearsals in the 2003 convention edition of *Contact*, and make plans to be involved.

Respectfully submitted,
The Free Will Baptist Music Commission

Randy Sawyer, Chairman
Doug Little
Scott Bullman
Jerry Carraway
Chris Truett

FWB Music Commission 7/17/02

1/11/02	Beginning Balance		\$ 792.76
1/28/02	Deposit (Together Way)	328.32	1,121.08
2/13/02	Deposit (Together Way)	256.10	1,377.18
3/14/02	Deposit (Together Way)	185.98	1,563.16
3/17/02	Check to NAFWB	-350.00	1,213.16
	Convention Booth		
4/18/02	Deposit	353.19	1,566.35
	168.19 (Together Way)		
	185.00 (Product)		
5/17/02	Deposit (Together Way)	228.01	1,794.36
6/5/02	Check to NAFWB	-45.16	1,749.20
	Digest of Reports		
6/14/02	Deposit (Together Way)	205.11	1,954.31
6/25/02	Check to Chris Truett	-306.90	1,647.41
	Trip to Tulsa		
6/25/02	Check to Jerry Carraway	-40.00	1,607.41
	Trip to Tulsa		
7/18/02	Deposit (Together Way)	194.21	1,801.62

Proposed Budget for 2003

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

2002 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 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.

The Commission's 2003 project is to lay the groundwork to publish a pamphlet series highlighting important historical issues and distinctives among Free Will Baptists. The Commission will also consider sponsoring a history writing contest.

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, 2001

Balance on hand, December 31, 2000 \$ 24,144.81

Deposits/Earnings for 2001

The Together Way (Designated and Undesignated, 9 months)	\$1,829.10
The Together Way (Rest of the Family Offering)	39.27
Interest (AmSouth Bank)	588.54
Arkansas State Assoc. (on loan)	530.00
Total	\$ 2,986.91

Expenditures for 2001

Check #1037: Paul Kennedy (Travel)	\$ 398.20
Check #1038: Thomas Marberry (travel)	393.51
Check #1039: Baptist History/Heritage Society*	223.89
Total	\$ 1,015.60

* For a complete set of the journals of that society to place in the Historical Collection.

Balance in bank, December 31, 2001 \$ 26,116.12

2003 Budget

Income

Gifts (The Together Way)	\$2,000.00
Interest (AmSouth Bank)	600.00
Loan Repayment (Arkansas State Assoc.)	2,000.00
Total	\$4,600.00

Expenses

Books, materials, labor for Historical Commission	\$1,800.00
Historical Guidebook Project	500.00
Research Grant	1,000.00
Travel	1,250.00
Executive Office (Digest Fee)	50.00
Total	\$4,600.00

Publications Committee

The Publication Committee was appointed to study the feasibility of combining the following publications into one national publication: *AIM* magazine, *Contact* magazine, *Heartbeat* magazine, *Master's Men Newsletter*, *Free Will Baptist Bible College Bulletin*, *Outreach*.

The Committee began its work by meeting with the editors of the above named publications during the 2001 Leadership Conference in December 2001. The meeting was spent in a frank and informative discussion on the pros and cons of changing to a single national publication. The committee commends the editors for their cooperative spirit and their willingness to provide the committee with needed information. After meeting with the editors, the committee concluded the following:

1. That the committee will not be able to make a creditable recommendation to the body without a careful study of the many factors involved in changing to a single publication. In order to do this, it will require a great deal of time to gather all the information needed. The work of this committee must be ongoing.
2. That the committee will need to arrive at a consensus of how Free Will Baptists feel about changing to a single publication. Therefore, after consulting with Executive Secretary Melvin Worthington concerning finances, the committee has requested Mark McPeak to take a survey of the readers of the various publications. He stated the following objectives in his proposal:

Research Objectives

The committee is proposing a research study directed to current end-users of Free Will Baptist publications. The proposed research will be constructed to meet the following overall purpose: To assess the feasibility that the combining of current Free Will Baptist publications into one publication would be well received and embraced by constituents

More specifically, the proposed research will be designed to meet the following objectives:

- To understand current readership patterns, such as:
 - Percent of publication(s) read regularly by recipients
 - Extent of cross-readership (individuals reading multiple publications)
- To assess interest level in a combined publication
- To identify primary concerns and objections related to a combined publication
- To understand specific desirable components of a combined publication
- To assess readers' tolerance for advertising in a combined publication
- To understand respondents' willingness to subscribe to a combined publication
- To understand delivery preference (individual at home or drop-shipment to church)

The committee welcomes any constructive input, and if you receive a survey sheet, please complete it and return it.

In His Service,

Nathan Ruble, Chairman
William Smith, Secretary
David Williford
Edwin Hayes
Jim Marcum

Minutes of the Sixty-Seventh Annual Session of the

Women Nationally Active for Christ Convention

of the
National Association of
Free Will Baptists

when convened in

Memphis, Tennessee
July 21-25, 2002

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

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 E-mail: taylorgolf@juno.com

Vice President
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Secretary
 Debbie Burden
 3441 Shakertown Road
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 Phone: 615-361-0560
 E-mail: burd7913@bellsouth.net

Executive Secretary-Treasurer
 Marjorie Workman
 1408 Revenna Court North
 Antioch, TN 37013
 Phone: 615-366-0573
 E-mail: Marjorie@nafwb.org

Theme: For Such A Time As This
Scripture: Esther 4:14
Music Coordinator: Susan Forlines
Pianist: Debbie Mouser
Organist: Carol Reid

Proceedings

WNAC Seminars

Monday, July 22, 2002

WNAC Drama, 1:30 p.m., Memphis Marriott Heritage Ballroom

Joanne King presided at the seminar. Laura Thigpen led in prayer. Diane Bridgman and women of the Grifton FWB Church, North Carolina, presented a drama entitled "Is There Hope for Me?" Approximately 400 were in attendance.

Pastors Wives' Seminar, 3:00 p.m., Memphis Marriott Heritage Ballroom
 Joanne King presided at the seminar "Having a Difficult Time?" Mary Kay Joslin led in prayer. Speaker Debe Taylor focused on dealing with problems common to pastors' wives. Over 250 women attended.

Business Session

Tuesday, July 23, 2002, 8:30 a.m.
 Memphis Convention Center

President Debe Taylor opened the 67th Annual Session of the Women Nationally Active for Christ. Susan Forlines led the congregation in singing "This Is The Day," "I Will Enter His Courts With Thanksgiving," "Standing On The Promises," "I Will Sing Of The Mercies Of The Lord," and "Great Is Thy Faithfulness." Susan Forlines sang "He Makes No Mistakes." Rebecca Pugh gave a welcome from the state of Tennessee and presented a \$2500 check to Marjorie Workman, WNAC's Executive Secretary-Treasurer for the WNAC general fund.

The national Youth Evangelistic Team presented a music/drama program that included the songs "We Believe" and "Shout To The Lord."

Sarah Fletcher presented the Creative Arts Awards.

Poetry

1st Place *Waiting For Hope*
 2nd Place *Beautiful Mind*
 3rd Place *The Stranger*
 Honorable Mention *God's Grace*

Rachel Sekulich, Brunswick, GA
 Angel C. Hall, Greeneville, TN
 Ruth Bivens, Rio Grande, PR
 Judy Delong, Hager Hill, KY

Art

1st Place *Afghan Refugee Camp*
 2nd Place *Girl and Baby*
 3rd Place *Church*
 Honorable Mention *Girl in Gym*

Janis Williams, Nashville, TN
 Bonnie Kerr, Memphis, TN
 Janis Williams, Nashville, TN
 Bonnie Kerr, Memphis, TN

Skits

1st Place *My Name is Christian*
 2nd Place *Stolen Joy*
 3rd Place *An Easter Rehearsal*
 Honorable Mention *Let Your Light Shine*

Rachel Sekulich, Brunswick, GA
 Sandi Roberts, Smithville, MS
 Betty G. Jones, Kirksville, MO
 Nadine Hood, Sapulpa, OK

Articles

1st Place *Terror of the Middle East*
 2nd Place *Worry*
 3rd Place *The Sparrow*
 Honorable Mention *The Ironing Board*

Loretta Freeman, Roland, OK
 Lee Ann Wilfong, Park Hills, MO
 Ruth Bivens, Rio Grande, PR
 Darla Trimble, Greeneville, TN

Programs

1st Place *How To Build A Snowman*
 2nd Place *Parable of the Wild Grapes*
 3rd Place *Reflecting the Son*
 Honorable Mention *MIA's*
 Honorable Mention *Hanging of the Greens*

Penny Walsh, Locust Grove, OK
 Ruth Bivens, Rio Grande, PR
 Judy DeLong, Hager Hill, KY
 Monica Bryan, Garner, NC
 Diane Willey, Madison, TN

Shirley Jackson led in prayer and gave the Credentials Committee report. Motion carried to seat the delegates.

Debe Taylor presented a cookbook and gift to Debbie Burden for work on the WNAC cookbook, *The Fruit of our Hands*.

Marjorie Workman gave the Executive Secretary-Treasurer's report.

Marjorie Workman honored and presented gifts to Yvonne Hampton, WNAC Executive Assistant, for 15 years of faithful service to the WNAC office.

Motion carried to receive the Executive Secretary-Treasurer's report and adopt the budget.

Laurie Horne gave a PowerPoint presentation on the Missionary In Residence House project.

Diana Bryant gave the Resolutions Committee Report. Motion carried to accept the report and adopt resolutions item by item.

Item #1: We recommend that scholarships be given from the Cleo Pursell foreign Student Scholarship Fund as follows:

\$1,000 to be divided between two Ivorian students, Pastor Paul Amiezi and Robert Housessou. (As recommended by Jerry Pinkerton)

\$1,000 for Osmir, a Brazilian seminary student who is preparing for the ministry. (As recommended by Curt Holland)

\$1,000 to be divided among the eighteen seminary students at the Cedars of Lebanon Seminary in Pinar del Rio, Cuba. (As recommended by Steve Lytle)

Motion carried to adopt Item #1.

Item #2:

Be it resolved that we, as Free Will Baptist women, go on record in opposition to same sex marriages and encourage our ladies to contact our legislation to encourage traditional family values.

Motion carried to adopt Item #2.

Item #3:

Be it resolved that we, the Women Nationally Active for Christ, be committed to pray for our youth that they may come to a saving knowledge of Christ at an early age so that they may continue to carry the torch of the gospel to future generations.

Motion carried to adopt Item #3.

Lisa Bowden gave the Appreciation Committee Report. Motion carried to accept the report.

Rebecca Pugh gave a partial report from the Registration Committee. Motion carried to accept the report.

Debe Taylor read Romans 15:13. Recessed until 11:00 a.m.

11:00 A.M. Missionary Service

Phyllis York led in prayer. Karen Pfeiffer encouraged women to support deaf ministries. Susan Forlines led the congregation in singing "Under the Spirit's Control," "He Leadeth Me," and "Be Glorified." Joanne King received the offering. The offertory was a piano duet by Debbie Mouser and Susan Forlines. The congregation sang "Sanctuary," "Is There Anything I Can Do?" and "Open Our Eyes Lord." Carol Reid read a passage from Luke 7. Beverly Riggs sang "Alabaster Box." The message was given by Tim and Kristi Johnson, missionaries to Spain, using John 4:37-38 as their text, comparing Spain's saffron harvest to a spiritual harvest. The service was dismissed with the congregation singing "May The Mind of Christ My Savior." The WNAC fellowship luncheon in the Memphis Marriott followed the service. Teri Peacock of Bell-Peacock Ministries, Memphis, TN, presented a message in drama and music.

Committee Reports

Resolutions Committee Report

We, your Resolutions Committee, submit the following recommendations to the WNAC Convention:

Item #1: We recommend that scholarships be given from the Cleo Pursell Foreign Student Scholarship Fund as follows: \$1000 to be divided between two Ivorian students, Pastor Paul Amiezi and Robert Housessou (as recommended by Jerry Pinkerton); \$1000 for Osmir, a Brazilian seminary student who is preparing for the ministry (as recommended by Curt Holland); \$1000 to be divided among the 18 students at the Cedars of Lebanon Seminary in Pinar Del Rio, Cuba (as recommended by Steve Lytle).

Item #2: Be it resolved that we as FWB women go on record in opposition to same sex marriages and encourage our ladies to contact our legislators to encourage family values.

Item #3: Be it resolved that we, the WNAC, be committed to pray for our youth that they may come to a saving knowledge of Christ at an early age so that they may continue to carry the torch of the gospel to future generations.

Respectfully submitted: Diana Bryant, FL (Chairperson), Bonnie Doggett, IL, Joanna Felts, CA, Terra Smith, GA

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)	13
State Field Workers (Standing Delegates)	10
State Delegates (Elected Delegates)	136
Local WNAC Delegates (Paying \$5 Rep. Fee)	50
Total Delegates	215
Non-voting Attendees:	
Visitors	699
Missionaries (U.S. and foreign)	27
Grand Total Registered	941

Respectfully Submitted: Rebecca Pugh, TN (Chairperson), Lisa Hickle, OH, Jamie Cason, NC, Phyllis York, KY

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 session a success:

- 1) The Executive Committee
- 2) The WNAC Staff: Marjorie Workman, Yvonne Hampton, Sarah Fletcher and Martha Harris
- 3) Our hostesses, the Tennessee Women Active for Christ, for their generous hospitality. We appreciate the fellowship luncheon and the centerpieces.
- 4) All the musicians.
- 5) The women of Grifton FWB Church, North Carolina: Diane Bridgman, Beth Mitchell, Mary Rouse, Deidre Albritton, Pamela Cobb, Teresa Dennis, and Rhonda Davis for sharing God's hope with us through the dramatic presentation "Is There Hope for Me?"
- 6) Our speakers: Debe Taylor, Pastors Wives' Seminar; Tim and Kristi Johnson, the Missionary Service; and Teri Peacock, the WNAC Fellowship luncheon.

Respectfully Submitted: Lisa Bowden, AR (Chairperson), Sherri Sloan, IN and Dot Gore, MS

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 4 local groups with no district or state conventions have submitted reports and paid dues: Oregon Trail, Oregon; West Jordan, Utah; St. Croix, Virgin Islands; and Kennewick, Washington. In addition there are 50 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$5 representation fees.

Respectfully submitted: Shirley Jackson, MO (Chairperson), Linda Harvey, AZ, Rebekah Bragan, SC, June Hersey, AL and Jody Sullivan, WV.

Synopsis of the WNAC Executive Committee Meeting December 4-5, 2001

An open forum was conducted December 4, 2001, at the Regal Maxwell House Hotel, Nashville, TN with women who were attending the national Leadership Conference. All WNAC committee members were present. Discussion focused on *CoLaborer* magazine and ideas for conventions and retreats.

The committee reconvened December 5, 2001, in the WNAC conference room. All WNAC committee members were present. The Executive Secretary/Treasurer's report was received.

The committee approved: (1) the adoption of the Faith Promise Plan as an additional means of support for WNAC, (2) an increase in the *CoLaborer* subscription price (in increments of fifty cents per year) until such time the circulation is adequate to fund it or the increase seems unreasonable when compared to the cost of other Christian magazines, (3) the 2003 budget and (4) the Hinton, Warren, Denney & Wallace audit proposal.

Plans were made for the 2002 Convention and the 2002 Ridgecrest retreat.

Synopsis of the Minutes of WNAC Executive Committee Meeting Sunday, July 21, 2002

The Executive Committee of WNAC met at the Memphis Marriott Hotel Board Room. Members present were: Marjorie Workman, Debe Taylor, Joanne King, Debbie Burden, Dawn Sweeney, Yvonne Brown and Carolyn Hendrix. The Executive Secretary-Treasurer's report was received.

The committee approved: (1) the adoption of "Set Your Hearts" for the WNAC 2006 theme, (2) reimbursement of Executive Committee members' expenses for the Branson retreat in the amount of \$125 each plus registration fee waiver, (3) honorariums for 2002 Ridgecrest retreat speakers (Ashley Hartley \$1,000 and Ronda Freeman \$500), and (4) recommendation to the WNAC Convention regarding 2003 disbursements from the Cleo Pursell Foreign Student Scholarship Fund.

Plans were made for the 2003 Branson Retreat.

Report of Women Nationally Active for Christ

to the National Association of Free Will Baptists

July 2002

By Marjorie Workman, Executive Secretary-Treasurer

The year 2001 will forever be remembered as 9/11. Pictures of the World Trade Center's Twin Towers exploding with billowing balls of fire and smoke are indelibly etched in our memory. However, long before the news broke on TV, our Sovereign God knew the fate of the towers and the people in them. He also knew WNAC's theme for 2001—"Sharing Hope and Healing" and for 2002, "For Such A Time As This." Just as He knew Queen Esther's moment of destiny in history, He knows WNAC's too.

WNAC is a service organization. Our goal is to partner with our churches, families, and denomination to be Great Commission women reaching people for Christ and encouraging them in their walk with Christ.

To strengthen our families, WNAC partnered with Master's men to host our first National Marriage Enrichment Conference this past spring in Pigeon Forge, Tennessee. Eighty-six couples came to hear Drs. Richard and Rebekah Land speak on various topics relating to building stronger marriages.

For the second year in a row, WNAC has given scholarships through the Cleo Pursell Foreign Student Scholarship Fund to Osmir, a Brazilian seminary student; Pastor Paul Amiezi, an Ivorian student; and the ministerial students at the Cedars of Lebanon Seminary in Pinar del Rio, Cuba. We are pleased to partner with our sister churches in foreign countries in training future leaders.

Our most current team, Foreign Missions, Master's Men, FWBBC, and WNAC, is refurbishing the missionary-in-residence house on the campus of Free Will Baptist Bible College. WNAC's part is to purchase all furniture, small appliances, window treatments, and decorations.

Every year we partner with Home and Foreign Missions to promote prayer and financial support for our missionaries. We sponsor a special week of prayer each fall for Home Missions and each spring for Foreign Missions. Cash and non-cash support for these two departments totaled \$379,984 in 2001.

Not to be overlooked is the support for our four children's home, our Bible Colleges, and our WNAC office. Total giving to all missions objectives was \$548,874.

You can financially partner with WNAC by purchasing our new cookbook, "The Fruit of our Hands." It features twelve hundred recipes from 850 of our finest cooks. Also, included are international recipes from our missionaries.

Pastors can partner with us by putting us in their church budgets. WNAC is not included in the percentages of the Together Way Plan. However, you can designate gifts to us. You can also put *CoLaborer* magazine in your church's literature budget. *CoLaborer* is a magazine written by and published for Free Will Baptist women. Editor Sarah Fletcher is doing a great job in making the content practical and helpful. Her creative layouts and design make it attractive and appealing.

For a great opportunity to worship and be encouraged, plan to attend the WNAC National Retreat at Ridgecrest, North Carolina, September 19-21. The bubbly personality of Ashley Hartley and her Scripture-packed messages will be both challenging and encouraging.

Esther partnered with her Uncle Mordecai and the Jewish people for a common cause—to save a nation. Will you partner with WNAC to save a world through a Great Commission outreach?

Women Nationally Active for Christ

DECEMBER 31, 2001

Financial Statements

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)

December 31, 2001 and 2000

Contents

Financial Statements

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Statements of cash flows	5
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**HINTON, WARREN,
DENNEY & WALLACE**

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Women Nationally Active for Christ

We have audited the accompanying statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 2001 and 2000, 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 auditing standards generally accepted in the United States of America. 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, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Hinton, Warren, Denney & Wallace

February 12, 2002

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Financial Position
December 31, 2001 and 2000

ASSETS

	2001	2000
Cash	\$189,266	\$198,858
Accounts receivable - Note 1	7,741	6,345
Inventory - Note 1	8,802	9,918
Notes receivable, net of allowance for doubtful accounts of \$1,669 (\$1,669 in 2000)	5,157	8,367
Accrued interest receivable	1,703	2,377
Property and equipment at cost, less accumulated depreciation of \$32,144 (\$30,260 in 2000) - Notes 1 & 2	10,524	11,583
Total assets	\$223,193	\$237,448

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 32,417	\$ 41,636
Deferred revenue - Note 8	42,163	35,992
Total liabilities	74,580	77,628
Commitments - Notes 5		
Net assets	(18,066)	5,461
Unrestricted - (deficit)	151,462	140,759
Temporarily restricted	15,217	13,600
Permanently restricted	148,613	159,820
Total liabilities and net assets	\$223,193	\$237,448

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, 2001 and 2000

	2001	2000
Unrestricted		
Revenue and other support:		
Dues and fees	\$ 65,964	\$ 64,877
Designated contributions	319,379	314,735
Magazine and literature sales	84,056	83,821
Convention and retreat income	8,328	17,998
Gifts and offerings	69,552	75,660
Interest income	910	2,834
Recovery of bad debts		1,686
Net assets released from restrictions:		
Satisfaction of program restrictions	3,356	1,315
Total revenue and other support	551,545	562,926
Expenses:		
Salaries and wages	106,975	101,197
Payroll taxes and employee benefits	36,301	28,722
Cost of magazine and literature printing	37,502	39,860
Travel and promotion	4,380	10,996
Conventions and retreats	20,094	21,272
Office expense	10,144	12,640
Postage	4,114	3,833
Rent expense	24,600	24,600
Professional fees	4,000	4,681
Administrative expense	308	311
Depreciation	1,884	2,510
Amortization		5,648
Insurance expense	613	642
Dues and subscriptions	178	106
Special projects	3,127	1,206
Continuing education	480	1,336
Designated contributions	319,445	315,217
Miscellaneous	927	1,401
	575,072	576,178
Increase (decrease) in unrestricted net assets	(\$ 23,527)	(\$ 13,252)

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, 2001 and 2000
(Continued)

	2001	2000
Temporarily restricted		
Gifts and offerings	\$ 6,170	\$ 7,244
Interest income	7,889	6,561
Net assets released from restrictions:		
Satisfaction of program restrictions	(3,356)	(1,315)
Increase (decrease) in temporarily restricted net assets	10,703	12,490
Permanently restricted		
Gifts and offerings	1,617	967
Increase in permanently restricted net assets	1,617	967
Total increase (decrease) in net assets	(11,207)	205
Net assets - beginning of year	159,820	159,615
Net assets - end of year	\$ 148,613	\$ 159,820

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, 2001 and 2000

	2001	2000
Operating activities		
Increase (decrease) in net assets	(\$ 11,207)	\$ 205
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,884	2,510
Amortization		5,648
Write off of bad debts		(202)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,396)	569
(Increase) decrease in inventory	1,116	2,322
(Increase) decrease in accrued interest receivable	674	(272)
Increase (decrease) in accounts payable	(9,219)	21,782
Increase (decrease) in deferred revenue	6,171	(1,739)
Net cash provided (used) by operating activities	(11,977)	30,823
Investing activities		
Purchase of equipment	(825)	
Collection of loans receivable	3,210	1,926
Net cash provided (used) by investing activities	2,385	1,926
Increase (decrease) in cash and cash equivalents	(9,592)	32,749
Cash and cash equivalents at beginning of years	198,858	166,109
Cash and cash equivalents at end of years	\$ 189,266	\$ 198,858

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, 2001 and 2000

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 2001 and 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 U.S. 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 U.S. 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, 2001 and 2000

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
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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 (\$1,669 in 2000).

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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 2001 and 2000

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:

	2001	2000
Equipment	\$ 42,668	\$ 41,843
Less: Accumulated depreciation	(32,144)	(30,260)
	<u>\$ 10,524</u>	<u>\$ 11,583</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 year amounted to \$-0- (\$5,648 in 2000).

Note 4 -

Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	2001	2000
Student Loan	\$126,624	\$117,751
Foreign scholarship	8,474	9,317
Free Will Baptist College Organ Fund	<u>16,364</u>	<u>13,691</u>
	<u>\$151,462</u>	<u>\$140,759</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 15,217</u>	<u>\$ 13,600</u>
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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Notes to the Financial Statements
December 31, 2001 and 2000

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 in 2000. 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 \$24,600 (\$24,600 for the year ended December 31, 2000).

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 year amounted to \$5,234 (\$4,473 in 2000). 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 - 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, 2001 the excess amount over the federally insured limit was \$-0- (\$-0- in 2000).

The Organization also has \$152,706 (\$137,305 in 2000) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

Note 8 - Deferred revenue

Deferred revenue resulted from magazine subscriptions received for 2002 issues.

Note 9 - 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, 2001 and 2000.

Gifts to Missions/Missionary Objectives
January 1, 2001 to December 31, 2001

Cash Gifts		174,546.44
Foreign Missions Total	147,145.18	
Sent Through WNAC	27,401.26	
Sent Direct		96,674.10
Home Missions Total		35,059.77
Sent Direct Not Available		11,542.01
State Projects		2,946.87
Bible Colleges		38,674.66
Dr. Wisheart Student Loan Fund		
Other Gifts	2,155.86	
Foreign Student Scholarship Fund	36,518.80	
Missions Objectives		12,578.28
Provision Closet		105,301.97
WNAC Operating Gifts	26,318.62	
Gen Fund Offering	10,407.43	
Emphasis Offering	617.00	
Endowment Fund	1,983.19	
Rest of Family Offering	65,078.90	
Dues	896.83	
Together Way (Designated)		
Non-Cash Gifts		\$ 71,550.00
Provision Closet		\$548,874.10
Total Cash and Non-Cash Gifts		

2001 Top Ten Contributors to WNAC

General Fund Offering		Emphasis Offering	Per Capita Giving	
1. Tennessee	4,316.48	1. Tennessee	1,951.00	1. Michigan \$13.94
2. North Carolina	3,561.70	2. North Carolina	1,402.00	2. Virgin Islands 12.50
3. Michigan	3,450.00	3. Alabama	1,346.21	3. Tennessee 12.41
4. Arkansas	2,811.72	4. South Carolina	1,106.50	4. Virginia 11.85
5. Oklahoma	2,130.34	5. Oklahoma	949.13	5. New Mexico 8.65
6. Georgia	1,838.56	6. Missouri	844.19	6. North Carolina 7.84
7. Missouri	1,808.04	7. Arkansas	838.00	7. Alabama 7.29
8. Alabama	1,600.04	8. Georgia	755.30	8. Missouri 5.61
9. Virginia	1,157.97	9. Virginia	465.10	9. Georgia 5.32
10. Ohio	762.51	10. Kentucky	150.00	10. Arkansas 4.72

WNAC Salary Breakdown

	2001	2002	2003
Executive Secretary-Treasurer			
Salary	\$34,395.00	\$35,770.80	\$37,201.63
Social Security/Medicare	2,631.22	2,736.46	2,845.92
Retirement	1,719.75	1,788.54	1,860.08
Insurance	3,778.98	4,574.50	5,957.12
Travel/Life	272.40	295.99	283.12
Hospital	3,257.77	4,028.64	5,401.44
Dental	248.81	249.87	272.56
Christmas Bonus	661.44	687.90	715.41
Total Salary and Benefits	\$43,186.39	\$45,558.20	\$48,580.16
Executive Assistant			
Salary	\$25,489.00	\$26,508.56	\$27,568.90
Social Security/Medicare	1,949.91	2,027.90	2,109.02
Retirement	1,274.45	1,325.42	1,378.44
Insurance	3,718.98	4,515.84	5,824.76
Life	212.40	237.33	151.00
Hospital	3,257.77	4,028.64	5,401.20
Dental	248.81	249.87	272.56
Christmas Bonus	490.17	509.78	530.17
Total Salary and Benefits	\$32,922.51	\$34,887.50	\$37,411.29
Editor			
Salary	\$22,137.65	\$23,023.15	\$23,944.07
Social Security/Medicare	1,758.66	1,761.27	1,831.72
Retirement	664.05	690.69	718.32
Insurance	3,718.98	4,515.84	5,824.76
Life	212.40	237.33	151.00
Hospital	3,257.77	4,028.64	5,401.20
Dental	248.81	249.87	272.56
Christmas Bonus	425.67	442.75	460.46
Total Salary and Benefits	\$28,705.01	\$30,433.70	\$32,779.33
Bookkeeper			
Salary	\$20,217.00	\$21,025.68	\$21,866.70
Social Security/Medicare	1,546.60	1,608.46	1,672.80
Retirement	1,010.85	1,051.28	1,093.33
Insurance	3,718.98	4,515.84	5,824.76
Life	212.40	237.33	151.00
Hospital	3,257.77	4,028.64	5,401.20
Dental	248.81	249.87	272.56
Christmas Bonus	388.79	404.34	420.51
Total Salary and Benefits	\$26,882.22	\$28,605.60	\$30,878.10
Total			\$149,648.88

WNAC RECEIPTS FOR JANUARY-DECEMBER 2001

States	State Programs	Colleges	General Fund	Dues	Emphasis Offering	Endowm. Trust	Together Way	Rest of Family	Student Scholar.	Provision Closet	Foreign Missions	World Missions	Home Missions	Missions Objectives	Student Loan	Totals
Alabama	3,572.00	480.00	1,600.04	4,044.00	1,346.21	110.00	0.00	45.93	159.00	125.00	1,125.78	1,318.05	2,655.40	4,068.71	458.00	21,108.12
Arizona	0.00	0.00	0.00	430.00	114.00	0.00	0.00	9.90	0.00	400.00	155.00	70.00	530.00	0.00	0.00	1,708.90
Arkansas	20,589.67	739.63	2,811.72	7,840.00	838.00	100.00	0.00	61.62	230.00	646.00	373.61	3,743.98	11,488.82	2,252.06	197.00	51,912.11
California	0.00	181.80	559.71	1,780.00	140.00	100.00	0.00	0.00	0.00	305.37	1,777.02	691.08	2,453.00	75.00	0.00	8,062.98
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.09
Florida	3,967.00	2,125.00	473.94	1,560.00	26.00	0.00	0.00	33.30	0.00	1,245.00	774.00	0.00	374.00	2,446.09	0.00	13,024.33
Georgia	6,931.10	1,133.83	1,838.56	4,154.90	755.30	0.00	0.00	411.21	284.00	492.00	5,658.10	1,361.50	3,948.79	1,090.65	227.00	28,286.94
Idaho	0.00	0.00	0.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00
Illinois	0.00	0.00	352.81	1,670.00	21.00	0.00	0.00	0.00	0.00	50.00	6,187.23	295.98	6,774.44	105.00	15.00	15,471.46
Indiana	0.00	0.00	0.00	310.00	0.00	0.00	0.00	0.00	0.00	255.00	1,480.00	0.00	220.00	90.00	0.00	2,745.72
Iowa	0.00	0.00	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180.00
Kansas	0.00	0.00	1.71	380.00	0.00	0.00	0.00	0.00	0.00	0.00	140.91	48.00	101.76	169.49	0.00	841.87
Kentucky	0.00	216.00	310.00	2,540.00	150.00	0.00	0.00	0.00	50.00	2,394.05	17,555.95	616.58	9,956.34	4,998.91	0.00	38,787.83
Michigan	0.00	0.00	3,450.00	2,480.00	0.00	0.00	0.00	26.76	0.00	500.00	529.84	54.00	1,113.00	50.00	0.00	8,203.60
Mississippi	0.00	0.00	42.00	1,700.00	42.00	0.00	0.00	31.58	0.00	0.00	1,199.75	155.00	1,942.64	2,420.00	42.00	7,574.97
Missouri	0.00	1,326.54	1,808.04	4,610.00	844.19	0.00	0.00	102.82	26.10	549.00	5,301.55	1,914.40	7,792.54	2,732.56	205.67	27,213.41
New Mexico	0.00	0.00	65.20	110.00	30.00	0.00	0.00	0.00	0.00	407.50	379.80	0.00	123.30	0.00	0.00	1,115.80
North Carolina	0.00	2,921.99	3,561.70	6,330.00	1,402.00	12.00	0.00	299.71	135.00	922.40	30,809.58	1,306.55	8,383.55	1,853.12	540.00	58,477.60
NW/Washington	0.00	0.00	0.00	50.00	0.00	0.00	0.00	101.75	0.00	0.00	0.00	0.00	105.00	0.00	0.00	256.75
Ohio	0.00	18.00	762.51	2,280.00	57.00	0.00	0.00	216.60	137.58	350.00	3,121.47	1,571.00	6,594.90	290.00	50.00	15,449.06
Oklahoma	0.00	0.00	2,130.34	8,670.00	949.13	175.00	0.00	92.87	106.00	1,258.66	3,735.25	2,573.95	8,350.75	909.34	81.00	29,032.29
Oregon	0.00	0.00	0.00	110.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	110.00
South Carolina	0.00	721.10	437.89	4,870.00	1,106.50	0.00	0.00	48.07	100.00	1,655.00	29,467.20	590.74	12,015.72	4,848.91	357.00	56,218.13
Tennessee	0.00	1,678.12	4,316.48	4,230.00	1,951.00	20.00	0.00	379.71	928.18	323.30	10,185.26	3,903.32	3,764.51	6,586.75	232.20	39,004.94
Texas	0.00	0.00	458.00	1,870.00	70.00	100.00	0.00	67.38	0.00	270.00	410.00	324.46	2,127.38	535.00	25.00	6,257.22
Virgin Islands	0.00	0.00	0.00	80.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180.00
Virginia	0.00	0.00	1,157.97	1,320.00	465.10	0.00	0.00	50.89	0.00	330.00	5,337.32	901.97	5,858.26	997.21	517.00	16,935.72
West Virginia	0.00	0.00	0.00	1,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,600.00
Wyoming	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	100.00
	35,059.77	11,542.01	26,318.62	65,078.90	10,407.43	617.00	896.83	1,983.19	2,155.86	12,578.28	125,704.62	21,440.56	96,674.10	36,518.80	2,946.87	449,922.84

Women Nationally Active for Christ

Suggested Budget

For the Year Ending December 31, 2003

Estimated Income

General Fund Offering	\$ 40,000.00
Convention Offering	2,500.00
Convention Expense Gift	10,000.00
Delegate Fees	500.00
Dues	85,000.00
Interest Income	7,500.00
Literature Sales	13,000.00
Magazine Subscriptions	90,000.00
Miscellaneous	5,000.00
Rest of the Family Offering	3,500.00
WNAC Emphasis Offering	14,000.00
Total Income	\$ 271,000.00

Estimated Expense

Salaries	110,581.00
Employee Benefits	39,068.00
Payroll Tax Expense	8,460.00
Employee Retirement	5,050.00
Health and Life Insurance	23,431.00
Christmas Bonus	2,127.00
Insurance—General & Workers' Compensation	1,000.00
Legal and Professional Services	4,500.00
Convention Expense	15,000.00
Executive Committee Expense	4,500.00
Co-Laborer Magazine Expense	44,500.00
Mailing	3,600.00
Miscellaneous	500.00
Printing	35,900.00
Postage	4,500.00
Miscellaneous Expense	1,151.00
Office Rent	24,000.00
Office Supplies and Materials	3,000.00
Phone	3,000.00
Postage	4,000.00
Printing	4,500.00
Service Contracts	3,500.00
Subscriptions	200.00
Travel and Promotion	4,500.00
Continuing Education	1,500.00
Equipment (additions and repairs)	2,000.00
Special Projects	500.00
Total Expense	\$ 271,000.00

The General Board Report

The General Board of the National Association of Free Will Baptists met July 22, 2002, in the Heritage Ballroom of the Marriott Hotel, Memphis, Tennessee. 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, Board of Retirement, Home Missions Department, Master's Men Department, Free Will Baptist Bible College, Foreign Missions Department, Sunday School and Church Training Department, Commission for Theological Integrity, Media Commission, Music Commission and Historical Commission. We recommend that the reports be received and the budgets adopted.
2. We recommend Keith Burden as executive secretary of the National Association of Free Will Baptists.
3. We recommend that effective 2003 registration badges be required for attendance at all national convention events.
4. We recommend that the Liberty Free Will Baptist Church of New Berlin, Wisconsin, be received as a member of the National Association of Free Will Baptists and be listed in the *Free Will Baptist Yearbook*.
5. We recommend that effective 2004 the national representation fee be increased to \$100 per church per year.
6. We recommend that the Executive Office be authorized to secure finances to fund the 2003 convention.
7. We recommend that the grievance filed by Dale Weaver be referred to the Free Will Baptist Bible College Board of Trustees for resolution.
8. We recommend the adoption of the following investigative report—
After meeting with the Home Missions Board, the Executive Committee makes the following statement:
It appears to the Executive Committee that the Home Missions Department made some procedural errors in their dealings with James Munsey. Statements regarding local church autonomy were made, both verbally and in print, that would not now be made in the light of subsequent events in Mexico.
The Home Missions Board did not slander nor intend to slander James Munsey.
9. In light of action taken by the National Association of Free Will Baptists in Detroit in July 2001 concerning Item # 4 of the Arbitration Committee Report, we recommend that the Mexican Association of Free Will Baptists be placed on probation for one year. If the Mexican Association brings its documents into conformity with the *Treatise* regarding autonomy of the local church, probation will be removed.
10. We recommend that we accept the application of the Association of the Free Will Baptists of Mexico for membership within the National Association of Free Will Baptists as a district association.

Nominating Committee Report

Free Will Baptist Bible College Trustees

- 2004 Replacing Richard Bowers (AL) Terry Pierce (MS)
 2008 Replacing Archie Ratliff (NC) Archie Ratliff (NC)
 Replacing Larry Montgomery (GA) Edward Moody, Jr. (NC)
 Replacing Gene Outland (IL) Gene Outland (IL)

Foreign Missions Board

- 2004 Replacing Terry Eagleton (TN) Danny Williams (AL)
 2008 Replacing Bill Jones (TX) Bill Jones (TX)
 Replacing David Williford (TN) David Williford (TN)
 Replacing Bill Van Winkle (TN) Bill Van Winkle (TN)

Sunday School and Church Training Board

- 2004 Replacing Brian Hampton (TN) Tim Owen (FL)
 2008 Replacing David Sutton (OK) Danny Dwyer (AL)
 Replacing David Reece (VA) David Reece (VA)
 Replacing Nuel Brown (CA) Nuel Brown (CA)

Commission for Theological Integrity

- 2007 Replacing Leroy Forlines (TN) Leroy Forlines (TN)

Media Commission

- 2006 Replacing Ron Hunter (TN) Monte McKenzie (TN)
 2007 Replacing Kevin Norris (MI) Kevin Norris (MI)

Music Commission

- 2007 Replacing Doug Little (AR) Doug Little (AR)

Historical Commission

- 2007 Replacing Jack Williams (TN) Jack Williams (TN)

General Board

- 2003 Replacing Delmar Sparks (OH) Mike Stokes
 2004 New Entry (Assoc. of Mexico) Luis Felipe Tijerina
 Replacing Tim Owen (FL) David Womack

(To be elected in 2002)

- Indiana (replacing Chris Clay) Chris Clay
 Kansas (replacing Dale McCoy) Zane Brooks
 Kentucky (replacing James Patton) James Patton
 Mexico (replacing Luis Felipe Tijerina) Carlos Rubio
 Michigan (replacing Gene Norris) Gene Norris
 Mid-Atlantic (replacing Jay Baines) Jay Baines
 Mississippi (replacing J. L. Gore) J. L. Gore
 Missouri (replacing Nathan Ruble) Nathan Ruble
 New Jersey (replacing William Brown) William Brown
 New Mexico (replacing Tim Byers) Mark Shores

Executive Committee

- 2005 Replacing J. L. Gore (MS) J. L. Gore
 Replacing Gene Norris (MI) Gene Norris
 Replacing Nathan Ruble (MO) Nathan Ruble

General Officers

(To be elected in 2002)

- Moderator: Replacing Carl Cheshier (OK) Carl Cheshier (OK)
 Assistant Moderator: Tim York (KY) Tim York (KY)
 Clerk: Replacing Keith Burden (OK) John Hibbard (CA)
 Assistant Clerk: Replacing John Hibbard (CA) Randy Bryant (FL)

Nominating Committee

- Nathan Ruble (MO) – Chairman
 Tim Campbell (AR)
 Billy Hanna (GA)
 Glen Johnson (VA)
 Terry Eagleton (TN)
 Ron Helms (MI)
 David Sutton (OK)

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, Mexico, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, West Virginia and Texas.
2. From the following district associations, which are entitled to be represented by three delegates: Arizona, Atlantic-Canada, Colorado, Mid-Atlantic, New Jersey, New Mexico, Northeast and Northwest.
3. From the following local churches entitled to be represented by one delegate: Hawaii, Montana, Puerto Rico, Virgin Islands and Wisconsin.
4. We recommend that the delegates from the state associations, district associations and local churches listed above be seated for this session, along with 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 Idaho and Mid-Atlantic be seated based on assurance for full payment of representation fees.

Submitted by your Credentials Committee,

- Jim Marcum (NC) – Chairman
 Gene Norris (MI)
 Ernie Lewis (IL)
 Tim Owen (FL)
 Tim Hall (KY)

Registration Report

The 2002 Memphis Convention registered the following:

National Convention	3,593
Board/Commission Members	47
State Delegates	84
Local Church Delegates	50
Foreign Missionaries	28
Home Missionaries	56
Ordained Deacons	144
Ordained Ministers	720
Licensed Ministers	22
Visitors	2,442
Women Nationally Active For Christ	968
National Officers	6
State Presidents	13
State Field Workers	10
State Delegates	137
Local WNAC Delegates	50
Missionaries	28
Visitors	724
National Youth Conference	3,398
Grades 1-12	1,589
Pre-School	121
Staff	129
Visitors	1,559
Total Registered	7,959

Resolutions Committee Report

1. Be it resolved that we as Free Will Baptists boldly and without apology proclaim our stand to the world on the doctrine of Jesus Christ by reaffirming our strong Scriptural stand as stated in chapters five and six of the *Treatise of the Faith and Practice of the National Association of Free Will Baptists, Inc.*
2. Be it resolved that we as Free Will Baptists join the Master's Men Department in "America Bless God Day," a special day of recognition for the past blessings of God to be held Sunday, September 8, 2002.
3. Be it resolved that we extend a standing ovation of appreciation to the Tennessee Free Will Baptists for a fine job hosting the 66th annual National Association of Free Will Baptists.

Resolutions Committee

Paul Thompson	(AZ) – Chairman
Nuel Brown	(CA)
Russell Wright	(WV)
Edwin Hayes	(OH)
Bill Van Winkle	(TN)

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following for 2003:

Executive Office (Includes)	\$ 796,897.91
Administrative	\$ 425,000.00
Contact	93,105.00
Convention	278,792.91
Free Will Baptist Bible College	4,661,090.00
(Includes \$1,300,000.00 in unrestricted gifts)	
Foreign Missions	7,408,887.85
(Does not include Vision and other projects totaling \$4,953,770.00)	
Home Missions	5,000,000.00
Master's Men	135,920.00
Retirement and Insurance	391,359.00
Free Will Baptist Foundation	135,200.00
Sunday School and Church Training	3,644,863.52
Commission for Theological Integrity	6,500.00
Historical Commission	4,600.00
Music Commission	34,060.00
Media Commission	10,000.00
Total	\$ 22,229,378.28

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

Matt Pinson, 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

Kenneth Akers, General Director of Master's Men Department

Alton Loveless, General Director of Sunday School and Church Training Department

Educational Task Force Report

Higher Education Survey Preliminary Report to the National Association of Free Will Baptists Memphis, TN – July 2002

The purpose of the surveys:

The purpose of the surveys is to receive input from individuals and groups who have significant interest in the successful operation of Free Will Baptist institutions of higher education. The surveys are specifically designed for the following constituencies: high school students, college students, ministers, plus donors and parents.

The process for distributing the surveys:

Master copies of the four surveys were mailed to local churches using the Executive Office database with instructions to the pastor on how to participate in the surveys and return the completed surveys for tabulation. The surveys were posted on the National Association of Free Will Baptists' website. The completed surveys were submitted electronically.

The preliminary results of the survey:

To date nearly 600 surveys have been submitted with college students comprising the largest group followed by parents and donors, high school students, and ministers. The participants were from Canada and 21 states. The respondents at present are overwhelmingly from the southern and eastern portion of the United States.

The pattern for the results is still forming, but the questions are yielding enough information from various groups to allow a preview:

- *College Students:* They expressed a desire to have more educational options for their majors in a Christian atmosphere and listed their desired choices. The top choices to date are:
 1. Teacher education (secondary and special education were often listed separately)
 2. Business
 3. Computer related fields
 4. Pastoral Training
 5. Medical Training (i.e., nursing)
 6. Missions
 7. Professional studies (pre-med, law, engineering, etc.)
 8. Specialized ministry (Christian Ed., Youth, etc.)
 9. Music
 10. Arts and Science Majors (English, History, Psychology, etc.)

Comments: (1) Commendations to the college the student is attending, (2) Need more classes and majors, (3) need more scholarships.

- *High School Students:* The focus is on what the college has to offer the prospective student in financial help and campus activities. The career choices of the high school student tend to focus on the professional studies and specialized jobs. They view Free Will Baptist institutions as having moderate appeal.

- *Ministers:* The clergy was the smallest group of respondents. They are concerned with the general lack of young people entering the ministry.
- *Parents and donors:* The parents' main concerns are about the cost of education and the career options available to their children after receiving a degree from a FWB college.
Comments: (1) Perceive institutions as limited, (2) Need more offerings for non-ministers, (3) A telling quote, "What college? I did not know we had any!"

The procedures for finalizing the survey results:

The opportunity to respond is still open to those who wish to participate. The surveys can be accessed through the National Association of Free Will Baptists' website at www.nfwb.org and will be updated monthly until the end of the calendar year. The final results will be presented to the Higher Education Task Force and incorporated into its report to the National Association of Free Will Baptists in Tampa (2003).

2002 National Youth Conference Report

The 2002 National Youth Conference met for its 35th annual conference in Memphis, TN, July 21-24. Our theme was 24/7 . . . Jesus . . . All His Ways . . . All My Days. A total of 1,710 student participants and 1,688 adults and staff were registered for a total registration of 3,398.

A total of 740 competitive entries were conducted during the four-day conference, with a total of 1,719 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 83 attending, Children (1st-3rd grade) and Tweeners (4th-6th grade) with an average of 300 attending, and Youth (7th-12th grade) with an average of 1,200 attending Sunday morning through Tuesday night, with Mark Roberts speaking. Over 250 decisions were made, including several for salvation.

Over 600 students participated in Impact Memphis, our area service projects. Projects included the Memphis Food Bank, a blood drive, Knowledge Quest and the Memphis Family Shelter. Individuals and entire youth groups joined the projects.

A total of 34 workshops were presented during the conference for children, youth, children's workers and youth workers.

We will not leave the city of Memphis 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 36th annual National Youth Conference is scheduled for Tampa, Florida in July 2003 where our theme will be *Stand Still*.

Obituary Committee Report

The following names were submitted in sympathy and precious memory of their lives, labor and love for our Lord Jesus Christ.

Arizona

Kenneth Boner, deacon

Georgia

Emmitt McDuffie, minister

Kentucky

Willie Daugherty, minister
Robert Parsons, minister
James E. Fraley, deacon
Charles Campbell, deacon

Mississippi

Curtis Briley, minister
Wayne Yarbough, minister

North Carolina

L. B. Coley, minister
Mrs. Lois Reagan, minister's wife
Volena Wilson, missionary

Ohio

Pete Maynard, minister
C. A. Newman, minister

Oklahoma

Bill Mann, minister

Ward Fellabaum, minister
C. A. Brown, minister
Eual Garman, minister
Ernie Hale, minister
Dalton Beene, minister
Robert Carter, minister

South Carolina

Wilburn Beasley, minister
Sam Truett, minister
Mike Creech, minister
L. H. Clayton, minister

Tennessee

L. C. Johnson, minister
Glenn Mulkey, minister

Virginia

Dan Merkh, minister

West Virginia

J. W. Cooper, minister
Bert Willis, minister
Raymond Dingess, minister
Robert Kessinger, deacon
John Carter, deacon

Statistical Report Reporting Period 2001

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bi-Vocational Pastors	Baptisms	Reported 2000 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2001 Membership	Reported 2001 Membership	Combined Income of All Churches
Alabama	14	14	161	161	52	109	92	47	315	17,060	683	298	385	17,445	17,977	42,295,408
Arizona	1	1	8	6	4	2	5	1	31	297	24	31	(7)	290	202	385,148
Arkansas	15	15	216	202	91	125	105	92	607	20,564	1,094	810	284	20,848	19,451	10,352,415
Assoc./Mexico	1	1	18	18	18			18								
California	8	7	55	45	45	10	38	11	430	2,834	322	116	206	3,040	2,548	2,854,117
Canada	1	1	10	10	3	7	5	5	14	432	45	3	42	474	303	303,364
Colorado	1	1	7	7	7		7		27	125	47	28	19	144	300	619,481
Florida	9	9	70	70	41	29	45	25	408	6,374	513	246	267	6,641	6,104	2,681,559
Georgia	10	10	121	114	45	76	80	41	296	9,293	567	299	268	9,561	9,374	5,779,117
Hawaii	1	1	1	1	1		1		5	49	5	10	(5)	44	44	82,411
Idaho	2	2	8		8		3	5	50	245	36	10	26	271	322	165,132
Illinois	7	7	44	42	26	18	26	12	162	3,624	136	68	68	3,692	3,944	2,152,346
Indiana	3	3	25	25	20	5	14	8	63	550	78	29	49	599	677	
Kansas	2	2	10	10	10		2	7	45	282	43	4	39	321	304	177,042
Kentucky	10	10	149	149	40	109	38	89	797	15,807	980	670	310	16,117	16,115	2,519,706
Louisiana										7						
Mid-Atl. Assoc.	7	5	7	5		7	7		50	627	33	35	(2)	625	724	
Mexico Assoc.	2	2	19	19	19		19	4							1,131	
Michigan	6	4	45	39	30	9	28	11	194	2,577	225	84	141	2,718	2,037	1,860,306
Mississippi	3	3	52	49	14	36	35	14	140	3,609	267	143	124	3,733	4,005	1,175,303
Missouri	18	18	187	177	82	98	99	73	565	15,719	792	689	103	15,822	15,719	8,812,719
Montana			1	1	1			1	2	16	2		2	18	18	
New Jersey	2	2	2	2	2		2			108		5	(5)	103	63	
New Mexico	1	1	4	4	2	2	3	1	4	59	15		15	74	85	37,803
North Carolina	8	6	190	118	61	57	99	19	1,143	22,317	1,032	399	633	22,950	10,569	10,150,644
Northeast Assoc.	1	1	3	3	1	2	3		15	223	23	7	16	239	225	
Northwest Assoc.	1	1	6	6	6		6	1	52	178	38		38	216	263	290,623
Ohio	19	18	150	148	64	86	62	74	763	10,168	812	589	223	10,391	10,307	5,463,226
Oklahoma	22	22	241	217	149	84	140	81	844	23,032	1,447	478	969	24,001	23,924	12,708,752
Puerto Rico			2	2	2		2		31				0	0		8,000
South Carolina	7	7	118	118	64	54	87	31	173	4,861	404	231	173	5,034	3,930	8,578,222
South Dakota																
Tennessee	9	9	228	195	111	107	126	87	783	19,594	1,081	574	507	20,101	22,500	6,943,411
Texas	6	6	50	50	35	15	25	25	160	2,556	360	103	257	2,813	2,880	1,544,039
Virgin Islands	1	1	1	1		1	1		15	199			0	199	199	
Virginia	8	8	93	93	26	67	43	50	146	5,459	225	156	69	5,528	5,679	540,529
West Virginia	21	21	186	186	42	144	73	113	589	9,040		118	(118)	8,922	8,922	1,820,164
Wisconsin			1	1	1		1		5	34			0	34	29	58,330
Totals	227	219	2,489	2,294	1,123	1,259	1,322	946	8,924	197,919	11,329	6,233	5,096	203,008	190,874	130,359,317

Statistical Report

Reporting Period 2001

	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	14	34	16,447,720	7,568	1,209	576	82	234	54	475	6	5	5			
Arizona	5	1	2,043,301	178	111	61	30	8		2						
Arkansas	44	67	122,054,910	11,510	2,356	990	170	332	62	497	4	8	7			985,947
Assoc./Mexico								20							1	
California	23	18	18,463,801	2,922	4	219	51	85	23	79		5	8		1	
Canada	4	4	1,204,530	333	30	68			2							
Colorado	6			151	7	10	5	10	1	2						
Florida	32	36	17,494,481	3,107	633	423	169	103	24	134	4	2	1			
Georgia	51	64	32,662,538	5,291	959	852	321	148	19	410	2	2	2			
Hawaii	1	1	3,500,000	74	32			2	1							3,500,000
Idaho	3	3	1,189,000	337		12		10	3	5	1					
Illinois	23	17	14,988,000	2,369	627	245	74	70	13	103	1	2	2	1		750,000
Indiana								40		16						
Kansas	1	1	1,499,650	264	25	32	21	12	3	5						
Kentucky	16	6	21,025,720	7,883	1,288	651	143	399	26	338	1		1			
Louisiana																
Mid-Atl. Assoc.	4	1	1,430,000	447		21	9	6	1	9						
Mexico Assoc.								9	23					1		
Michigan	7	9	11,964,000	1,190	80	210	35	55	10	48	3	1	1			
Mississippi	8	27	6,897,000	2,101	618	237	142	64	11	136	2	2	2	1		
Missouri	53	49	40,337,104	10,077	933	732	193	302	29	349	4	2	2	2	1	450,000
Montana			150,000	30				1			1					
New Jersey				52				2		2						
New Mexico	1	2	550,000	62	8	13		5	1	3						
North Carolina	72	46	15,284,188	13,443	172	843	330	176	50	403	6	9	9		1	
Northeast Assoc.	1	1		175				3		7						
Northwest Assoc.	1		2,200,000	187	45	46	16	6	1	3		1	1	1		
Ohio	30	21	41,051,491	8,278	202	679	191	334	31	231		2	2			
Oklahoma	79	74	74,952,847	18,878	2,334	1,320	399	375	50	484	5	6	7		1	3,750,000
Puerto Rico	1		150,000	30				2		2						
South Carolina	38	21	12,567,000	3,867	907	395	304	206	9	143	4	4	3	4		1,725,000
South Dakota																
Tennessee	52	66	54,537,376	14,819	1,897	983	292	437	62	528	7	3	4	5	1	
Texas	25	10	14,680,000	2,660	202	253	54	60	22	83						
Virgin Islands	1	1	2,350,000	170	70	15		4	1	2	1	1	1			
Virginia	12	11	16,103,670	3,683	502	539	169	188	31	238	1	1	1	1		
West Virginia	42	10	17,190,000	8,010	431	679	136	434	20	352	1	1	1	1		
Wisconsin	1		486,000	25				1								
Totals	651	601	565,454,327	130,171	15,682	11,104	3,336	4,143	583	5,089	54	57	60	17	6	11,160,947