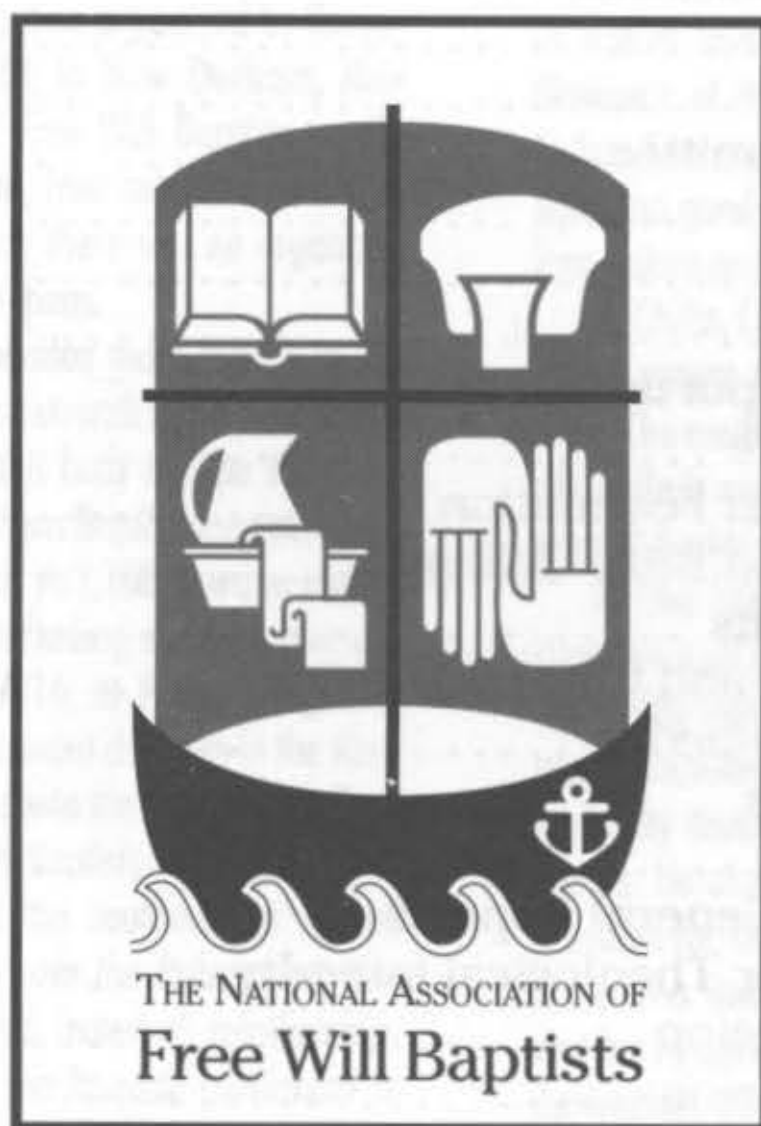


2004

Free Will Baptist Yearbook



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

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Minutes
of the
Sixty-Seventh Annual Session
of the
National Association
of
Free Will Baptists, Inc.
when convened in
Tampa, Florida
July 20-24, 2003

Future Sessions

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
2012	Memphis, Tennessee	July 15-19

Officers and Board Members

General Officers

Moderator	Tim York
Assistant Moderator	William Smith
Clerk	Randy Bryant
Assistant Clerk	Ernie Lewis
Executive Secretary-Treasurer	Keith Burden

General Board

2004	2005	2006
Alabama: Rick Cash	Indiana: Chris Clay	North Carolina: Jim Marcum
Arizona: Charles Marshall	Kansas: Zane Brooks	Northeast Dist.: Jim Nason
Arkansas: David Joslin	Kentucky: James Patton	Northwest Dist.: Darrell Smith
Assn. of Mexico:	Mexico Assn: Carlos Rubio	Ohio: Mike Stokes
Luis Felipe Tijerina	Michigan: Gene Norris	Oklahoma: Ernest Harrison, Jr.
Atl. Canada: Fred Hanson	Mid-Atlantic: Jay Baines	South Carolina: Mike Jones
California: Doice McAlister	Mississippi: J.L. Gore	Tennessee: Charles Thigpen
Colorado: Mark Thomas	Missouri: Nathan Ruble	Texas: Keith Woody
Florida: Paul Smith	New Jersey: William Brown	Virginia: Glen Johnson
Georgia: Len Blanchard	New Mexico: Mark Shores	West Virginia: Carl Vallance
Idaho: Earl Jenkins		
Illinois: Larry Cook		

Executive Committee

Moderator: Tim York, 12708 Copley Road, Ashland, KY 41102
Assistant Moderator: William Smith, P.O. Box 507, Colquitt, GA 39837
Clerk: Randy Bryant, 2156 54th Avenue, Vero Beach, FL 32966
Assistant Clerk: Ernie Lewis, Route 1, Box 52, Cisne, IL 62823

2004	2005	2006
Rick Cash (AL)	J.L. Gore (MS)	Ernest Harrison, Jr. (OK)
David Joslin (AR)	Gene Norris (MI)	Glen Johnson (VA)
Doice McAlister (CA)	Nathan Ruble (MO)	Keith Woody (TX)

Board of Trustees of Free Will Baptist Bible 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: Milton Worthington, 4885 Ayden Golf Club Road, Ayden, NC 28513

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

Board of Home Missions

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

2005	2007	2009
Harold Blankenship (NC)	Matt Upton (CA)	Ron Parker (LA)
Robert Thebeau (MO)	Jerry Atwell (MS)	Lloyd Locklear (MI)
Lynn Wood (OK)	Bobby Shepherd (AR)	James Puckett (OK)

Board of Retirement and Insurance

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

2005	2007	2009
Ron Barber (OK)	Bobby Bowers (SC)	William Ferguson (MI)
Henry Van Kluyve (NC)	Craig Cook (TN)	Jack Daniel (GA)
Milburn Wilson (TX)	Jack Ward (TN)	James Lowe (OH)

Board of Master's Men

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

2005	2007	2009
Mike Mounts (OH)	Roy Copeland (OK)	Cliff Donoho (TN)
Don Neal (IN)	Charles Walden (MS)	Clarence Lewis (TN)
Ernie Taylor (IL)	Rudy Taylor (MI)	Johnny Fowlkes (AR)

Board of Trustees of the Free Will Baptist Foundation

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

2005	2007	2009
Ron Barber (OK)	Bobby Bowers (SC)	William Ferguson (MI)
Henry Van Kluyve (NC)	Craig Cook (TN)	Jack Daniel (GA)
Milburn Wilson (TX)	Jack Ward (TN)	James Lowe (OH)

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.)	

Board of Sunday School and Church Training

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

2004 Jeff Manning (NC)

2005 Daryl Ellis (IL)

2006 Paul Harrison (TN)

2007 Leroy Forlines (TN)

2008 Matt Pinson (TN)

Historical Commission

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

2004 Robert Picirilli (TN)

2005 Darrell Holley (TN)

2006 Joe McKnight (SC)

2007 Jack Williams (TN)

2008 David Crowe (TN)

Media Commission

Chairman: Mike Jones, P.O. Box 13266, Florence, SC 29504

2004 Mike Jones (SC)

2005 Doug Kite (NC)

2006 Monte McKenzie (TN)

2007 Kevin Norris (MI)

2008 Sandy Goodfellow (TN)

Music Commission

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

2004 Randy Sawyer (NC)

2005 Chris Truett (NC)

2006 Donnie Burke (GA)

2007 Doug Little (TN)

2008 Jerry Carraway (TN)

Proceedings

The 67th annual session of the National Association of Free Will Baptists met July 20-24, 2003, at the Tampa Convention Center in Tampa, Florida. "Founded on the Rock, Focused on the Future" was the theme for the meeting. Dean Jones served as the convention manager and Scott Bullman coordinated the music.

Sunday School—July 20, 2003

The Sunday School session began at 10:00 a.m. as Adam Carnes led the congregation in singing, "Come Into His Presence," "This Is The Day" and "Bless His Holy Name." Randy Bryant welcomed the assembly and led in prayer. The congregation sang "Blessed Assurance" and "Great Is Thy Faithfulness."

Randy Bryant introduced the Sunday School teacher. Angie Deel sang "His Eye Is On The Sparrow." Kenneth Akers, director of the Master's Men Department, brought the lesson on "A New Heart to Build" from Nehemiah chapters 2-4. The session concluded at 10:50 a.m.

Sunday Morning—July 20, 2003

The morning worship service began at 11:00 a.m. with the congregation singing, "Glory to His Name" and "At Calvary," led by Adam Carnes. The Fields Family sang "Up There Where Saints Will Shout and Sing." Randy Bryant led in prayer and an offering was received. Pianist Jerry Carraway and organist Jamie Patrick provided the offertory, "It Is Well." The congregation sang "Tis So Sweet to Trust In Jesus" and "Step by Step."

Ron Hunter, director of the Sunday School and Church Training Department, was introduced as the speaker for the worship service. Before he spoke, the Fields Family sang "Jesus Fill My Every Need." Ron Hunter spoke on the subject, "Altar Your Course," from Genesis 22:1-19. Tim Owen prayed the benediction.

Sunday Evening—July 20, 2003

The evening worship service began at 7:00 p.m. with the congregation singing, "I Just Came To Praise The Lord" and "When The Praises Go Up," led by Scott Bullman. The Convention Choir along with various groups and soloists ministered in music. The following is an overview of the program:

"Written In Red" (Soloist Bob Thomas)

"Above All"

"I Should Have Been Crucified"
 Tim Campbell called for the offering and Terry Forrest led in prayer. The program continued with:
 "Master of the Sea" (Convention Choir and the Fields Family)
 "Through It All"

"It Is Well With My Soul"
 "He Is Here" (Soloist Chad Donoho)
 "In The Presence of Jehovah"
 "Thank God, I'm Free" (Soloist Kevin Justice)

Tim Campbell introduced the speaker for the evening service. Larry Powell, director of the Home Missions Department, brought the message from Acts 17:26-27 on the convention theme, "Focusing on The Future."

Convention Choir and congregational singing closed the service.

"Standing on the Solid Rock"

"Glad Reunion Day"

"We Fall Down"

"Holy, Holy, Holy"

"Hallelujah! Praise The Lamb"

Tim Campbell dismissed in prayer.

Monday Evening—July 21, 2003

The Monday evening worship service began at 7:00 p.m. with the congregation singing, "The Solid Rock," "Firm Foundation" and "All Hail The Power of Jesus' Name." Daron Dwyer served as worship leader. William Smith welcomed the congregation and led in prayer.

Clerk Randy Bryant called the 67th annual session of the National Association to order and introduced the officers. Moderator Carl Cheshier appointed the following committees:

Credentials Committee:

Charles Thigpen (TN), Chairman	Jim Marcum (NC)
Fred Hanson (Atlantic Canada)	James Patton (KY)
William Smith (GA)	

Nominating Committee:

Ernest Harrison, Jr. (OK), Chairman	Gary Fry (MO)
Milton Worthington (NC)	Will Harmon (AR)
Bill Van Winkle (TX)	Edwin Hayes (OH)
Chris Clay (IN)	

Resolutions Committee:

Nuel Brown (CA), Chairman	J.L. Gore (MS)
Sherwood Lee (SC)	Richard Hendrix (AL)
Melvin Moon (MO)	

Obituary Committee:

Gene Norris (MI), Chairman	Mark Shores (NM)
David Joslin (AR)	Clifford Donoho (TN)
Alton Loveless (TN)	

Randy Bryant, executive secretary for the Florida State Association of Free Will Baptists, welcomed the convention to Florida and the city of Tampa. The Convention Choir sang "I Go To The Rock." Tim Campbell called for the convention offering and Jim Marcum led in prayer. The Convention Orchestra provided the offertory, "Glory To His Name." The Convention Choir sang "It's Almost Over," "Going Home" and "Until Then." The congregation then sang, "What A Day That Will Be," "The King Is Coming" and "When We See Christ."

Keith Burden, executive secretary, was introduced as the speaker. Before the message, Debbie (Mrs. Keith) Burden sang "I Sing Because." Brother Burden preached from Matthew 16:13-20 on the theme, "Focused on the Future." The speaker called for the national department directors to come forward and stand with him on stage. Bill Evans lead in prayer for the group. "I Surrender All" was sung as the invitation, and William Smith dismissed the service in prayer.

Tuesday Evening—July 22, 2003

The service began at 7:00 p.m. with the congregation singing, "Come, Christians, Join To Sing" and "Forever," led by Kevin Denton who served as worship leader. Gary Fry welcomed the congregation and called for the evening offering. After Rev. Fry led in prayer, pianist Carson Wagner provided the offertory.

The congregation then sang, "The Doxology" and "Let My Words Be Few." The Men's Chorale and Convention Choir sang, "Holy, Holy, Holy," "God of Wonders" and "How Great Thou Art." The congregation sang "I Stand In Awe," "Majesty" and "Shout To The Lord."

Gary Fry introduced Matthew Pinson as the speaker for the evening. Bob Thomas sang "He Still Speaks" before the message. Matthew Pinson, president of Free Will Baptist Bible College, brought the message from Matthew 5:21-26 and Matthew 18:15-20. His

subject was "The Risk of Loving One Another." "Have Thine Own Way" was sung as the invitation. Gary Fry prayed the dismissal prayer.

Wednesday Morning—July 23, 2003

Moderator Carl Cheshier called the meeting to order at 9:00 a.m. and welcomed the delegates. The moderator brought a devotion from Philippians 4:13 and I Samuel 17 on "The Goliaths We Face." He then led in prayer.

The clerk read the Credentials Committee report. 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 the 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 Keith Burden gave the report of the Executive Office. Motion carried to receive the Executive Office report and adopt its revised 2003 budget and its 2004 budget.

Keith Burden presented a plaque and a vacation gift certificate to Moderator Carl Cheshier for his 16 years of faithful service to the National Association as assistant moderator and moderator.

Director Williams 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 James Forlines gave the report of the Foreign Missions Department. Rob Conley, director of financial operations, gave the financial report. Motion carried to receive the report, adopt the budget and request that the Executive Committee study the "Hanna Project" concept.

Director James Forlines noted that the Foreign Missions Board recommended a name change from "Free Will Baptist Foreign Missions" to "Free Will Baptist International Missions." Motion carried to place the recommendation on the table. Jerry Norris was elected to fill the unexpired 2006 term of Doug Little.

Director James Forlines made a special presentation of a globe and plaque to Don Robirds, director of public relations, for his pending retirement from the Foreign Missions Department.

Wednesday Afternoon—July 23, 2003

Assistant moderator Tim York called the afternoon session to order at 1:30 p.m. He read from I Corinthians 3:6-9 and led in prayer.

President Matthew Pinson gave the report for Free Will Baptist Bible College. Treasurer Tom Sass gave the financial report. Motion carried to receive the report and adopt the budget.

Director Ron Hunter gave the Sunday School and Church Training Department report. Assistant director Clarence Lewis 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. William Ferguson (MI), Jack Daniel (GA) and James Lowe (OH) were elected to the Board of Retirement for six-year terms to expire in 2009.

Director Larry Powell gave the report of the Home Missions Department. Motion carried to receive the report and adopt the budget. Larry Powell presented Chris Clay with a plaque for leading the Peace FWB Church in Indianapolis, Indiana, to self-supporting status.

Ron Parker (LA), Loyd Locklear (MI) and James Puckett (OK) were elected to the Home Missions Board for six-year terms to expire in 2009.

Director Kenneth Akers gave the report for the Master's Men Department. Motion carried to receive the report and adopt the budget. Clifford Donoho (TN), Clarence Lewis (TN) and Johnny Fowlkes (AR) were elected to the Master's Men Board for six-year terms to expire in 2009.

The clerk read Item #2 from the General Board report recommending that travel reimbursement for Executive Committee members and other committees appointed by the National Association be calculated on the most economical basis. Motion carried to adopt Item #2.

The clerk read Item #3 from the General Board report recommending that the July 15-19, 2012, convention meet in Memphis, Tennessee. Motion carried to adopt Item #3.

The clerk read Item #4 from the General Board report recommending the removal of probation for the Mexico Association. Motion carried to adopt Item #4.

A partial report of the Nominating Committee for General Board members was read. The following were elected to serve terms expiring in 2006: Jim Marcum (NC), Jim Nason (Northeast), Darrell Smith (Northwest), Mike Stokes (OH), Ernest Harrison, Jr. (OK), Mike Jones (SC), Charles Thigpen (TN), Keith Woody (TX), Glen Johnson (VA) and Carl Vallance (WV).

The clerk read a partial report of the Nominating Committee for the Executive Committee. Ernest Harrison, Jr. (OK), Glen Johnson (VA) and Keith Woody (TX) were elected to three-year terms.

Leroy Forlines gave the Commission for Theological Integrity report. Motion carried to receive the report and adopt the budget. Matt Pinson (TN) was elected to a five-year term on the Commission for Theological Integrity.

Steve Faison gave the Media Commission report. Motion carried to receive the report and adopt the budget. Sandy Goodfellow (TN) was elected to a five-year term on the Media Commission.

Mike Jones of the Media Commission presented a plaque to Steve Faison in appreciation for 10 years of service on the commission.

Randy Sawyer gave the Music Commission report. Motion carried to receive the report and adopt the budget. Donnie Burke (GA) was elected to the Music Commission to fill the unexpired term ending in 2006. Jerry Carraway (TN) was elected to a five-year term on the Music Commission.

Joe McKnight gave the Historical Commission report. Motion carried to receive the report and adopt the budget. David Crowe (TN) was elected to a five-year term on the commission.

The moderator declared a recess until 9:00 a.m. on July 24, 2003.

Wednesday Evening—July 23, 2003

The Wednesday evening worship service began with Donnie Burke leading the congregation in singing, "Jesus Saves." Bill Jones welcomed the congregation and led in prayer.

Home Missions director Larry Powell presented a plaque to Pat Thomas in memory of Roy Thomas, former director of the Home Missions Department. Director Powell also introduced the "Roy Thomas Memorial Trust" that has been established to assist mission churches.

The Convention Choir sang "Go Into All The World." This was followed by a video introduction of the home and foreign missionaries who were present. The Convention Choir sang "Well Done," as the introductions were made. A commissioning service for new missionaries proceeded with Larry Powell officiating and Milton Worthington praying the commissioning prayer.

The congregation sang "Take My Life and Let It Be" and "The

Potter's Hand." Bill Jones called for the missions offering and led in prayer. The Convention Choir sang "End of the Beginning" with soloist Scott Bullman. The congregation sang "We've A Story To Tell To The Nations" and "Carry The Light."

James Forlines, general director of the Foreign Missions Department, was introduced as the speaker. Prior to his message, Rev. Forlines presented a framed pictorial collage of pioneer missionaries to these missionary families: Trula Cronk, Carlisle Hanna, Fred Hersey and Tom Willey. The evening's message was titled, "Warfare Lifestyle," from II Timothy 2:1-3.

Following the announcements, Bill Jones dismissed in prayer.

Thursday Morning—July 24, 2003

The business session was called to order at 9:00 a.m. Clerk Randy Bryant read from Hebrews 10:23-25 and opened the session in prayer.

Dean Jones, director of Student and Children Ministries, gave a report of the 36th Annual National Youth Conference. Motion carried to receive the report as information.

Executive Secretary/Treasurer Marjorie Workman gave the report for the Women Nationally Active For Christ. Motion carried to receive the report.

Melvin Worthington gave the report of the Educational Task Force. Tim Eaton presented the results of the Educational Task Force's survey. Motion carried to receive the report.

William Smith gave the report of the Publications Committee. Motion carried to receive the report.

The clerk read the Obituary Committee report. Motion carried to receive the report. Rue Dell Smith led the congregation in a prayer of remembrance.

The clerk read the registration report for the national convention, Women Nationally Active for Christ convention and the National Youth Conference. Motion carried to receive the report.

Keith Burden gave the Budget Committee report. Motion carried to receive the report.

The clerk read the Resolutions Committee report. Motion carried to receive the report and adopt item by item.

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 refer Item #2 to the Executive Committee for further study.

The clerk read Item #3 of the Resolutions Committee report. Motion carried to refer Item #3 to the Executive Committee for further study.

The clerk read Item #4 of the Resolutions Committee report. Motion carried to adopt Item #4.

The clerk read Item #5 of the Resolutions Committee report. Motion carried to adopt Item #5.

The clerk read Item #6 of the Resolutions Committee report. Motion carried to adopt Item #6.

The clerk read the final report of the Nominating Committee. Ernie Lewis was elected assistant clerk; Randy Bryant was elected clerk; Paul Smith was elected to fill the unexpired term as General Board member for Florida; Larry Cook was elected to fill the unexpired term as General Board member for Illinois. William Smith was elected assistant moderator; Tim York was elected moderator. Len Blanchard was elected to fill the unexpired term as General Board member from Georgia.

Motion carried to adjourn. Tim York dismissed the convention in prayer.

The Executive Secretary's Report

2002

It has been a joy and honor to officially represent Free Will Baptists at various events and denominational functions. I continue to marvel at the spirit of unity that exists among us in spite of our diversity. The enormity of the task I have assumed is at times overwhelming. Thank you for your support and patience as I attempt to see the big picture and provide the leadership our denomination needs.

This past year could be characterized as a time of transition:

- After 23 years of faithful service, the denomination said goodbye to Dr. Melvin Worthington. He was recognized and honored for his leadership in the Executive Office during the 2002 convention in Memphis, Tennessee.
- On September 1, 2002, I made the transition from the pastorate to being an administrator when I assumed the duties of Executive Secretary. The Executive Office staff is to be commended for their efforts in making this a smooth transition.
- *Contact* magazine has experienced a "new look." Through the combined efforts of Editor Jack Williams and Randall House Publications, the periodical has been significantly upgraded and redesigned.
- *The Free Will Baptist Hymn Book: Rejoice* has served our denomination well for 15 years. Many churches are taking steps to replace worn hymnals. Quantities are limited and a decision will need to be made to either reprint, revise or replace this worship tool.
- We are facing new challenges financially as we experience a downturn in our economy. The cumulative effects of budgetary deficits in both *Contact* and the Convention fund have left the Executive Office in a precarious position. A more detailed explanation will be given as this report is presented. Drastic measures have been taken to correct this situation. The continued, consistent support of the denomination is vital if we are to maintain the standard of service Free Will Baptists have come to expect and deserve.

We are working diligently to keep the cost of the national convention under control without seriously jeopardizing the quality of the meeting. Convention Manager Dean Jones is doing an excellent job coordinating the programming and logistics of this annual event. Increased revenue in 2004 will be necessary to fund the convention and retire indebtedness incurred from this year's convention. The Executive Office can no longer subsidize the annual associational meeting...it *must* pay its own way!

There are currently less than 4,000 subscribers to *Contact*. In spite of our efforts to upgrade the magazine, we continue to see significant numbers of cancellations. Even though there will be a modest rate increase this August, revenue from subscriptions fall exceedingly short of covering publication costs. Every Free Will Baptist should receive *Contact*. We need your help enlisting new subscribers.

Our denomination has a bright future. God has assembled a capable group of directors to lead Free Will Baptists into the 21st century. Your prayers and support are essential if they are to be successful. Thank you for standing with us as we seek to glorify God, take the gospel to the unreached, and build up the body of Christ.

Thankful for the opportunity to serve,

Keith Burden
Executive Secretary

Statistical Summary 1988 - 2002

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
2002	289,141	8,924	11,329	6,233	5,096	294,237
Totals		133,472	188,761	98,906	89,855	

Tracking The Together Way Totals

	Designated		Co-op		Total	
1993	1,786,527.81	20.64%	278,925.67	14.69%	2,065,453.48	19.80%
	86%		14%			
1994	2,071,808.59	15.97%	313,198.40	12.29%	2,385,006.99	15.47%
	87%		13%			
1995	2,128,315.33	2.73%	362,694.52	15.80%	2,491,009.85	4.44%
	85%		15%			
1996	2,110,182.97	-0.85%	375,760.11	3.60%	2,485,943.08	-0.20%
	85%		15%			
1997	2,775,292.31	31.52%	442,453.17	17.75%	3,217,745.48	29.44%
	86%		14%			
1998	3,004,636.43	8.26%	608,297.49	37.48%	3,612,933.92	12.28%
	83%		17%			
1999	3,066,552.21	2.06%	676,020.36	11.13%	3,742,572.57	3.59%
	82%		18%			
2000	3,289,076.32	7.26%	708,470.54	4.80%	3,997,546.86	6.81%
	82%		18%			
2001	3,170,082.84	-3.62%	736,040.45	3.89%	3,906,123.29	-2.29%
	81%		19%			
2002	3,253,772.40	2.64%	738,744.13	0.37%	3,992,516.53	2.21%
	81%		19%			

The Together Way Totals Increase from 1993-2002

Designated	82.13%	Co-op	164.85%
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EXECUTIVE OFFICE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

Financial Statements December 31, 2002 and 2001 (With Independent Auditors' Report Thereon)

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

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Independent Auditors' Report

Terry A. Hill
Ernest R. Harper

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

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

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, 2002 and 2001 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, 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

May 13, 2003

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

Statements of Financial Position

December 31, 2002 and 2001

	<u>Assets</u>	<u>2002</u>	<u>2001</u>
Current assets:			
Cash and cash equivalents	\$	43,445	103,721
Funds held by Free Will Baptist Foundation		18,390	16,200
Receivables:			
Hymnal sales		28,738	14,816
Other departmental and agency charges		2,807	1,818
Total receivables		31,545	16,634
Inventory, at lower of cost (first-in, first-out method) or market		74,713	104,561
Prepaid expenses		9,608	32,219
Total current assets		177,701	273,335
Office equipment and furniture		128,535	124,653
Less accumulated depreciation		118,808	114,150
Net office equipment and furniture		9,727	10,503
	\$	187,428	283,838
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$	46,130	35,495
Note payable		24,591	-
Deferred subscription revenues		35,215	24,913
Total current liabilities		105,936	60,408
Net assets:			
Executive Office		217,226	274,705
Net investment in equipment		9,727	10,503
Contact Magazine		(61,541)	(33,305)
Special Projects		92,254	99,122
Convention Fund		(176,174)	(127,595)
Total net assets		81,492	223,430
	\$	187,428	283,838

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, 2002 and 2001

	Executive Office	Contact Magazine	Special Projects	Convention Fund	2002 Totals	2001 Totals
Revenues:						
The Together Way Plan \$	3,992,517	-	-	-	3,992,517	3,906,124
Disbursed to agencies and departments	(3,636,852)	-	-	-	(3,636,852)	(3,551,703)
	355,665	-	-	-	355,665	354,421
Subscriptions to Contact Magazine	-	61,825	-	-	61,825	61,866
Sales of hymnals	-	-	47,936	-	47,936	47,485
Gifts and offerings	2,741	-	-	8,745	11,486	9,587
Investment earnings (losses)	1,078	(1,610)	-	-	(532)	6,591
Convention fees	-	15,000	-	177,920	192,920	195,739
Other income	5,578	591	2,283	15,805	24,257	20,203
Total revenues	365,062	75,806	50,219	202,470	693,557	695,892
Cost of hymnal sales:						
Beginning inventory	-	-	104,561	-	104,561	133,654
Other costs	-	-	11,026	-	11,026	17,880
Total cost of inventory	-	-	115,587	-	115,587	151,534
Less ending inventory	-	-	74,713	-	74,713	104,561
Cost of hymnal sales	-	-	40,874	-	40,874	46,973
Gross profit	365,062	75,806	9,345	202,470	652,683	648,919
Expenses of operations:						
Executive Office	423,317	-	-	-	423,317	360,620
Contact Magazine	-	104,042	-	-	104,042	84,934
Special Projects	-	-	16,213	-	16,213	32,206
Convention Fund	-	-	-	251,049	251,049	303,310
Total expenses	423,317	104,042	16,213	251,049	794,621	781,070
Decrease in net assets	(58,255)	(28,236)	(6,868)	(48,579)	(141,938)	(132,151)
Net assets, beginning of year	285,208	(33,305)	99,122	(127,595)	223,430	355,581
Net assets, end of year \$	226,953	(61,541)	92,254	(176,174)	81,492	223,430

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, 2002 and 2001

	Executive Office	Contact Magazine	Special Projects	Convention Fund	2002 Totals	2001 Totals
Expenses of operations:						
Salaries	154,559	-	11,894	30,901	197,354	184,246
Housing allowance	54,894	-	-	-	54,894	45,000
Employee fringe benefits and health insurance	52,039	-	-	-	52,039	54,609
Payroll taxes	25,914	-	910	2,268	29,092	24,604
Travel	34,387	1,407	-	25,973	61,767	65,216
Executive Committee and General Board	2,996	-	-	13,713	16,709	26,795
Occupancy costs	29,892	-	-	-	29,892	29,892
Depreciation	4,657	-	-	-	4,657	5,946
Legal and audit	2,762	1,403	1,300	1,402	6,867	3,183
Equipment maintenance	183	-	-	-	183	655
Supplies, office expense	11,580	5,501	-	-	17,081	32,530
Printing and promotion	7,426	72,049	4	41,558	121,037	84,578
Postage / mail services	1,216	18,268	15	234	19,733	18,703
Telephone	3,437	34	-	667	4,138	4,071
Writer's fees	-	3,575	-	-	3,575	4,265
Auditorium and other convention services	-	-	-	105,807	105,807	140,914
Leadership Conference	222	-	-	-	222	2,120
International Fellowship	4,655	-	-	-	4,655	1,200
Educational Task Force	-	-	-	9,352	9,352	7,608
The Together Way Plan	317	-	-	-	317	178
Auto and copier leases	23,582	-	-	-	23,582	17,730
Executive search	-	-	-	-	-	1,724
Church directory	128	-	2,038	-	2,166	3,962
Mexican Arbitration	-	-	-	-	-	7,889
Nominating Committee	-	-	-	80	80	-
Publications Committee	-	-	-	15,002	15,002	-
Interest expense	-	-	52	-	52	-
Other	8,471	1,805	-	4,092	14,368	13,452
Total expenses	\$ 423,317	104,042	16,213	251,049	794,621	781,070

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, 2002 and 2001

	2002	2001
Cash Flows from Operating Activities		
Decrease in net assets		
Adjustments to reconcile decrease in net assets to net operating activities:	\$ (141,938)	(132,151)
Depreciation and amortization		
Loss on funds held by Free Will Baptist Foundation	4,657	5,946
(Increase) decrease in:	1,610	-
Receivables		
Inventories	(14,911)	10,298
Prepaid expenses	29,848	29,093
Increase (decrease) in:	22,611	3,878
Accounts payable and accrued expenses		
Deferred subscription revenue	10,635	17,771
Net operating activities	10,302	6,252
Cash Flows from Investing Activities	(77,186)	(58,913)
Funds held by Free Will Baptist Foundation		
Purchase of equipment	(3,800)	(5,700)
Net investing activities	(3,881)	(226)
Cash Flows from Financing Activities	(7,681)	(5,926)
Proceeds from note payable		
Repayments of note payable	32,539	-
Net financing activities	(7,948)	-
Decrease in cash	24,591	-
Cash and cash equivalents at beginning of year	(60,276)	(64,839)
Cash and cash equivalents at end of year	103,721	168,560
	\$ 43,445	103,721
Supplemental disclosures:		
Interest paid	\$ 52	-

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2002 and 2001

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 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 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 2001 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 sold 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, 2002, warehoused hymnals valued at a cost of \$74,713.

The leather hymnals remaining from the first printing with a basis of \$20,900 had been transferred to the Contact Magazine Fund and recorded as prepaid expenses to be given as incentives to subscribers who purchased a life time subscription to Contact Magazine. Effective December 31, 2002, management has terminated the incentive program and has expensed these hymnals as promotion costs of the Contact Magazine Fund.

(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 \$11,460 in 2002 and \$10,150 in 2001. 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 three automobiles. Total expenses amounted to \$23,582 for 2002 and \$17,730 for 2001. The minimum payments required are; \$22,933 for year 2003; \$19,634 for 2004; and \$7,354 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 2002 and 2001.

(5) Note payable

Unsecured note payable bearing interest at 6.5% repayable to Free Will Baptist Foundation.

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

(6) The Together Way Plan

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan program. Designated contributions are disbursed to the named Department or agency, and cooperative funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 2002 as compared to 2001 totals.

	2002			2001
	Designated	Cooperative	Total	Total
Receipts:				
Alabama	\$ 5,140	2,216	7,356	7,253
Arkansas	184,531	197,904	382,435	501,822
California	—	12,914	12,914	14,363
Florida	683	13,608	14,291	16,396
Georgia	384,055	19,299	403,354	398,576
Illinois	154,893	25,224	180,117	132,671
Indiana	23,169	2,252	25,421	26,073
Kentucky	5,350	12,558	17,908	19,282
Michigan	227,560	29,028	256,588	269,649
Mississippi	124,600	7,066	131,666	107,198
Missouri	488,057	183,250	671,307	666,773
New Mexico	8,168	528	8,696	6,769
North Carolina	19,512	37,657	57,169	52,718
Ohio	188,558	34,111	222,669	208,543
Oklahoma	619,153	134,643	753,796	637,339
South Carolina	494,722	589	495,311	525,444
Tennessee	173,142	16,012	189,154	179,175
Texas	114,182	4,407	118,589	89,940
Virginia	3,523	824	4,347	5,821
West Virginia	25,995	1,410	27,405	28,367
Canada	7,395	138	7,533	7,734
Contributions totaling \$2,500 or less	1,384	3,107	4,491	4,218
Total receipts	\$ 3,253,772	738,745	3,992,517	3,906,124
Disbursements:				
Executive Office	\$ 23,230	332,435	355,665	354,421
Foreign Missions	1,905,442	93,451	1,998,893	1,906,289
Free Will Baptist Bible College	291,201	93,451	384,652	369,134
Home Missions	899,133	73,136	972,269	958,081
Retirement & Insurance	4,783	56,883	61,666	62,699
Master's Men	6,079	56,883	62,962	61,962
Commission for Theological Integrity	1,347	2,031	3,378	3,116
Foundation	4,214	24,379	28,593	28,361
Historical Commission	670	2,032	2,702	2,417
Music Commission	330	2,032	2,362	2,135
Media Commission	1,651	2,032	3,683	3,850
Hillsdale Free Will Baptist College	28,108	—	28,108	22,635
Other	87,584	—	87,584	131,024
Total disbursements	\$ 3,253,772	738,745	3,992,517	3,906,124

2004 Executive Office Budget

	2002	2003	2004
Administrative	\$ 411,000.00	\$ 366,278.00	\$ 373,533.00
Convention	240,056.30*	278,792.91**	240,856.66***
Contact	93,105.00	98,981.25	108,800.00
Totals	\$ 744,161.30	\$ 744,052.16	\$ 723,189.66
	* 2001	** 2002	***2003

2004 Administrative Budget

Projected Expenses	2002	2003	Revised 2003	2004
Salaries	\$ 160,775.80	\$ 166,631.99	\$ 138,621.72	\$ 128,347.00
Housing	46,561.06	49,000.00	49,000.00	49,000.00
Social Security	24,058.19	25,020.65	22,094.60	22,091.85
Retirement	7,645.67	7,922.67	2,882.63	.00
Employees Insurance (Dental/Disability/Health/Life/Travel)	37,424.32	40,763.71	36,991.27	34,648.33
Auditing/Legal	5,000.00	3,500.00	3,000.00	3,000.00
Automobile Lease (2 Cars)	11,000.00	11,100.00	11,800.00	11,800.00
Copier Lease	7,000.00	8,000.00	7,000.00	7,000.00
Equipment Maintenance	2,000.00	2,000.00	500.00	500.00
Computer Supplies	10,000.00	7,000.00	2,000.00	4,000.00
Executive Committee	5,000.00	5,000.00	1,800.00	2,000.00
General Insurance	5,000.00	5,500.00	2,800.00	3,000.00
Int'l. Fellowship of FWB Churches	2,400.00	2,400.00	240.00	500.00
Leadership Conference	2,000.00	3,000.00	500.00	500.00
Office Rental (\$1.00 per sq. ft. x 2,491)	29,892.00	29,892.00	29,892.00	29,892.00
Office Supplies/Expense	10,000.00	10,000.00	1,200.00	5,000.00
Other	2,452.56	4,428.47	1,370.75	2,938.22
Postage	1,500.00	1,500.00	1,500.00	1,500.00
Printing	3,000.00	3,000.00	750.00	3,000.00
Promotion	3,000.00	3,000.00	650.00	1,000.00
Books/Dues/Registrations	3,000.00	3,000.00	1,250.00	1,500.00
Telephone	4,000.00	4,000.00	2,500.00	3,000.00
Tgthr. Way Plan/Stewardship Edu.	1,500.00	1,000.00	500.00	500.00
Travel	22,500.00	24,000.00	17,000.00	19,500.00
Christmas Bonus (Extra Week's Salary)	1,926.68	2,003.78	.00	.00
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	2,363.72	2,336.73	578.97	.00
M. Worthington's Retirement Lease Car			6,598.56	13,209.60
Contact Underwriting			23,257.50	26,106.00
Totals	\$ 411,000.00	\$ 425,000.00	\$ 366,278.00	\$ 373,533.00
Projected Income				
The Together Way Plan				
Cooperative Gifts	\$ 330,000.00	\$ 350,000.00	\$ 297,478.00	\$ 303,427.00
Designated Gifts	81,000.00	75,000.00	65,300.00	66,606.00
Other Income			3,500.00	3,500.00
Totals	\$ 411,000.00	\$ 425,000.00	\$ 366,278.00	\$ 373,533.00

Salary Breakdown

	2003	Revised 2003	2004
Executive Secretary			
Salary	\$36,943.50 (4%)	\$31,368.74	\$36,943.50
Housing and Utilities	25,000.00 (4%)	25,000.00	25,000.00
Social Security	9,947.36 (15.30%)	8,624.41 (15.30%)	9,477.36 (15.30%)
Retirement	1,847.18 (5%)	403.93	.00
Insurance (Health/Dental/Life)	12,000.00	12,750.00	12,750.00
Health			
Dental			
Disability/Travel	421.03	363.67	425.47
NOTE: Office car furnished.			
	86,159.07	78,510.75	84,596.33
Administrative Assistant/Contact Editor			
Salary	25,491.85 (4%)	20,827.96	25,491.85
Housing and Utilities	24,000.00 (4%)	24,000.00	24,000.00
Social Security	7,572.25 (15.30%)	6,858.68 (15.30%)	7,572.25 (15.30%)
Retirement	1,274.59 (5%)	424.88	.00
Insurance (Health/Dental/Life)	9,000.00	9,000.00	9,000.00
Health			
Dental			
Disability/Travel	347.56	157.32	60.00
NOTE: Office car furnished.			
	67,686.25	61,268.84	66,124.10
Executive Bookkeeper/Accountant			
Salary	35,805.22 (4%)	32,442.87	35,805.22
Social Security	2,739.10 (7.65%)	2,481.88 (7.65%)	2,739.10 (7.65%)
Retirement	1,790.26 (5%)	596.76	.00
Insurance	6,478.88	5,556.36	6,206.43
Disability/Life	409.37	207.36	136.92
Health	5,547.46	4,863.36	5,547.46
Dental	522.05	485.64	522.05
	46,813.46	41,077.87	44,750.75
Editorial Assistant/Secretary			
Salary	30,106.43 (4%)	21,942.93	.00
Social Security	2,303.14 (7.65%)	1,678.63 (7.65%)	.00
Retirement	1,505.32 (5%)	955.30	.00
Insurance	6,132.18	3,618.80	.00
Disability/Life	300.03	200.00	
Health	5,547.46	3,242.24	
Dental	284.69	176.56	
	40,047.07	28,195.66	.00

Yearbook Coordinator/Registration Coordinator

Salary	30,106.43	(4%)	27,286.41	30,106.43
Social Security	2,303.14	(7.65%)	2,087.41	2,303.14 (7.65%)
Retirement	1,505.32	(5%)	501.76	.00
Insurance	6,384.06		5,545.12	6,206.43
Disability/Life	314.55	196.12	136.92	
Health	5,547.46	4,863.36	5,547.46	
Dental	522.05	485.64	522.05	
	40,298.95		35,420.70	38,616.00

Part-Time Help

Salary (104 days)	8,178.56 (\$9.83 hr.)	4,752.81 (\$9.83 hr.)	.00
Social Security	625.66 (7.65%)	363.59 (7.65%)	.00
	8,804.22	5,116.40	.00

**Convention Budget
National Association of Free Will Baptists, Inc.
July 20-24, 2003
Tampa, Florida**

Projected Receipts

Booth Fees	\$ 24,500.00
Host State (Florida)	20,000.00
Local Church Representation Fees (\$50)	2,500.00
Offerings	8,500.00
State Representation Fees (\$50 per church)	123,500.00
Reimbursements	12,000.00
Other	3,000.00
Convention Loan	46,856.66
Total	\$ 240,856.66

Projected Expenditures

Auditorium	\$ 88,650.00
Printing and Promotion	33,650.00
Convention Office	52,423.52
Convention Personnel	12,813.72
Meals	3,468.00
Travel	3,963.00
Lodging	5,382.72
Convention Officials	5,231.44
Volunteer Staff	4,086.88
Honorariums	2,714.40
Decorator Services	11,152.50
Meal Functions	3,059.20
Executive Committee Meal and Motel Expenses	3,375.00
Pre-Convention Expenses	8,500.00
Sub-Total	225,656.66
National Committee Expenses	15,200.00
Total	\$ 240,856.66

**Convention Budget
National Association of Free Will Baptists, Inc.
July 20-24, 2003
Tampa, Florida**

Projected Receipts

Booth Fees	\$ 24,500.00
Host State (Florida)	20,000.00
Local Church Representation Fees (\$50)	2,500.00
Offerings	8,500.00
State Representation Fees (\$50 per church)	123,500.00
Reimbursements	12,000.00
Other	3,000.00
Convention Loan	46,856.66
Total	\$ 240,856.66

Projected Expenditures**Auditorium**

Rental	\$ 31,500.00
Convention Banner	250.00
Flowers	500.00
Other	48,900.00
First Aid Staff	2,000.00
Liability, ASCAP, BMI Insurance	300.00
Music/Equipment/Fees	5,000.00
Offering Buckets	200.00
Signs	500.00
Sound System/AV Equipment	39,200.00
Union Personnel	1,500.00
Usher Badges	200.00
Police Security/Badge Checkers	7,500.00
Total	88,650.00

Printing and Promotion

Convention Brochure	\$ 8,500.00
Convention Materials	11,450.00
Digest of Reports	8,200.00
Programs	3,250.00
Photos	200.00
Pre-Convention Printing/Publicity/Art	13,500.00
Total	33,650.00

Convention Office

Audit	\$ 1,200.00
Convention Manager	21,239.92
Payroll Taxes	1,624.85
Retirement	1,062.00
Courtesy Car	100.00
Equipment Rentals	3,900.00

Computers, Printers	400.00
Copiers (2)/Paper	2,000.00
Tables/Chairs/Trash Cans, etc.	1,500.00
Office Expense/Supplies	
Postage	2,500.00
Pre-Registration Salaries	250.00
Payroll Taxes	8,000.00
Pre-Registration Staff	612.00
Payroll Taxes	1,500.00
Pre-Registration (Supplies, Postage)	114.75
Registration (Supplies)	5,000.00
Registration Computers/Printers	2,000.00
Telephone	2,000.00
Two-Way Radios	600.00
	720.00
Total	<u>52,423.52</u>
Convention Personnel	
Meals	
Keith Burden (36 meals @ \$12.00 each)	\$ 432.00
Dari Goodfellow (27 meals @ \$12.00 each)	324.00
Melody Hood (30 meals @ \$12.00 each)	360.00
Dean Jones (36 meals @ \$12.00 each)	432.00
Steve Pate (21 meals @ \$12.00 each)	252.00
Angie Williams (27 meals @ \$12.00 each)	324.00
Jack Williams (24 meals @ \$12.00 each)	288.00
Convention Interns (8)	1,056.00
Total	<u>3,468.00</u>
Travel	
Keith Burden	\$ 136.50
Dari Goodfellow	136.50
Melody Hood	136.50
Dean Jones	136.50
Steve Pate (Trans. Coord., rental)	136.50
Meals on road (12 meals @ \$12.00 each)	3,000.00
Angie Williams	144.00
Jack Williams	136.50
Total	<u>3,963.00</u>
Lodging	
Keith Burden	\$.00
Dari Goodfellow (8 nights @ \$99.68)	797.44
Melody Hood (9 nights @ \$99.68)	897.12
Dean Jones	.00
Steve Pate (8 nights @ \$99.68)	797.44
Angie Williams (8 nights @ \$99.68)	797.44
Jack Williams (7 nights @ \$99.68)	697.76
Convention Interns (14 nights @ \$99.68)	1,395.52
Total (Includes applicable tax and parking)	<u>5,382.72</u>

Convention Officials

Moderator - Carl Cheshier	\$ 2,539.28
Travel (From Moore, OK to Tampa, FL) (2,696 miles @ \$.36 per mile)	970.00
Meals (22 meals @ \$12.00 each)	264.00
Lodging (6 nights @ \$150.88)	905.28
Honorarium	400.00
Clerk - John Hibbard	2,224.16
Travel (From Modesto, CA to Tampa, FL)	600.00
Meals (21 meals @ \$12.00 each)	252.00
Lodging (7 nights @ \$138.88)	972.16
Honorarium	400.00
Assistant Moderator - Tim York	252.00
Meals (21 meals @ \$12.00 each)	.00
Lodging (7 nights)	216.00
Assistant Clerk - Randy Bryant	216.00
Meals (18 meals @ \$12.00 each)	.00
Lodging (6 nights)	
Total (Includes applicable tax and parking)	<u>5,231.44</u>

Volunteer Staff

Music Coordinator - Scott Bullman Lodging (7 nights @ \$99.68)	\$ 697.76
Organist - Jamie Patrick Lodging (8 nights @ \$99.68)	797.44
Photographer - Danny Conn Lodging (7 nights @ \$99.68)	697.76
Pianist - Jerry Carraway Lodging (6 nights @ \$99.68)	598.08
Taping - Mike Anderson Lodging (7 nights @ \$99.68)	697.76
Usher Coordinator - Billy Walker Lodging (6 nights @ \$99.68)	598.08
Total (Includes applicable tax and parking)	<u>4,086.88</u>

Honorariums

Ken Akers	\$.00
Ron Hunter	.00
Larry Powell	.00
Keith Burden	.00
James Forlines	.00
Matt Pinson	1,000.00
Ted Rendall	1,714.40
(Meals, Plane, Room)	
Total	<u>2,714.40</u>

Decorator Services

Booth (80) Installation/Drape Tables/Exhibit Hall Rental	\$ 4,400.00
Exhibitor Badges	100.00
Registration	155.00
Electricity/Masking Drape	6,497.50
Stage	3,700.00
Carpet	2,000.00
Risers	597.50
Skirted Tables/Chairs	200.00
Skirting/Draping/Stage Set-Up	
Total	<u>11,152.50</u>

Meal Functions

Executive Committee	
Coffee Breaks (2)	\$ 1,033.60
Luncheon (30 people @ \$26.12)	250.00
General Board Breakfast (50 people @ \$20.40)	783.60
State Leaders Breakfast (50 people @ \$16.80)	1,020.00
Presidents' Breakfast (6 people @ \$27.60)	840.00
	165.60
Total	<u>3,059.20</u>

Executive Committee

Meal and Motel Expenses (For the Executive Committee Meeting prior to the 2003 National Convention)	
Gene Norris	\$ 375.00
Nathan Ruble	375.00
Rick Cash	375.00
Glen Johnson	375.00
David Joslin	375.00
Charles Thigpen	375.00
J. L. Gore	375.00
Ernest Harrison	375.00
Doice McAlister	375.00
Total	<u>3,375.00</u>

Pre-convention Expenses

Pre-Convention Meetings/Site Inspections	\$ 6,000.00
Golf Classic	2,500.00
Total	<u>8,500.00</u>

National Committee Expenses

Educational Task Force Committee	\$ 5,600.00
Executive Committee	7,500.00
Nominating Committee	100.00
Publications Committee	2,000.00
Total	<u>15,200.00</u>

2004 Contact Budget

Projected Expenses	2002	2003	Revised 2003	2004
Printing	\$50,000.00	\$50,000.00	\$63,381.25	\$73,200.00
Postage	15,000.00	15,000.00	15,000.00	15,000.00
Art	1,700.00	1,200.00	1,200.00	1,200.00
Writers' Fees and Photos	4,000.00	4,500.00	4,000.00	4,000.00
Promotion	3,000.00	5,000.00	3,500.00	3,500.00
Computer Services/Supplies	3,500.00	3,500.00	1,500.00	1,500.00
Mail Services	5,000.00	4,500.00	4,000.00	4,000.00
Telephone	200.00	200.00	50.00	50.00
Office Supplies	3,000.00	2,000.00	1,000.00	1,000.00
Travel	2,500.00	2,500.00	1,500.00	1,500.00
Books/Dues/Registrations/Bound Copies	2,500.00	2,000.00	2,000.00	2,000.00
Audit	1,500.00	1,500.00	1,500.00	1,500.00
Other	1,005.00	1,005.00	200.00	200.00
Convention Truck	200.00	200.00	150.00	150.00
Total Expenses	<u>\$93,105.00</u>	<u>\$93,105.00</u>	<u>\$98,981.25</u>	<u>\$108,800.00</u>
Projected Income				
Convention coverage	\$15,000.00	\$15,000.00	\$11,000.00*	\$11,000.00*
Subscriptions	78,105.00	78,105.00	64,723.75**	71,694.00***
Proceeds from Executive Office Administrative Budget			23,257.50	26,106.00
Total Income	<u>\$93,105.00</u>	<u>\$93,105.00</u>	<u>\$98,981.25</u>	<u>\$108,800.00</u>

* Two issues

** 2003—Based on 3,983 subscriptions @ \$15.00 per year

*** 2004—Based on 3,983 subscriptions @ \$18.00 per year

2002 The Together Way Plan Gifts/Executive Office Cooperative

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$ 175.92	\$.00	\$ 8.12	\$ 215.02	\$ 71.35	\$.00	\$ 91.82	\$ 139.56	\$.00	\$ 161.92	\$ 63.29	\$.00	\$ 997.00
Arizona	33.12	.00	36.36	.00	.00	.00	.00	23.27	.00	28.58	.00	.00	121.33
Arkansas	11,877.84	7,043.80	3,146.26	11,141.97	5,261.45	10,017.32	8,262.47	4,108.72	8,165.14	8,843.42	3,586.08	7,602.15	89,056.62
California	803.13	540.23	.00	506.70	462.41	501.28	428.77	530.10	465.46	488.13	511.82	573.13	5,811.16
Canada	.00	11.21	2.71	7.06	5.63	.00	10.93	4.26	5.40	5.93	4.40	4.38	61.91
Florida	.00	1,020.60	.00	.00	.00	1,530.90	.00	.00	.00	.00	3,061.80	510.30	6,123.60
Georgia	872.62	550.61	747.79	954.79	566.32	700.27	756.38	702.71	560.68	942.56	671.09	658.91	8,684.73
Illinois	1,098.02	1,011.02	870.21	863.01	686.15	1,015.89	920.03	.00	1,661.79	1,092.65	818.79	1,313.06	11,350.62
Indiana	100.31	142.86	67.83	82.92	97.94	27.00	172.26	139.85	.00	.00	120.40	61.97	1,013.34
Iowa	.00	926.45	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	926.45
Kansas	70.32	.00	.00	.00	126.30	30.42	.00	.00	.00	.00	65.69	.00	292.73
Kentucky	409.69	148.66	597.66	654.29	348.08	167.58	905.94	489.83	762.28	198.79	496.62	471.89	5,651.31
Louisiana	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Maryland	59.06	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	59.06
Michigan	2,065.80	637.56	534.88	479.39	2,930.98	431.42	795.27	1,673.82	737.98	483.31	1,713.63	578.48	13,062.52
Mississippi	539.35	.00	397.50	360.12	.00	526.55	.00	430.65	225.28	174.17	341.45	184.63	3,179.70
Missouri	9,835.53	6,846.91	5,711.53	7,992.45	7,238.30	5,918.38	7,245.39	6,566.40	5,936.51	7,291.32	6,253.22	5,626.59	82,462.53
New Mexico	22.91	16.13	18.81	26.87	8.79	15.77	9.51	46.31	7.50	18.46	29.78	16.70	237.54
North Carolina	2,952.41	917.96	1,626.03	1,143.61	978.17	11.25	2,712.97	807.26	1,783.13	803.09	1,968.23	1,241.39	16,945.50
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	1,353.68	.00	3,174.45	1,007.34	2,177.02	836.77	1,272.84	.00	619.20	1,330.36	3,578.06	.00	15,349.72
Oklahoma	6,169.87	4,917.62	5,639.88	5,346.37	5,878.87	5,280.89	3,362.27	5,879.96	5,781.60	4,556.78	4,459.16	3,365.94	60,589.21
South Carolina	42.91	.00	15.84	16.63	17.10	18.08	23.25	56.69	17.64	22.88	18.75	15.37	265.14
Tennessee	674.76	323.71	301.78	1,082.31	714.66	1,032.68	502.81	917.66	217.31	435.06	201.19	801.38	7,205.31
Texas	288.35	202.87	131.59	134.63	201.41	126.73	151.16	154.99	140.01	.00	289.40	161.84	1,982.98
Virginia	.00	.00	.00	59.06	119.36	36.99	59.06	21.69	7.65	7.00	33.67	26.15	370.63
West Virginia	69.78	36.86	39.92	.00	139.56	36.87	25.77	46.64	.00	138.26	73.74	26.91	634.31
Totals	\$39,515.38	\$25,295.06	\$23,139.15	\$32,074.54	\$27,979.85	\$28,263.04	\$27,708.90	\$22,740.37	\$27,094.56	\$27,022.67	\$28,360.26	\$23,241.17	\$332,434.95

2002 The Together Way Plan Gifts/Executive Office Designated

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$311.52	\$192.70	\$175.60	\$244.05	\$199.40	\$164.22	\$290.13	\$111.25	\$135.73	\$260.92	\$280.60	\$187.06	\$2,553.18
Arizona	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Arkansas	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
California	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Canada	.00	9.35	4.69	4.72	4.76	.00	9.69	4.77	4.69	4.75	4.71	4.78	56.91
Florida	113.84	.00	126.80	36.21	.00	137.92	30.92	.00	118.80	.00	.00	155.88	653.24
Georgia	32.98	25.09	27.09	.00	26.97	27.08	.00	24.52	.00	.00	.00	.00	230.86
Illinois	.00	.00	.00	.00	.00	.00	.00	.00	.00	209.40	.00	.00	.00
Indiana	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Iowa	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Kansas	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Kentucky	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Louisiana	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Maryland	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Michigan	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Mississippi	268.15	.00	216.33	133.00	.00	266.00	.00	133.00	.00	.00	.00	.00	1,200.00
Missouri	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
New Mexico	259.38	385.00	223.00	316.21	126.00	203.06	502.79	531.34	295.00	142.87	225.00	160.00	3,369.65
North Carolina	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	10.00	.00	95.00	10.00	85.00	10.00	10.00	.00	10.00	10.00	.00	24.39	410.00
Oklahoma	25.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	49.39
South Carolina	534.00	255.20	135.78	1,254.28	430.89	101.18	580.47	261.71	97.25	587.01	248.39	448.58	4,934.74
Tennessee	243.21	646.71	468.92	571.10	770.77	423.94	478.28	822.64	433.59	415.91	574.65	638.16	6,487.88
Texas	74.25	95.59	96.90	23.70	52.25	21.20	.00	120.63	.00	.00	.00	24.84	539.96
Virginia	112.64	.00	129.20	39.14	49.56	62.63	46.24	57.13	.00	.00	111.49	.00	678.31
West Virginia	39.14	39.14	39.14	39.14	39.14	39.14	.00	78.28	.00	.00	.00	.00	313.12
Totals	\$2,024.11	\$1,648.78	\$1,738.45	\$2,681.97	\$1,801.83	\$1,456.37	\$1,948.52	\$2,145.27	\$1,478.06	\$2,121.63	\$2,458.44	\$1,776.69	\$23,230.12

The Together Way Totals—2002

States	Executive	Foreign Missions	FWBBC	Home Missions	Retirement & Insurance	Master's Men	Commission for Theo. Integrity	WNAC	FWB Foundation	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$3,550.18	\$316,564.61	\$87,954.38	\$395,483.72	\$223.69	\$2,551.88	\$56.57	\$6,809.38	\$493.89	\$56.59	\$56.57	\$56.57	\$813,858.03
Alaska	.00	.00	.00	6,800.00	.00	.00	.00	.00	.00	.00	.00	.00	6,800.00
Arizona	121.33	6,032.10	284.10	18,272.50	42.01	339.76	.73	406.97	15.73	.73	.73	.73	25,517.42
Arkansas	89,056.62	555,447.05	74,782.22	269,671.50	15,294.91	17,081.07	544.24	12,587.05	6,549.56	544.24	544.24	544.24	1,042,648.94
California	5,811.16	62,611.15	12,882.18	125,989.65	994.35	1,456.27	35.51	2,261.77	426.15	35.51	35.51	35.51	212,574.72
Canada	118.82	4,045.20	156.87	4,277.04	19.68	21.71	.39	6.89	7.46	.39	.39	.39	8,648.34
Colorado	.00	4,358.91	.00	56,671.13	.00	.00	.00	.00	.00	.00	.00	.00	61,036.93
Connecticut	.00	.00	2,500.00	.00	.00	10.59	.00	.00	.00	.00	.00	.00	2,510.59
District of Columbia	.00	.00	12,000.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	12,000.00
Florida	6,776.84	163,514.50	36,148.19	33,717.28	1,047.82	2,022.82	37.43	2,101.17	449.06	37.43	37.43	37.43	245,977.40
Georgia	8,915.59	217,790.63	132,607.45	112,156.47	1,788.69	2,080.83	555.06	9,641.31	734.08	53.06	253.06	53.06	486,672.29
Hawaii	.00	.00	.00	125.00	.00	.00	.00	.00	.00	.00	.00	.00	125.00
Idaho	.00	2,333.25	323.00	6,974.21	.00	.00	.00	.00	.00	.00	.00	.00	9,630.46
Illinois	11,350.62	194,441.16	39,095.61	111,335.16	1,960.25	2,932.22	89.36	2,759.04	838.18	69.36	69.36	69.36	365,009.68
Indiana	1,222.74	62,650.28	9,485.80	55,484.83	607.22	787.22	331.54	651.56	399.66	331.54	6.19	6.19	131,964.77
Iowa	926.45	1,120.44	1,055.44	5,177.05	158.53	278.53	5.66	120.00	67.94	5.66	5.66	5.66	8,927.02
Kansas	292.73	1,538.64	1,317.74	16,115.63	55.71	450.09	1.79	191.77	23.28	1.79	1.79	1.79	19,927.75
Kentucky	6,851.31	88,452.93	17,096.35	71,872.31	1,062.73	2,998.01	34.52	3,816.44	445.18	34.52	34.52	34.52	192,733.34
Louisiana	.00	2,245.00	360.00	14,885.92	.00	.00	.00	.00	.00	.00	.00	.00	17,490.92
Maine	.00	.00	.00	2,345.00	.00	.00	.00	.00	.00	.00	.00	.00	2,345.00
Maryland	59.06	61,367.07	1,191.60	7,150.99	10.11	10.11	.36	.00	4.33	.36	.36	.36	69,794.71
Massachusetts	.00	.00	25.00	2,310.00	.00	.00	.00	.00	.00	.00	.00	.00	2,335.00
Michigan	13,107.52	169,618.68	21,737.07	137,199.31	2,240.45	4,035.13	79.83	3,159.04	959.62	79.83	79.83	79.83	352,376.14
Mid-Atlantic Association	.00	.00	.00	26,433.52	.00	.00	.00	.00	.00	.00	.00	.00	26,433.52
Mississippi	4,678.18	99,660.25	22,200.90	120,684.17	544.08	1,726.08	19.44	3,051.55	233.17	19.44	89.44	19.44	252,926.14
Missouri	87,462.53	497,468.64	53,337.74	157,430.86	14,222.94	16,026.26	503.93	8,803.85	6,083.77	503.93	503.93	503.93	837,853.31
Montana	.00	2,425.00	.00	808.20	.00	.00	.00	.00	.00	.00	.00	.00	3,233.20
Nebraska	.00	3,000.00	50.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	3,050.00
New Hampshire	.00	.00	.00	7,193.00	.00	.00	.00	.00	.00	.00	.00	.00	7,193.00
New Jersey	.00	.00	17,685.00	1,250.00	16.34	.00	.00	11.02	5.25	.00	.00	.00	18,967.61
New Mexico	237.54	2,340.50	359.85	5,495.47	40.65	40.65	1.44	178.80	17.42	1.44	1.44	1.44	8,716.64
New York	.00	.00	184,362.91	373,696.67	3,387.97	4,303.58	110.59	10,646.38	1,429.54	110.59	410.56	110.57	1,362,097.07
North Carolina	20,315.15	763,212.57	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	2,815.00
Northwest Association	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Ohio	15,759.72	175,965.45	22,499.05	150,825.31	2,781.71	4,016.51	93.80	3,382.00	1,175.49	93.80	93.80	93.80	376,780.44
Oklahoma	60,638.60	470,283.13	25,042.43	317,452.86	10,420.58	17,985.06	370.26	11,880.54	4,460.27	370.26	370.26	370.26	919,644.51
Oregon	.00	.00	.00	4,079.50	.00	.00	.00	.00	3.07	.00	.00	.00	4,092.14
Pennsylvania	.00	2,428.70	30.00	20,184.52	.00	.00	.00	.00	.00	.00	.00	.00	22,643.22
South Carolina	5,199.88	389,775.50	121,380.82	161,072.17	1,252.74	786.65	1.61	5,497.26	47.08	1.61	1.61	1.61	685,568.54
Tennessee	13,693.19	841,129.56	403,432.96	462,848.15	5,446.48	11,745.95	311.88	15,036.96	8,910.24	311.88	341.88	296.88	1,763,506.01
Texas	2,522.94	67,491.89	28,890.35	101,422.71	796.87	1,326.23	31.55	2,795.00	302.28	31.55	31.55	31.55	205,674.47
Utah	.00	.00	100.00	5,162.65	.00	.00	.00	.00	.00	.00	.00	.00	5,262.65
Virginia	1,048.94	73,808.57	28,576.50	181,788.68	79.35	623.42	2.27	2,776.64	32.29	2.27	2.27	2.27	288,743.47
Washington	.00	.00	2,068.00	3,084.76	240.86	188.54	.00	1,590.00	77.37	.00	.00	.00	5,667.74
West Virginia	947.43	128,814.38	6,762.61	97,418.97	421.66	.00	.00	.00	46.51	.00	160.44	3.88	236,518.74
Wisconsin	.00	.00	357.00	24,976.60	.00	.00	.00	.00	.00	.00	.00	.00	25,333.60
Wyoming	.00	.00	.00	938.44	.00	.00	.00	.00	.00	.00	.00	.00	938.44
Puerto Rico	.00	.00	.00	2,088.00	.00	.00	.00	.00	.00	.00	.00	.00	2,088.00
Virgin Islands	.00	.00	700.00	46,278.77	.00	.00	.00	.00	.00	.00	.00	.00	46,978.77
Foreign Countries	.00	.00	2,445.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	2,445.00
Other	.00	76,053.57*	30,332.58*	313,631.33*	.00	.00	.00	.00	2,225.00*	.00	.00	.00	422,442.43
WNAC	.00	164,747.87	.00	101,280.63	142.00	.00	.00	.00	.00	.00	.00	.00	266,170.50
Totals	\$355,665.07	\$5,681,331.26	\$1,405,396.70	\$4,141,540.64	\$65,312.95	\$95,825.17*	\$3,378.20	\$110,459.14*	\$36,462.87	\$2,701.65	\$3,682.82	\$2,361.27	\$11,904,117.74

*FW—Other includes miscellaneous sources, states and interest income. All amounts exclude "Exchange" gifts.
 *FWBBC—Other includes estate and grant gifts.
 *HM—Other includes interest, miscellaneous sources and states.
 *Master's Men—Total does not include sales, Conference or Tournament fees, or restricted Endowment contributions.
 *WNAC—Total does not include Memorial Student Loan Fund, Foreign Student Scholarship or gifts designated to other departments.
 *Foundation—Other includes Endowment gifts through The Together Way.

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

Financial Statements

December 31, 2002 and 2001

(With Independent Auditors' Report Thereon)

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

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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, 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 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, 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

May 12, 2003

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

Statements of Financial Position

December 31, 2002 and 2001

	2002	2001
Assets		
Cash and interest bearing deposits	\$ 7,636	16,106
Accounts receivable	7,609	14,966
Marketable securities, at market value	—	9,824
Prepaid expenses	562	—
Property and equipment:	209,671	209,671
Land and land improvements	1,449,411	1,408,881
Building	72,068	72,268
Building services equipment	65,060	65,060
Departmental workstations	1,796,210	1,755,880
	790,151	721,330
Less accumulated depreciation	1,006,059	1,034,550
Net property and equipment	\$ 1,021,866	1,075,446
Liabilities and Net Assets		
Notes payable and long-term debt	\$ 6,144	16,780
Total liabilities	6,144	16,780
Net assets:	15,807	40,896
Operations	999,915	1,017,770
Net investment in property, plant and equipment	1,015,722	1,058,666
Total net assets	\$ 1,021,866	1,075,446

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, 2002 and 2001

	Unrestricted Funds			Capital		
	Operations	Services for Departments	Stewardship Campaign	2002 Totals	2001 Totals	
Revenues:						
Building rental	\$ 243,948	-	-	243,948	243,948	
Contributions, net of campaign expenses	-	-	100	100	220	
Reimbursement from departments	-	444,871	-	444,871	471,624	
Other	1,808	-	-	1,808	12,685	
Net assets released from restrictions and departmental reimbursements	444,971	(444,871)	(100)	-	-	
Net revenues	690,727	-	-	690,727	728,477	
Expenses:						
Expenses incurred for departments:						
Employee benefits	274,133	-	-	274,133	283,763	
The Together Way Plan	5,936	-	-	5,936	11,713	
Leadership Conference	24,773	-	-	24,773	31,567	
Property and liability insurance	32,456	-	-	32,456	38,480	
Telephone	19,894	-	-	19,894	22,426	
Mailroom and other	73,756	-	-	73,756	83,534	
Depreciation - telephone system	9,793	-	-	9,793	9,793	
Interest expense - telephone	1,101	-	-	1,101	1,846	
	441,842	-	-	441,842	483,122	
Building operating expenses:						
Salaries	55,595	-	-	55,595	52,423	
Payroll taxes	4,253	-	-	4,253	3,994	
Employee benefits	23,914	-	-	23,914	23,385	
Janitorial services	25,802	-	-	25,802	27,717	
Depreciation	65,028	-	-	65,028	65,062	
Audit and legal	5,953	-	-	5,953	4,500	
General insurance	16,073	-	-	16,073	13,818	
Supplies and office expense	10,130	-	-	10,130	9,778	
Utilities / telephone	26,699	-	-	26,699	24,093	
Repairs and maintenance	40,306	-	-	40,306	14,458	
Mailroom and other	18,076	-	-	18,076	21,753	
	291,829	-	-	291,829	260,981	
Total expenses	733,671	-	-	733,671	744,103	
Decrease in net assets	(42,944)	-	-	(42,944)	(15,626)	
Net assets at beginning of year	1,058,666	-	-	1,058,666	1,074,292	
Net assets at end of year	\$ 1,015,722	-	-	1,015,722	1,058,666	

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, 2002 and 2001

	2002	2001
Cash Flows from Operating Activities	\$ (42,944)	(15,626)
Decrease in net assets		
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation and amortization	74,821	74,855
Investment securities received from conversion of insurance carrier from a mutual company to a stock company	-	(9,824)
Gain on sale of securities	(689)	-
(Increase) decrease in:		
Receivables	7,357	37,446
Prepaid expenses	(562)	4,067
Increase (decrease) in:		
Accounts payable and accruals	-	(21,984)
Net operating activities	37,983	68,934
Cash Flows from Investing Activities	10,512	-
Proceeds from sale of securities	(46,330)	(96,769)
Purchase of property and equipment	(35,818)	(96,769)
Net investing activities	(10,636)	(8,988)
Cash Flows from Financing Activities	(10,636)	(8,988)
Repayment of debt	(10,636)	(8,988)
Net financing activities	(8,471)	(36,823)
Decrease in cash	16,106	52,929
Cash and cash equivalents, at beginning of year	\$ 7,636	16,106
Cash and cash equivalents, at end of year	\$ 1,101	1,846
Supplemental disclosures:		
Interest paid		

See accompanying notes to financial statements.

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

December 31, 2002 and 2001

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 provisions of Statement 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

During 2001, the Fund received marketable securities from one of its insurance carriers upon its conversion from a mutual company to a stock company which was valued at quoted market prices to comply with Financial Accounting Standards No. 124, "Accounting for Certain Investments of Not for Profit Organizations". The marketable security was sold during 2002.

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 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 2001 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:

	2002	2001
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.	\$ 6,144	16,780
Less scheduled current maturities of notes payable,	6,144	9,781
long-term debt	<u>\$ -</u>	<u>6,999</u>
Long-term portion		

(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 \$2,442 in 2002 and \$2,348 in 2001. 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 2002 and 2001. The minimum payments required are \$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 2002 and 2001. Subject to the renegotiation and renewal provisions of the each lease agreement, rental income for 2003 is expected to be \$243,948.

(6) Commitment

The Fund has a commitment amounting to \$15,332, which represents the balance of renovations to the building. This balance was paid during 2003.

**2004
Projected
Building Services Budget**

	2002	2003	2004
Projected Income			
Square Footage (20,329 @ \$1.00 = \$20,329.00 mo.)	\$243,948.00	\$243,948.00	\$243,948.00
Total Income	<u>\$243,948.00</u>	<u>\$243,948.00</u>	<u>\$243,948.00</u>
Projected Expenses			
Audit & Legal	\$10,000.00	\$7,000.00	\$7,500.00
General Supplies	5,000.00	5,500.00	5,500.00
Insurance (Employee)	19,156.27	21,299.71	22,061.71
Insurance (Plant)	18,000.00	15,000.00	18,000.00
Janitorial Services	30,000.00	30,000.00	30,000.00
Janitorial Supplies	3,500.00	3,500.00	3,500.00
Mail Room	12,000.00	12,000.00	8,500.00
Mail Truck	4,000.00	5,500.00	6,500.00
General Maintenance/Contingency Fund	36,946.11	28,469.58	24,636.85
Network Expense	7,000.00	8,000.00	8,000.00
Payroll Taxes (Employer's S.S.)	4,037.50	4,273.68	4,467.21
Postage Meter/UPS	1,500.00	1,000.00	750.00
Retirement	2,442.26	2,539.94	2,616.15
Salaries	52,777.80	54,888.19	58,394.87
Telephone	5,500.00	5,000.00	3,000.00
Utilities	28,000.00	25,000.00	27,500.00
Christmas Bonus/Extra Week's Salary	939.33	976.90	1,015.98
Debt Retirement (FWB Foundation Loan)	.00	9,000.00	9,005.23
Other	3,148.73	5,000.00	3,000.00
Total Expenses	<u>\$243,948.00</u>	<u>\$243,948.00</u>	<u>\$243,948.00</u>

**Building Services
Salary Breakdown**

	2002	2003	2004
Maintenance Superintendent/Mail Room Supervisor			
Salary	\$25,650.40 (4%)	\$26,676.42 (4%)	\$27,476.71 (3%)
Social Security	1,962.26 (7.65%)	2,040.75 (7.65%)	2,101.97 (7.65%)
Insurance (Health/Dental/Life)	11,035.22	12,000.00	12,750.00
Dental	\$598.32		
Health	10,092.36		
Disability	344.54	157.39	163.69
Retirement	1,282.52 (5%)	1,333.82 (5%)	1,373.84 (5%)
	<u>39,930.40</u>	<u>42,208.38</u>	<u>43,866.21</u>
Receptionist/Phone System Administrator/Contact Circulation Manager			
Salary	23,194.70 (4%)	24,122.49 (4%)	24,846.16 (3%)
Social Security	1,774.39 (7.65%)	1,845.37 (7.65%)	1,900.73 (7.65%)
Insurance (Health/Dental/Life)	8,121.05	9,000.00	9,000.00
Dental	416.52		
Health	7,374.48		
Disability	330.05	142.32	148.02
Retirement	1,159.74 (5%)	1,206.12 (5%)	1,242.31 (5%)
	<u>34,249.88</u>	<u>36,316.30</u>	<u>37,137.22</u>
Part-Time Worker			
Salary	52 days 3,932.70 (4%/9.45 hr.)	52 days 4,089.28 (4%/9.83 hr.)	75 days 6,072.00 (3%/10.12 hr.)
Social Security	300.85 (7.65%)	312.83 (7.65%)	464.51 (7.65%)
	<u>4,233.55</u>	<u>4,402.11</u>	<u>6,536.51</u>

Free Will Baptist Foundation

Our charter states the Foundation's primary purpose is to magnify Christ Jesus as our Lord and to glorify our Heavenly Father. It further directs that this purpose be accomplished by:

- (1) "the encouraging and motivating the making of contributions, donations and gifts by deed, wills, contracts, trust agreements, securities or otherwise;
- (2) for the express purpose of the advancement, promotion, extension and maintenance of the various cause, objectives, boards and commissions now or at any time hereafter fostered or officially sanctioned by the National Association of Free Will Baptists, Inc."

Clearly we exist to serve others.

The actual results of our operation in 2002 will be measured only through the passing years since much of our fund raising/development is of a deferred nature.

A simple look at our financial report reveals the largest increase in assets in any year of our existence. Total assets under management increased over 48%, with varying degrees of growth in almost every area.

The Foundation encourages and assists our members and friends to make three types of gifts: outright, deferred and conditional. The first two are irrevocable and considered completed at funding. They include outright gifts, endowments, charitable remainder trusts and gift annuities.

Outright gifts may be made directly to individual ministries or by way of an endowment. In either case the gift qualifies for an income tax deduction the year of the gift with a carryover for up to five additional years. Our financial report will only include actual cash gifts to various ministries given through our office, generally only when the donor desires anonymity.

Immediate gifts involving appreciated assets or those encumbered by a mortgage may have additional IRS restrictions so please check with your tax accountant concerning your specific situation before donating such assets.

Deferred gifts come in three types: Charitable Remainder Unitrusts, Annuity Trusts and Gift Annuities. There are also IRS guidelines to consider for gifts funded with assets other than cash. Please consult the Foundation or your advisors before making any arrangements for these type gifts. These agreements provide the donor either an income for life (income can be paid for one or two lives or, with certain restrictions, a number of lives) or income for a set period of years. Following that term the remainder of the gift becomes a gift to the ministry or ministries designated by the donor's original agreement.

Deferred gifts are partially deductible the year funded following IRS guidelines.

Conditional gifts become gifts only if some specific event, generally death of the donor or donors, occurs. These type gifts permit individuals or families to make provision for ministries while retaining rights to the assets in the event needs require it. Since this allows a greater degree of flexibility, it is an attractive arrangement for many more individuals and families than the total transfer of assets.

This is the area of our greatest growth.

Agencies and organizations also use this type agreement to manage their reserve accounts, building funds or other longer range project funds. In these cases no gift is intended between the Foundation and the funding agency and we serve only as an investing arm of that agency. The Foundation offers you, our people, the opportunity of making significant gifts yet still considering your individual and family needs. Please help us fulfill our charter by helping you help others.

Synopsis of Free Will Baptist Foundation Annual Meeting

Foundation met for its annual board meeting in April. All members were present with the exception of Jack Ward, Alton Loveless and Ken Akers. We accepted the audit, reviewed the operation and adopted the budget.

FREE WILL BAPTIST FOUNDATION, INC.

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WARREN, DENNEY & WALLACE

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JOEL D. COLLUM, JR., CPA
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, 2002 and 2001, 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, 2002 and 2001, 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.

Warren, Denney & Wallace

March 5, 2003

FREE WILL BAPTIST FOUNDATION, INC.
Statements of Financial Position
December 31, 2002 & 2001

ASSETS

	2002	2001
Cash and cash equivalents	\$ 682,766	\$ 349,592
Accrued earnings receivable	117,048	67,709
Other accounts receivable	3,082	1,319
Investments, at fair market value - Note 2	2,457,892	1,830,709
Certificates of deposit	6,888,940	4,565,125
U.S. Government instruments	1,072,624	982,966
Common Stocks	817,015	567,010
Real estate investments	351,579	488,683
Mutual funds	757,064	163,988
Corporate bonds	41,823	69,564
Trusts	12,386,937	8,668,045
Total investments	285,338	16,780
Notes receivable - Note 3	\$13,475,171	\$ 9,103,445
Total assets		

LIABILITIES AND NET ASSETS

Liabilities	\$ 4,530	\$
Operating liabilities:		
Accrued expenses	10,398,250	6,536,597
Liabilities to beneficial owners:	1,133,908	1,183,705
Interest bearing revocable and savings trusts - Note 4	1,819,387	1,274,887
Future gift interests payable - Note 5		
Funds held in trust - Note 6	13,356,075	8,995,189
Total liabilities	119,096	108,256
Net Assets	119,096	108,256
Unrestricted		
Total net assets	\$13,475,171	\$ 9,103,445
Total liabilities and net assets		

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, 2002 and 2001

	2002	2001
Revenue and Support		
Investment income:		
Interest and dividends, net of investment fees	\$ 487,156	\$ 377,794
Realized net gains (losses) on sale of investments	11,670	75,671
Unrealized net gains (losses) from investments	(175,591)	(52,455)
Total investment income	323,235	401,010
Support through "The Together Way"		
Plan and other contributions	28,731	27,450
Interest income - note receivable	4,853	1,845
Endowment income		19
Miscellaneous		(82)
Total revenue and support	356,819	430,242
Allocations of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(234,580)	(324,250)
Revenue and support after allocations	122,239	105,992
Expenses		
Reimbursement to the Board of Retirement of National Association of Free Will Baptists	5,000	40,000
Salaries and benefits	67,685	533
Equipment expense	5,019	4,810
Travel and promotion	22,249	16,294
Office expense		2,188
Publications	186	4,540
Training and education	3,053	
Legal and auditing	7,308	7,375
Miscellaneous	899	2,414
Total Expenses	111,399	78,154
Increase (decrease) in net assets	10,840	27,838
Net assets at beginning of year	108,256	80,418
Net assets at end of year	\$ 119,096	\$ 108,256

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, 2002 and 2001

	2002	2001
Cash flows for operating activities		
Cash received for:	\$ 26,968	\$ 26,131
Contributions	437,817	266,987
Interest and dividends	4,853	1,782
Other income	(106,869)	(78,154)
Cash paid to suppliers and employees		
Allocations of earnings to revocable trusts, savings trusts, beneficiaries and annuitants	(234,580)	(324,250)
Net cash provided (used) by operating activities	128,189	(107,504)
Cash flows from investing activities	(286,341)	
New loans made	17,783	10,130
Principal payments received on notes receivable	6,097,552	7,134,904
Proceeds from sale of investment securities	(9,980,365)	(8,315,888)
Purchases of investment securities	(4,151,371)	(1,170,854)
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	(1,197,844)	961,288
Contributions to funds held in trust	5,554,200	28,369
Net change in funds held for Free Will Baptist Foreign Missions	(7,272)	
Net cash provided (used) by financing activities	4,356,356	982,385
Net increase (decrease) in cash	333,174	(295,973)
Cash and cash equivalents at beginning of year	349,592	645,565
Cash and cash equivalents at end of year	\$ 682,766	\$ 349,592
Reconciliation of increase in net assets to cash flows from operating activities		
Increase (decrease) in net assets	\$ 10,840	(\$ 50,109)
Less increase in net assets considered capital additions		(28,369)
Realized and unrealized gains on investment transaction	163,921	(23,216)
Decrease (increase) in accrued investment income	(51,102)	(5,810)
Increase (decrease) in operating liabilities	4,530	
Net cash provided (used) by operating activities	\$ 128,189	(\$ 107,504)

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

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2002 and 2001

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, 2002 and 2001.

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 2002 and 2001.

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, 2002 and 2001

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:

	2002		
	Market/ Stated Value	Cost	Appreciation (depreciation)
Investments:			
Marketable Securities:			
Certificate of deposits	\$ 2,457,892	\$ 2,519,104	(\$ 61,212)
U.S. Government instruments	6,888,940	6,551,209	337,731
Common stocks	1,072,624	1,302,352	(229,728)
Mutual funds	351,579	480,289	(128,710)
Corporate bonds	757,064	761,497	(4,433)
Trusts	41,823	41,823	
Real estate investment trust	817,015	750,005	67,010
Total Investments	<u>\$12,386,937</u>	<u>\$12,406,279</u>	<u>(\$ 19,342)</u>

	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	<u>\$ 8,668,045</u>	<u>\$ 8,543,923</u>	<u>\$ 124,122</u>

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FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2002 and 2001

Note 2 - Investments (continued)

Total investment income amounted to \$323,235 for 2002, consisting of investment losses of \$163,921 and interest and dividends of \$487,156. This investment income represents yields of (1.48%) and 4.41% based on the average market value and average cost of such investments for 2002.

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.

Note 3 - Notes Receivable

Notes receivable consist of obligations from related parties as follows:

	2002	2001
6% demand note receivable by the Board of Retirement and Insurance of the National Association of Free Will Baptists.	\$ 253,750	\$
6.5% demand note receivable by the Executive Office of the National Association of Free Will Baptists.	24,591	
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.	6,997	16,780
	<u>\$ 285,338</u>	<u>\$ 16,780</u>

Note 4 - Interest Bearing Revocable and Saving Trusts

The Foundation maintains revocable trusts and savings trusts which totaled \$10,398,250 and \$6,536,597 at December 31, 2002 and 2001, 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 \$341,579 and \$320,321 and gift annuities amounting to \$792,329 and \$863,384 as of December 31, 2002 and 2001, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 10.4%.

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, 2002 and 2001, the permanently restricted endowment funds totaled \$1,819,387 and \$1,274,887, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2002 and 2001

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 \$5,000 and \$40,000 for 2002 and 2001, 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, 2002 and 2001:

	December 31, 2002		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 675,626	\$ 100,000	\$ 575,626
Short term liquid investments	7,140	7,140	
Certificates of deposit	2,457,892	1,956,841	501,051
U.S. Government instruments	6,888,940	6,551,209	337,731
Common stock	1,072,624		1,072,624
Mutual funds	351,579		351,579
Corporate bonds	757,064		757,064
Real estate investment	817,015		817,015
Trusts	41,823		41,823
Receivables	405,468		405,468
	<u>\$13,475,171</u>	<u>\$ 8,615,190</u>	<u>\$ 4,859,981</u>

	December 31, 2001		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
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	4,401,359	163,766
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	69,564		69,564
Receivables	85,808		85,808
	<u>\$ 9,103,445</u>	<u>\$ 6,279,399</u>	<u>\$ 2,824,046</u>

Salaries

Salaries & Benefits 2003

David Brown	
Salary	\$45,366.35
Soc Security/ Medicare	\$3,470.53
Retirement	\$3,618.30
Hospitalization Insurance	\$10,691.00
Life Insurance	\$403.00
Dental Insurance	\$227.00
Disability Insurance	\$147.00
Total	\$63,146.18

Salaries & Benefits 2004

David Brown	
Salary	\$46,725.00
Soc Security/ Medicare	\$3,574.00
Retirement	\$3,271.00
Hospitalization Insurance	\$12,993.00
Life Insurance	\$198.00
Dental Insurance	\$698.00
Disability Insurance	\$276.00
Total	\$67,735.00

Foundation Budget

	Actual 2001	Approved 2002	Actual 2002	Approved 2003	Proposed 2004
Income					
The Together Way	\$27,126	\$26,000	\$27,590	\$29,000	\$29,000
Gifts	\$325	\$1,500	\$1,142	\$1,600	\$1,250
Interest Income	\$8,191	\$6,900	\$2,716	\$4,250	\$2,500
Endowment	\$19	\$500	\$0	\$250	\$250
Miscellaneous	\$(82)	\$100	\$0	\$100	\$100
Management Fees	\$70,414	\$85,000	\$90,793	\$100,000	\$150,000
Total	\$105,993	\$120,000	\$122,240	\$135,200	\$183,100
Expenses					
Salaries	\$0	\$44,045	\$44,043	\$45,364	\$46,725
Salaries Part-Time	\$0		\$3,216	\$10,402	\$5,500
Employee Benefits	\$534	\$17,866	\$20,426	\$19,353	\$20,750
Salary Reimbursement	\$35,000	\$0	\$0	\$0	\$0
Travel	\$10,013	\$14,000	\$11,010	\$14,000	\$14,000
Board Expense					\$1,750
Promotion	\$6,282	\$9,000	\$11,239	\$8,000	\$14,000
Office Expense	\$620	\$2,264	\$2,342	\$3,081	\$3,025
Rent	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Printing	\$4,305	\$6,000	\$0	\$6,000	\$8,000
Publications	\$235	\$1,000	\$186	\$1,000	\$750
Training & Education	\$0	\$9,000	\$3,054	\$9,000	\$12,000
Auditing	\$6,300	\$6,500	\$7,287	\$7,000	\$8,000
Legal	\$1,075	\$250	\$20	\$1,000	\$1,000
Bank Fees	\$981	\$125	\$1,861	\$500	\$2,000
Postage	\$586	\$450	\$815	\$1,000	\$1,000
Equipment	\$4,810	\$2,000	\$0	\$2,000	\$2,000
Miscellaneous	\$2,414	\$2,500	\$552	\$2,500	\$2,500
Total	\$78,155	\$120,000	\$111,052	\$135,200	\$148,000
	\$27,838		\$11,188		\$35,100

Free Will Baptist Bible College

President's Report

Free Will Baptist Bible College exists for the purpose of educating students to fulfill God's calling for their lives. That's what we are all about: students—students like Hollie, a Missions major from Arkansas who is following God's leading to a place far from home to share His Gospel; or Mark, a Business major from Kentucky who wants to be a banker and also serve in bi-vocational ministry; or Craig, a Pastoral Ministry major from North Carolina who is studying to carry out his calling to pastor a Free Will Baptist church; or Joni, an English major from Alabama who wants to serve God as a high school teacher.

In this endeavor to teach, train and shape students for future ministry in a variety of fields, we are partners with the churches and people of the National Association of Free Will Baptists. We have been laboring together in Christian higher education for more than 60 years. Our legacy is great, and our future is bright.

The 2002-2003 school year has been a remarkable year at Free Will Baptist Bible College and an exciting first year for me as president. The college has made tremendous progress and faced many challenges this year.

Our Fall 2002 enrollment increased by 13% over the previous year, with dormitory student enrollment up 20%. Although this year we graduated about 70% more seniors than usual, we still anticipate an increase in enrollment in the 2003-04 school year.

Financial giving to the school was hit hard last year as the recession and war took a toll on the American economy. Even though the college kept expenditures below budget, the dip in gifts resulted in a budget deficit. We are not alone in this downward trend in giving. *The Chronicle of Higher Education* recently carried the headline, "Donations to Colleges Decline for the First Time Since 1988." That article described how the "ripple effects of the floundering stock market and the poor economy are finally hitting home in college fund raising." Despite the fact that we have received less in unrestricted gifts than we had budgeted for, we still hope for a record year in giving to the college.

We have publicized our postponement of the college's relocation, which has met with positive support. As our people begin to understand our rationale for placing the relocation effort on hold, they believe we are wise in doing so.

We are continuing to look for innovative ways to prepare students for church ministries. It is especially important that we address the shortage of Free Will Baptist pastors. We have added three visiting professors in the pastoral ministry department, and Terry Forrest, the director of our Pastoral Ministry Program, is doing an outstanding job of recruiting new students for this program. He has already identified nearly 100 young men who sense a call to ministry and are candidates for the Pastoral Ministry Program.

We also completed and dedicated the new Laura Belle Barnard Missionary in Residence House. The newly renovated facility was ded-

icated at our spring Bible Conference in a joint service with the Foreign Missions Department, Women Nationally Active for Christ and Master's Men. This will enhance our commitment to educating men and women for cross-cultural evangelization around the world.

Several new programs are in the works. We just finished the first year of our new major in history, which has met with rave reviews by our students. Next year we are adding associate's and bachelor's degrees in Early Childhood Education. We are also launching an evening adult degree program with majors in Biblical Studies and in Business and Leadership. This will allow students to attend classes two nights per week and complete a course in five weeks. Students who have had two years of college will be able to complete the degree in two years or less.

We are retooling our Lifetime Learning program, adding several new video courses that can lead to a Certificate in Bible and Ministry. This is an excellent way for pastors and Christian workers to further their education without leaving their homes.

We plan to open the iLearn Academy in the fall. This will be a child-care and early learning center that will provide practical experience for our Early Childhood Education students. We have been given initial zoning approval to purchase and use the former Tennessee Bar Association building, which is adjacent to our campus, for the new center.

The renovations of our buildings and grounds are the most noticeable changes on campus. We are continuing to engage in campus renovation, and we are proud to work alongside the Alumni Association in the renovation of Ennis Hall.

We have focused anew on student life, moving toward a renewed emphasis on campus-based activities. We are capitalizing on our college's family atmosphere. Our desire is to exude a sense of warmth while maintaining an atmosphere of moral, spiritual and academic seriousness. This is paying off in student morale.

All these goals serve the end of providing a truly Christian higher education for our students, who will help our churches fulfill the Great Commission. Please send us your students pray for us, and support us as we seek to build on our 60-year legacy, fulfilling our mission, "to equip men and women, through Bible-based education, to serve Christ and His Church."

Respectfully submitted,
J. Matthew Pinson, President

Synopsis of Minutes December 4-5, 2002

The Board met on campus December 4-5, 2002. Minutes were approved. Approval to seek funding of \$150,000 for the renovation of Welch Library was given.

Two new academic degrees were approved: A.S. in Early Childhood Education Certification and B.S. in Early Childhood Education Licensure Program. The board gave approval to begin a Degree Completion Program.

The board approved the funding to purchase the Tennessee Bar Association building and to develop an Early Learning Center. Two properties on Central Avenue will be sold to help offset the cost of the Bar Association building.

Approval was given to raise the line of credit for renovations from \$400,000 to \$600,000.

Conference Call—February 19, 2003

By means of a conference call the board approved the request of the Department of Biblical Ministries to change the name of Boyce to the Laura Belle Barnard Missionary In Residence House. Approval was given to the Academic Dean to hire Kevin Hester to teach in the areas of Biblical Studies and Church History.

Synopsis of Minutes—May 13-14, 2003

The Board met on campus May 13-14, 2003. Minutes were approved, financial statements received, the 2003-04 budget was adopted, and departmental reports were received from all department heads. Plans for repairs and remodeling of campus facilities were discussed and approved. A progress report was given concerning the development of a Teacher Education Center and early childhood development. President Pinson presented detailed goals and plans to increase enrollment as well as giving.

Financial Aid Report 2002-2003

Type of Aid	Number of Recipients	Amount of Aid
Institutional Loans	43	\$ 53,487.69
Student worker earnings	80	143,500.00
FWBBC Scholarships	235	282,588.71
Tennessee Grant Programs	17	47,292.00
Federal SEOG	28	18,842.00
Federal Work Study Program	18	28,144.00
Federal Pell Grant	110	258,138.00
Federal Subsidized Stafford Loan Program	159	576,560.00
Federal Unsubsidized Stafford Loan Program	61	196,709.25
Federal PLUS Loan Program	35	258,771.00
Alternative Loans	13	46,550.00
Total Financial Aid Administered 2002-2003		\$1,910,582.65

Welch Library

Total books, bound volumes, microforms, sound recordings, video-cassettes, instructional materials, etc. ... 147,268

Annual Registration Report 2002-03

Enrollment 346

State:

Alabama21	Indiana13	Missouri9	Tennessee118
Arizona1	Kansas4	North Carolina15	Texas5
Arkansas21	Kentucky5	Ohio6	Virginia12
Florida10	Louisiana1	Oklahoma4	West Virginia5
Georgia20	Michigan15	Pennsylvania2	Wisconsin1
Illinois22	Mississippi9	South Carolina11	Foreign16

Enrollment Breakdowns by:

The student body represents 23 states and 7 foreign countries (Albania, Bahamas, Brazil, Canada, Japan, Spain, Zimbabwe).

Classification:

Classification:		*Major		Other Categories			
Freshmen	108	Pastoral	40	Full-time	292	New	87
Sophomores	74	Missions	41	Part-time	54	Returning	19
Juniors	74	YM/CE	31	Special	12	Continuing	200
Seniors	76	Other Majors	191	Male	181	Transfer	28
Special	14	Undecided	26	Female	165	Single	297
		Special	17	Dormitory	239	Married	49
				Town	107	Free Will Baptist	305
						Other	41

* Please be advised that students may change their major or emphasis during the academic year.

* Please be advised that students may change their major or emphasis during the academic year.



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2002-03 Financial Report

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, 2003 and 2002, 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, 2003 and 2002, 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 10, 2003

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2003 and 2002

	<u>Assets</u>	
	2003	2002
Current assets:		
Cash and cash equivalents	\$ 291,157	344,068
Investments in marketable securities, at market value	11,104	3,114
Accounts receivable:		
Student accounts	41,812	36,414
Employee and other	63,498	35,289
Pledges receivable	49,580	37,100
Less allowance for doubtful accounts	(16,000)	(16,000)
Prepaid expenses and escrow deposits	63,640	5,496
Inventories	60,724	61,215
Total current assets	565,515	506,696
Non current assets:		
Cash:		
Restricted for endowments	296,683	133,026
Restricted for student loans	414,086	558,182
Investments in marketable securities, at market value:		
Restricted for endowments	469,797	495,200
Held under life income agreements	3,247	3,404
Campaign pledges	59,300	108,800
Loans to students, less allowance for doubtful loans of \$15,000	163,059	161,726
Total non current assets	1,406,172	1,460,338
Property, plant and equipment:		
Investment in property, plant and equipment	7,480,361	7,003,653
Accumulated depreciation	3,139,523	2,947,391
Net property, plant and equipment	4,340,838	4,056,262
Total assets	\$ 6,312,525	6,023,296
	<u>Liabilities and Net Assets</u>	
	2003	2002
Current liabilities:		
Accounts payable and accrued expenses	\$ 95,040	117,822
Current portion of long-term debt	4,444	3,991
Notes payable	690,805	407,327
Student deposits and agency funds	116,008	70,100
Accrued salaries	110,141	105,812
Deferred revenues - summer school and other	18,333	12,323
Total current liabilities	1,034,771	717,375
Long-term debt	42,616	47,079
Total liabilities	1,077,387	764,454
Net assets:		
Unrestricted funds	3,589,964	3,759,674
Temporarily restricted funds	336,200	280,953
Permanently restricted funds	1,308,974	1,218,215
Total net assets	5,235,138	5,258,842
Total liabilities and net assets	\$ 6,312,525	6,023,296

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, 2003 and 2002

	<u>2003</u>				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
	Funds	Funds	Funds	2003	2002
Revenues:					
Tuition and fees	\$ 1,914,212	-	-	1,914,212	1,639,730
Federal grants and contracts	-	43,030	-	43,030	32,209
Private gifts	1,158,655	224,082	135,040	1,517,777	1,427,675
Endowment income	1,786	2,944	-	4,730	4,634
Investment income	4,228	2,774	2,358	9,360	15,329
Loss on investment transactions	(143)	(377)	(34,820)	(35,340)	(88,367)
Sales and services of auxiliary enterprises	1,050,326	-	-	1,050,326	919,133
Other sources	10,368	-	(11,819)	(1,451)	25,425
	4,139,432	272,453	90,759	4,502,644	3,975,768
Net assets released from restrictions	217,206	(217,206)	-	-	-
Total revenues	4,356,638	55,247	90,759	4,502,644	3,975,768
Expenditures:					
Educational and general:					
Instruction	1,308,010	-	-	1,308,010	1,132,649
Academic support	371,518	-	-	371,518	340,795
Student services	548,957	-	-	548,957	474,410
Institutional support	1,307,651	-	-	1,307,651	1,216,818
Total educational and general expenditures	3,536,136	-	-	3,536,136	3,164,672
Auxiliary enterprises:					
Dormitories	411,879	-	-	411,879	400,412
Dining hall	469,480	-	-	469,480	420,810
Bookstore	93,992	-	-	93,992	91,738
Snackshop	14,861	-	-	14,861	11,696
Total auxiliary enterprises expenditures	990,212	-	-	990,212	924,656
Total expenditures	4,526,348	-	-	4,526,348	4,089,328
Increase (decrease) in net assets	(169,710)	55,247	90,759	(23,704)	(113,560)
Net assets at beginning of year	3,759,674	280,953	1,218,215	5,258,842	5,372,402
Net assets at end of year	\$ 3,589,964	336,200	1,308,974	5,235,138	5,258,842

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2003 and 2002

	2003			Total	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	2003	2002
	Funds	Funds	Funds		
Cash flows from operating activities					
Cash collected from students	\$ 3,011,058	—	—	3,011,058	2,561,004
Federal grants	—	46,838	—	46,838	35,484
Federal Pell grants considered to be agency fund transactions	—	261,713	—	261,713	207,251
Private gifts and grants	1,146,175	153,222	—	1,299,397	1,274,782
Endowment income	1,786	2,944	—	4,730	4,634
Investment income	4,228	2,774	—	7,002	8,303
Other revenues	(21,649)	—	—	(21,649)	23,400
Cash paid for scholarships, to vendors and for payroll	(4,192,792)	(217,206)	—	(4,409,998)	(3,882,846)
Cash paid for Federal Pell grants	—	(261,713)	—	(261,713)	(207,251)
Net operating activities cash flows	(51,194)	(11,428)	—	(62,622)	24,761
Cash flows from investing activities					
Marketable securities purchased	(5,232)	(3,121)	(237,520)	(245,873)	(231,488)
Proceeds from sale of marketable securities	—	—	228,103	228,103	220,925
Expended for plant assets	(476,708)	—	—	(476,708)	(488,161)
Student notes receivable, net change	—	—	(1,333)	(1,333)	2,978
Net investing activities cash flows	(481,940)	(3,121)	(10,750)	(495,811)	(495,746)
Cash flows from capital activities					
Campaign pledges receivable collected	—	35,900	—	35,900	64,697
Gifts received for:					
Endowments and student loans	—	—	135,040	135,040	87,546
Proposed new campus	—	84,460	—	84,460	136,350
Other student loan transactions:					
Interest income on student loans	—	—	8,042	8,042	8,708
Investment income	—	—	2,358	2,358	7,026
Collection costs and other transactions	—	—	(15,707)	(15,707)	(4,392)
Net capital activities cash flows	—	120,360	129,733	250,093	299,935
Cash flows from financing activities					
Proceeds from long-term debt	298,601	—	—	298,601	280,000
Repayment of long-term debt	(3,611)	—	—	(3,611)	(3,611)
Interfund activities	185,233	(105,811)	(79,422)	—	—
Notes payable for student loans, net	—	—	(20,000)	(20,000)	(24,800)
Net financing activities cash flows	480,223	(105,811)	(99,422)	274,990	251,589
Net increase (decrease) in cash and cash equivalents	(52,911)	—	19,561	(33,350)	80,539
Cash and cash equivalents at beginning of year	344,068	—	691,208	1,035,276	954,737
Cash and cash equivalents at end of year	\$ 291,157	—	710,769	1,001,926	1,035,276

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2002 and 2001

	2002			Total	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	2002	2001
	Funds	Funds	Funds		
Cash and cash equivalents consist of the following:					
Current assets	\$ 291,157	—	—	291,157	344,068
Non current assets:					
Cash restricted for endowments	—	—	296,683	296,683	133,026
Cash restricted for student loans	—	—	414,086	414,086	558,182
Total cash and cash equivalents	\$ 291,157	—	710,769	1,001,926	1,035,276
Reconciliation of increase (decrease) in net assets to net operating activities cash flows					
Increase (decrease) in net assets	\$ (169,710)	55,247	90,759	(23,704)	(113,560)
Transactions considered to be capital additions:					
Gifts for endowments and student loans	—	—	(135,040)	(135,040)	(87,546)
Proposed new campus	—	(84,460)	—	(84,460)	(136,350)
Campaign pledges receivable collected	—	(35,900)	—	(35,900)	(64,697)
Change in Campaign pledges receivable	—	49,500	—	49,500	144,300
Net other transactions from student loan funds	—	—	9,785	9,785	(992)
Depreciation	192,132	—	—	192,132	160,271
Loss on investment transactions	143	377	34,820	35,340	88,367
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	(5,398)	—	—	(5,398)	10,437
Pledges receivable	(12,480)	—	—	(12,480)	(8,600)
Employee and other	(32,017)	3,808	—	(28,209)	(4,334)
Inventories	491	—	—	491	(17,393)
Prepaid expenses	(58,144)	—	—	(58,144)	26,540
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	(22,458)	—	(324)	(22,782)	44,015
Student deposits and agency funds	45,908	—	—	45,908	13,291
Accrued salaries	4,329	—	—	4,329	(17,401)
Deferred revenues	6,010	—	—	6,010	(11,587)
Net operating activities cash flows	\$ (51,194)	(11,428)	—	(62,622)	24,761

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 2003 and 2002

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 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 the stated 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, 2003					
Permanently Restricted Funds:					
Common stock	\$ 241,925	283,908	41,983	41,983	—
Bonds	80,317	84,569	4,252	4,252	—
Variable annuity contracts	157,813	101,320	(56,493)	—	(56,493)
Temporarily Restricted Funds:					
Variable annuity contracts	8,121	6,147	(1,974)	—	(1,974)
Unrestricted Funds:					
Common stock	4,900	2,987	(1,913)	—	(1,913)
Variable annuity contracts	5,233	5,217	(16)	—	(16)
	<u>\$ 498,309</u>	<u>484,148</u>	<u>(14,161)</u>	<u>46,235</u>	<u>(60,396)</u>
Balance May 31, 2002	<u>\$ 520,190</u>	<u>501,718</u>	<u>(18,472)</u>	<u>36,859</u>	<u>(55,331)</u>
Realized loss on sale of securities		\$ (39,651)			
Unrealized gain due to change in the cumulative change in market value pools		4,311			
Loss on investment transactions		<u>\$ (35,340)</u>			

(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	\$ 26,419
Federal Supplemental Educational Opportunity Grant	20,525
Federal Work Study Program	22,505
Other instructional and institutional	9,603
Renovation expenditures	69,406
Proposed new campus related costs:	
Capitalized expenditures	\$ 51,930
New campus land maintenance and expense	4,738
Allocation of administrative costs	12,080
Allocation to unrestricted gifts	68,748

Net assets released from restrictions \$ 217,206

Federal Pell grants to students amounting to \$261,713 and \$207,251 for 2003 and 2002, 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:

	2003	2002
Proposed new campus	\$ 174,767	172,875
Scholarships	109,295	74,536
Life income funds	2,972	3,128
Other instructional and institutional	49,166	30,414
	<u>\$ 336,200</u>	<u>280,953</u>

(5) Net Assets

Net assets of the College consist of the following as of May 31, 2003 and 2002:

	2003			2002
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operations	\$ (224,814)	—	—	(224,814)
Net investment in plant assets	3,814,778	—	—	3,814,778
Life income funds	—	2,972	—	2,972
Unexpended funds restricted for:				
Operating purposes	—	158,461	—	158,461
Plant facilities	—	174,767	—	174,767
Student loan funds	—	—	583,351	583,351
True endowment funds	—	—	131,184	131,184
Scholarship endowment funds	—	—	594,439	594,439
Total net assets	<u>\$ 3,589,964</u>	<u>336,200</u>	<u>1,308,974</u>	<u>5,235,138</u>

(6) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2003	2002
Land	\$ 296,519	296,519
Proposed new campus, land and costs incurred to date	1,007,740	1,007,740
Renovation in progress (current campus) * *	239,549	70,254
Buildings	3,748,445	3,570,214
Equipment	1,608,248	1,519,927
Library books	579,860	538,999
	<u>7,480,361</u>	<u>7,003,653</u>
Accumulated depreciation and amortization	3,139,523	2,947,391
Net investment in plant	<u>\$ 4,340,838</u>	<u>4,056,262</u>
Depreciation and amortization charged to expenditures	<u>\$ 192,132</u>	<u>160,271</u>

* *The College continued renovation projects for certain buildings on the existing campus. The College expects to expend approximately an additional \$350,000. (see note 13)

(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. 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 subsequent 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, 2003 and 2002.

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.

Relocation Campaign and Renovation of Existing Campus:

Uncollected pledges

Less allowance for potential uncollectible pledges

Less present value of future cash flows discounted at 8%

	2003	2002
	\$ 49,580	37,100
	\$ 167,100	272,000
	(105,400)	(151,600)
	(2,400)	(11,600)
	\$ 59,300	108,800

(9) Notes Payable and Long-Term Debt

Notes payable:

Permanently Restricted Funds - Student Loan Funds

5% unsecured demand notes payable to individuals

Unrestricted Funds:

Non-interest bearing, unsecured demand notes to individual

Unsecured demand note, for the purpose of purchase of property or renovation of certain facilities on the existing campus, in the maximum amount of \$1,500,000, bearing interest at 1.25% above the LIBOR rate. The loan shall expire March 2005, if not demanded sooner. (see note 13)

Unsecured revolving line of credit, for the purpose of operational cash needs, in the maximum amount of \$500,000, bearing interest at 1.25% above the LIBOR rate. The loan shall expire March 2004, if not demanded sooner. No amount is outstanding on this line of credit.

Total notes payable

	2003	2002
	\$ 111,805	127,327
	100,000	100,000
	479,000	180,000
	-	-
	\$ 690,805	407,327

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

Long-term debt

Principal maturities of long-term are as follows: 2004 - \$4,444; 2005 - \$4,974; 2006 - \$5,541; 2007 - \$6,182; 2008 - 6,823 and \$19,096 in years thereafter.

	2003	2002
	\$ 47,060	51,070
	4,444	3,991
	\$ 42,616	47,079

(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, 2003 and 2002.

Reconciliation of benefit obligations:

Benefit obligation at beginning of year

Service cost

Interest cost

Participant contributions

Plan amendments

(Gain) loss due to actuarial experience

Gain due to changes in actuarial assumptions

Benefits paid to plan participants

Benefit obligation at end of year

Reconciliation of asset value:

Plan assets at beginning of year

Actual return of plan assets

Employer contributions

Benefits paid to plan participants

Plan assets at end of year

Reconciliation of funded status:

Funded status at end of year (liability)

Unrecognized net transition obligation asset

Unrecognized prior service cost

Unrecognized net (gain) or loss

Amount included in prepaid expense / (accounts payable and accrued expenses)

	2003	2002
	\$ 2,457,523	2,329,829
	84,565	87,669
	187,944	178,162
	-	-
	-	-
	(39,611)	(82,757)
	-	-
	(61,258)	(55,380)
	\$ 2,629,163	2,457,523
	\$ 2,072,988	2,158,684
	(105,714)	(90,226)
	138,040	59,910
	(61,258)	(55,380)
	\$ 2,044,056	2,072,988
	\$ (585,107)	(384,535)
	(24,915)	(49,826)
	-	21,628
	635,963	408,567
	\$ 25,941	(4,166)

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(10) Pension Plan, continued

	2003	2002
Accumulated benefit obligation at end of year	\$ 2,358,108	2,149,517
Vested benefit obligation at end of year	\$ 2,313,409	2,127,660
Reconciliation of unrecognized net loss:		
Unrecognized loss at beginning of year	\$ 408,567	219,393
Amount of loss recognized during the year	(13,004)	—
Loss due to actuarial experience	(39,611)	(82,757)
Gain due to changes in actuarial assumptions	—	—
Gain due to assets	280,011	271,931
Unrecognized (gain) or loss at end of year	\$ 635,963	408,567
Net periodic benefit cost:		
Service cost at end of year	\$ 84,565	87,669
Interest cost on projected benefit obligation	187,944	178,162
Expected return on plan assets	(174,297)	(181,705)
Amortization of transition obligation	(24,911)	(24,911)
Amortization of prior service costs	21,628	21,631
Amortization of net loss	13,004	—
Net periodic benefit cost	\$ 107,933	80,846
Assumptions used for determination of net pension cost:		
Assumed discount rate	7.75%	7.75%
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 \$780,000 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) Group Health Benefits

The College provides group health benefits coverage for participating employees through its membership in the TICUA Benefit Consortium. The Consortium is a partially self-insured health benefit plan consisting of sixteen private colleges and universities in Tennessee, and is exempt under Section 501(c)(9) of the Internal Revenue Code. Funding for the plan has been based upon actuarial calculations using historical experience of claims paid and estimates of claims outstanding. While claims to date have exceeded contributions, future contributions to the plan by member institutions are expected to cover claims and administrative costs over the initial five-year commitment period contained in the membership agreement between the members and TICUA Benefit Consortium.

(13) Property Acquisition

Included in prepaid expenses and escrow deposits is \$25,000 relating to an escrow deposit for the purchase of a building, which joins the existing campus. Subsequent to the balance sheet date, the property was purchased for a cost of \$650,000, plus costs of closing, from funds available under a loan agreement as described in note 9 for this purchase. The College estimates that an additional \$175,000 will be spent for renovations to make the property ready for instructional purposes under the department of Teacher Education. The College anticipates that increased revenues from fees will be sufficient to fund operations and service the debt.

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, 2003, amounted to \$4,356,638. Total Unrestricted Funds Expenditures were \$4,526,348, providing a \$169,710 decrease in net assets at the end of the fiscal year.

Cash Flow Statement

The combined cash flow of the College's operating, investing, capital and financial activities showed cash and cash equivalents decreasing \$52,911 in Unrestricted Funds, unchanged in Temporarily Restricted Funds, and increasing \$19,561 in Permanently Restricted Funds for a cumulative cash flow decrease of \$33,350. (However, it must be noted that \$298,601 was borrowed for renovation projects during the year, without which the cash flow statement would have been a negative \$331,951.)

Unrestricted Giving

Private gifts provided \$1,158,655 in Unrestricted Funds Revenues. Of that amount, \$1,130,618 was provided from General Fund gifts, \$25,718 from Estate gifts, and \$2,319 from Special gifts.

It is noteworthy that General Fund gifts set another 10-year record, which is the second year in a row. FWBCC thanks our "rock-solid" donor base, those who continue to give so faithfully and sacrificially year by year.

General Fund Giving Keeps Tuition Costs Down

Because of above-mentioned General Fund gifts, tuition paid by FWBCC students was subsidized \$136 for every semester hour taken in 2002-2003. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$249, instead of \$385. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$4,080 this past academic year. Without gifts, many of our students would be unable to attend FWBCC.

Financial Obligations

The College's notes payable and long-term debt has increased. Notes Payable to Individuals amounts to (A) \$211,805, (divided as a \$100,000 interest-free note for unrestricted use, and \$111,805 in interest-bearing notes permanently restricted for student loans). FWBCC has also drawn (B) \$479,000 on a bank note designed to help fund renovation of various buildings on campus. Lastly, the College has a (C) \$42,616 balance for a grand piano, making the total notes payable and long-term debt \$733,421 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 \$111,805 as part of its student financial aid program.

(B) Campus property values have increased as a result of the \$479,000 renovation debt. Conservatively, it is estimated that market value has increased at least \$2 for every \$1 spent. Renovation debt will be paid through income earned on some of the affected properties.

(C) The \$42,616 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

FWBCC's investments heavily involved in securities lost \$35,340 due to unfavorable market conditions. Of that amount, \$39,651 was a realized loss, while \$4,311 was an unrealized gain.

Assets to Debt Ratio

Total assets amount to \$6,312,525. Our long-term liabilities (listed in "Financial Obligations" above) come to \$733,421, giving an 8.61 to 1 assets to debt ratio. Adding all other liabilities brings the total to \$1,077,387, and gives a 5.86 to 1 assets to debt ratio.

Statements of Financial Position (Balance Sheet) Remains Strong

Total net assets remain strong and steady at \$5,235,138, after deducting total liabilities of \$1,077,387 from total assets of \$6,312,525.

Cash and Cash Equivalents Remains Steady

Total cash on hand remains at the \$1 million mark. Last year's total was \$1,035,276 against this year's \$1,001,926, broken down by \$291,157 in current assets, \$296,683 in endowments, and \$414,086 in student loan funds.

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. 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 9).

THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT

FREE WILL BAPTIST BIBLE COLLEGE

Budget for the year ending May 31, 2004

Unaudited - Not Part of Audit

	As Budgeted	Allocation of Operation and Maintenance of Plant	Allocation of General Institutional Expenses	Budget After Allocations
Revenues:				
Tuition and fees	2,748,601	-	-	2,748,601
Private Gifts:				
Together Way/Unrestricted General Fund	1,300,000	-	-	1,300,000
Estates and miscellaneous	81,500	-	-	81,500
Grants and foundations	100,000	-	-	100,000
Endowment income	2,000	-	-	2,000
Investment income	4,000	-	-	4,000
Sales and services of auxiliary enterprises	1,256,050	-	-	1,256,050
Other sources:				
Net assets released from restrictions	80,000	-	-	80,000
Total revenues:	<u>5,572,151</u>	<u>-</u>	<u>-</u>	<u>5,572,151</u>
Expenditures:				
Educational and general:				
Instruction	1,627,962	183,409	-	1,811,371
Academic support	425,911	40,735	-	466,646
Student services	592,243	27,269	-	619,512
Operation and maintenance of plant	651,767	(651,767)	-	-
Institutional support	1,439,897	147,043	(75,363)	1,511,577
Total educational and general expenditures	4,737,780	(253,311)	(75,363)	4,409,106
Auxiliary enterprises:				
Expenditures	834,371	253,311	75,363	1,163,045
Total expenditures	<u>5,572,151</u>	<u>-</u>	<u>-</u>	<u>5,572,151</u>



Free Will Baptist Bible College Salary Breakdown

	2001-02	2002-03	2003-04
President *			
Salary	\$59,172	\$60,000	\$61,800***
Social Security	4,526	4,590	4,728
Retirement	2,958	0**	4,326
Medical Insurance	2,500	6,960	9,060
Life Insurance	263	240	240
	<u>\$69,419</u>	<u>\$71,790</u>	<u>80,154</u>
Academic Dean			
Salary	\$47,266	\$48,684	\$50,145***
Social Security	3,616	3,724	3,836
Retirement	2,363	2,434	3,510
Medical Insurance	2,500	2,940	3,840
Life Insurance	263	240	240
	<u>\$56,008</u>	<u>\$58,022</u>	<u>\$61,571</u>
Advancement Director			
Salary	\$40,118	\$42,148	\$43,412***
Social Security	3,069	3,224	3,321
Retirement	2,006	0**	3,039
Medical Insurance	2,500	6,960	5,940
Life Insurance	263	240	240
	<u>\$47,956</u>	<u>\$52,572</u>	<u>\$55,952</u>
Treasurer			
Salary	\$45,787	\$47,161	\$48,576***
Social Security	3,503	3,608	3,716
Retirement	2,289	2,358	3,400
Medical Insurance	2,500	2,940	3,840
Life Insurance	263	240	240
	<u>\$54,342</u>	<u>\$56,307</u>	<u>\$59,772</u>

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

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

*** Salary increases will be given in the fall if budgeted income is met.

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

2003-2004 Gift Goals

State	Gift Goals
Alabama	\$ 85,800.00
Arizona	1,000.00
Arkansas	86,000.00
California	5,000.00
Colorado	720.00
Connecticut	0.00
Delaware	2,000.00
Florida	36,000.00
Georgia	140,000.00
Idaho	500.00
Illinois	38,000.00
Indiana	8,150.00
Iowa	1,850.00
Kansas	2,000.00
Kentucky	20,500.00
Louisiana	1,000.00
Maine	100.00
Maryland	1,000.00
Massachusetts	120.00
Michigan	38,000.00
Mississippi	27,000.00
Missouri	63,000.00
Nebraska	360.00
New Mexico	400.00
New York	0.00
North Carolina	207,000.00
Ohio	28,000.00
Oklahoma	32,000.00
Pennsylvania	600.00
South Carolina	90,000.00
South Dakota	200.00
Tennessee	280,000.00
Texas	30,000.00
Utah	0.00
Virginia	33,000.00
Virgin Islands	1,000.00
Washington	3,500.00
West Virginia	7,500.00
Wisconsin	200.00
WNAC	5,000.00
Canada	500.00
Matching Gifts	18,000.00
Other	5,000.00
Total Gifts	\$1,300,000.00

Foreign Missions

A Summary of the Activities on Our Fields

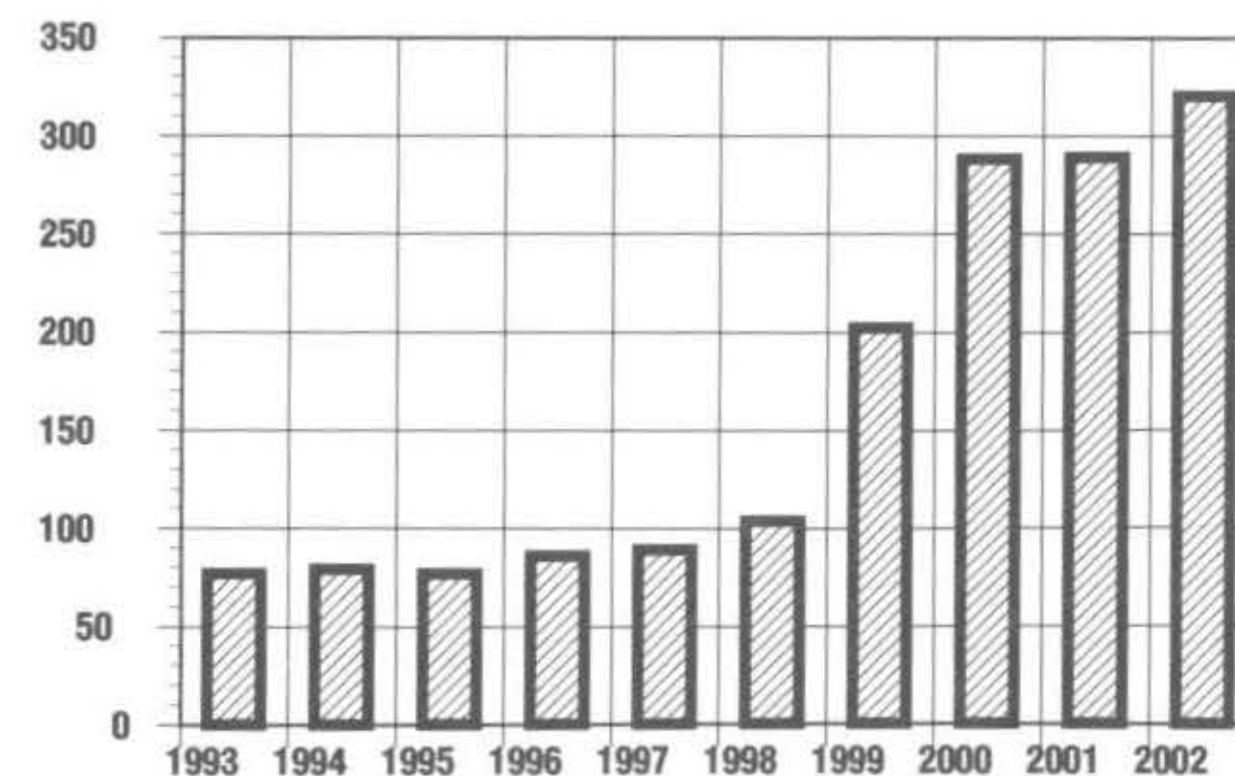
When we look back on 2002, we see a very momentous year at Free Will Baptist Foreign Missions. The Mission continues to facilitate the efforts of Free Will Baptists working in 14 countries. We continue to have a missionary presence in 10 countries: Brazil, France, India, Ivory Coast, Japan, Panama, Russia, South Korea, Spain and Uruguay. We work with national pastors in Cuba and Nepal. Our partnership with the English Language Institute in China allows other Free Will Baptists to serve in China and Mongolia. In addition to these countries, Free Will Baptist Foreign Missions has partnered with works in restricted access countries that are not listed here for security reasons.

The major event of 2002 was the evacuation of our missionary personnel from the West African country of Côte d'Ivoire (Ivory Coast). In September an attempted coup escalated into a civil war. Free Will Baptist missionaries Mike and Deleen Cousineau and their daughter, Kristina, were pinned down at the International Christian Academy in Bouake. They were in the middle of cross-fire between the rebel and loyalist troops. The Foreign Missions staff worked around the clock on their behalf. After extensive media coverage, the State Department intervened and asked French troops to secure the campus and evacuate the students and adults. Everyone came out without harm. We praise the Lord for His protection.

Since September 11, 2001, things have changed in international missions efforts. Security concerns have become more prominent. This has been especially true in the buildup to the war in Iraq. We do not know how these developments will affect missionaries' personal safety. In spite of this God has called us to take His Truth to the ends of the earth. When the Great Commission was originally given, it was not in an atmosphere of safety and security. Throughout church history men and women have paid the price to accomplish His purpose. We cannot expect to be called upon to do less.

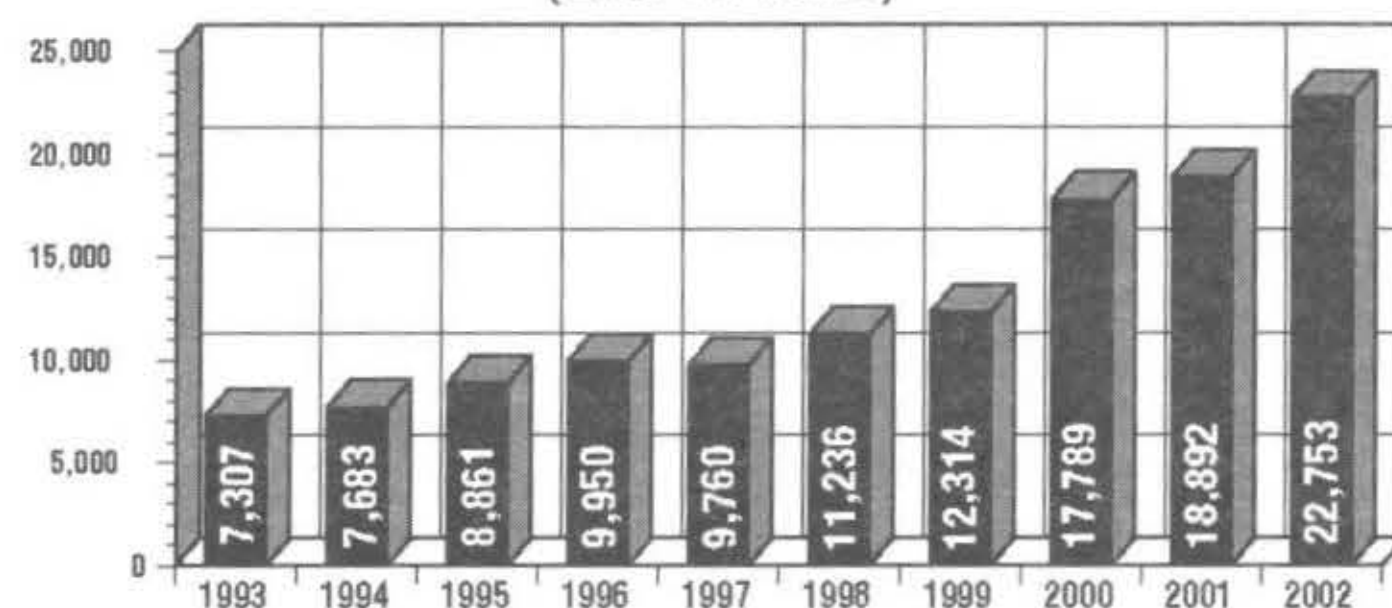
The promise of Christ to build His Church is continually evident through the efforts of Free Will Baptists internationally. In our year-end reporting we discovered that there were 320 organized churches and 366 mission works in the fields in which we work (as compared with 289 and 335 respectively last year). See the chart below:

10-Year Increase of Overseas Churches



There were 87 ordained national pastors and 344 licensed and lay preachers (as compared with 66 and 304 respectively last year). Students in our Bible institutes numbered 205. This is a growth of 29 over the 176 reported last year. The total average Sunday attendance continues to see rapid growth. In 2002 that number swelled to 22,753. We continue to praise the Lord for this harvest time. *See the chart below:*

Overseas Attendance Growth (Last 10 Years)



Six career and 10 short-term missionaries received approval from the board in 2002. The career missionaries include: K.C. and Liz Kohn (France), Matthew and Cristina Price (France), and Darren and Dana Portell (France - M-Team). Short-termers appointed include: Ben Bailey (Japan), Natalie Crowson (France), Joshua and Christi Smith (Spain), Jonathan and Teresa Snow (Japan), Chuck Stewart (Spain), Joni Thomas (Japan), and Matthew and Brooke Turnbough (Spain).

Having 16 missionaries approved in one year is one of the highest totals in the history of the Mission. We praise the Lord. As these begin their missionary careers, we mourn the loss in 2002 of one of our pioneer missionaries, Dan Merkh. He and Margaret served as missionaries in opening the works in Ivory Coast and France. We thank the Lord for Dan's work among us.

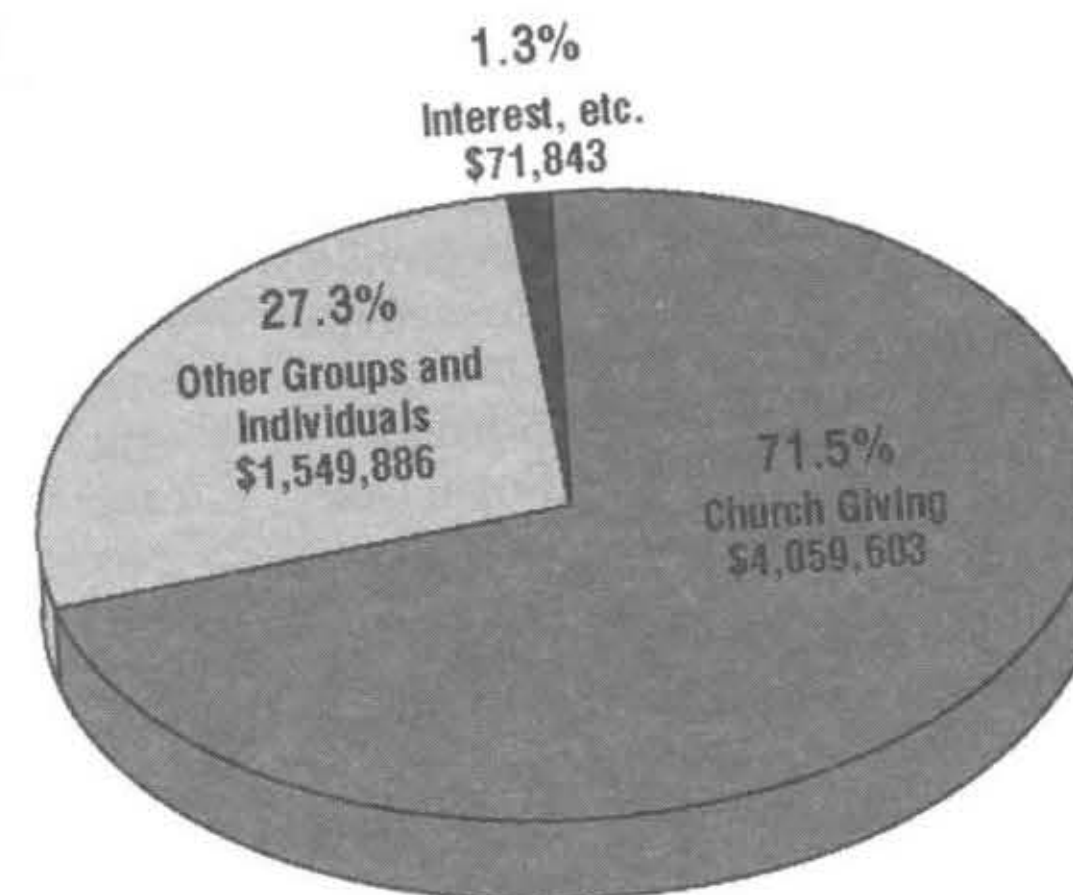
2002 - Financial Summary

The economic indicators in 2002 showed a marked decrease as the economy slowed in the United States. Many foreign missions agencies reflected these decreases in their support income. We praise the Lord that was not the case with Free Will Baptist Foreign Missions. In 2002 the total giving was \$5,681,332. This was a 3.4% gain over 2001 and was a record for giving to the Mission. Of this amount, over four million dollars were given through churches. *See chart at the top of page 47.*

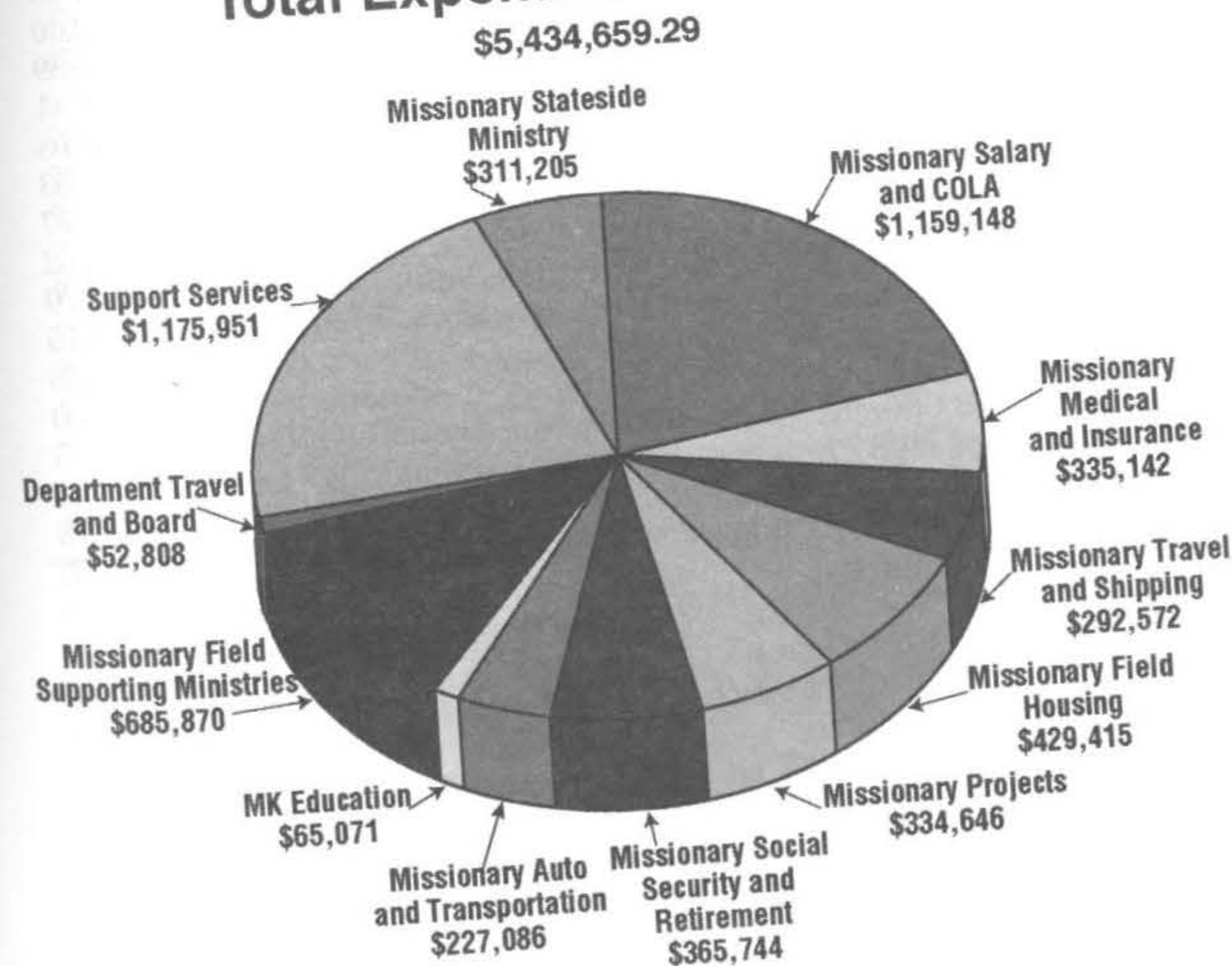
Even as the giving was up 3.4%, our expenses were down 4.1%. Missionaries and staff personnel worked together to decrease expenses by \$283,876 over 2001. Put together, these totaled almost a half-million-dollar turnaround for 2002. For that we praise the Lord. To see how these expenses were categorized *look at the table at the bottom of page 47.*

In 2002, 1,422 churches and hundreds of individuals supported missions efforts through Free Will Baptist Foreign Missions. The contributions from each church have allowed us to continue the advance

2002 Sources of Income



Total Expenditures for 2002



around the world. We would like to give special recognition to those churches that gave over \$10,000. In 2002 there were 80 churches in this category.

Foreign Missions Church Giving 2002 over \$10,000

Rank	Name	City	State	Total Amt
1	Donelson FWB Church	Nashville	TN	102,461.54
2	Unity FWB Church	Greenville	NC	83,327.38
3	First FWB Church	Russellville	AR	74,790.69
4	Limestone FWB Church	Limestone	TN	69,759.00
5	Norman First FWB Church	Norman	OK	55,025.70
6	Central FWB Church	Royal Oak	MI	48,011.92
7	Pleasant Acres FWB Church	New Bern	NC	45,263.25
8	Ina FWB Church	Ina	IL	37,447.00
9	Hannon FWB Church	Liberal	MO	37,002.00
10	Cofer's Chapel FWB Church	Nashville	TN	35,395.10
11	Horse Branch FWB Church	Turbeville	SC	31,043.35
12	Fellowship FWB Church	Kingsport	TN	28,473.30
13	Prospect FWB Church	Dunn	NC	27,822.00
14	Cross Timbers FWB Church	Nashville	TN	27,649.78
15	Macedonia FWB Church	Purdy	MO	26,871.08
16	Westside FWB Church	Johnsonville	SC	26,777.29
17	Parker's Chapel FWB Church	Greenville	NC	24,262.50
18	First FWB Church N Little Rock	N Little Rock	AR	23,776.59
19	Calvary Fellowship FWB Ch	Fenton	MO	23,024.41
20	Tippett's Chapel FWB Church	Clayton	NC	22,888.68
21	Westerville FWB Church	Westerville	OH	22,831.53
22	Townsend FWB Church	Townsend	DE	21,291.77
23	Bethel FWB Church	Kinston	NC	20,846.62
24	Porter FWB Church	Portsmouth	OH	20,491.79
25	Peace FWB Church	Florence	SC	20,251.15
26	First FWB Church	Albany	GA	19,654.88
27	Garner FWB Church	Garner	NC	19,378.00
28	First FWB Church	Florence	SC	18,548.45
29	New Hope FWB Church	Ina	IL	17,943.43
30	Allen Chapel FWB Church	Batesville	AR	17,661.76
31	Union Chapel FWB Church	Chocowinity	NC	17,380.00
32	First FWB Church	Beaufort	NC	16,974.98
33	First Bible FWB Church	New Castle	IN	16,913.75
34	Cavanaugh FWB Church	Fort Smith	AR	16,849.32
35	Ruth's Chapel FWB Church	New Bern	NC	16,437.84
36	Temple FWB Church	Darlington	SC	16,178.59
37	First FWB Church	Jacksonville	NC	16,169.38
38	Peace FWB Church	Wilson	NC	15,715.37
39	Trinity FWB Church	Greenville	NC	15,621.17
40	Piney Grove FWB Church	Guin	AL	15,010.38
41	Franklin Community Church	Franklin	TN	14,705.98
42	First FWB Church	Darlington	SC	14,611.00
43	Liberty FWB Church	Lawley	AL	14,556.98
44	Bethlehem FWB Church	Ashland City	TN	14,520.00

45	First FWB Church	Charleston	AR	14,440.47
46	Locust Grove FWB Church	Locust Grove	OK	14,367.42
47	Good Springs FWB Church	Pleasant View	TN	14,103.75
48	Rejoice First FWB Church	Owasso	OK	14,101.83
49	Sand Hill FWB Church	Coward	SC	14,064.19
50	Bethany FWB Church	Timmons ville	SC	13,990.00
51	New Haven FWB Church	Ernul	NC	13,847.51
52	Sherwood Forest FWB Church	New Bern	NC	13,789.45
53	Gospel Light FWB Church	Bonne Terre	MO	13,765.00
54	First FWB Church	Ada	OK	13,678.42
55	First FWB Church	Washington	NC	13,587.38
56	Faith FWB Church	Goldsboro	NC	13,429.75
57	Mt. Zion FWB Church	Pell City	AL	13,334.19
58	First FWB Church	Star City	AR	12,922.93
59	Bethel FWB Church	South Roxana	IL	12,694.99
60	Unity FWB Church	Smithfield	NC	12,506.79
61	Verdella FWB Church	Liberal	MO	12,053.00
62	Oak Park FWB Church	Pine Bluff	AR	12,007.86
63	Landmark FWB Church	Cary	NC	11,782.91
64	Harrison FWB Church	Minford	OH	11,760.00
65	First FWB Church	O'Fallon	MO	11,683.00
66	Southern Oaks FWB Church	Oklahoma City	OK	11,648.88
67	Winfield First FWB Church	Winfield	AL	11,556.78
68	Poplar Springs FWB Church	Iuka	MS	11,319.85
69	Gilead FWB Church	Scranton	SC	11,063.44
70	Mt. Olive FWB Church	Guin	AL	10,854.42
71	Trinity FWB Church	Darlington	MD	10,773.26
72	Phillip's Chapel FWB Church	Northport	AL	10,526.61
73	First FWB Church	Farmington	MO	10,450.00
74	Woodward FWB Church	Woodward	OK	10,437.86
75	Blue Point FWB Church	Cisne	IL	10,369.29
76	Harrah FWB Church	Harrah	OK	10,344.53
77	Trinity FWB Church	Bridgeton	MO	10,322.78
78	Immanuel FWB Church	Durham	NC	10,163.00
79	Emmanuel FWB Church	Jacksonville	NC	10,148.95
80	Cornerstone FWB Church	Tabor City	NC	10,000.00

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

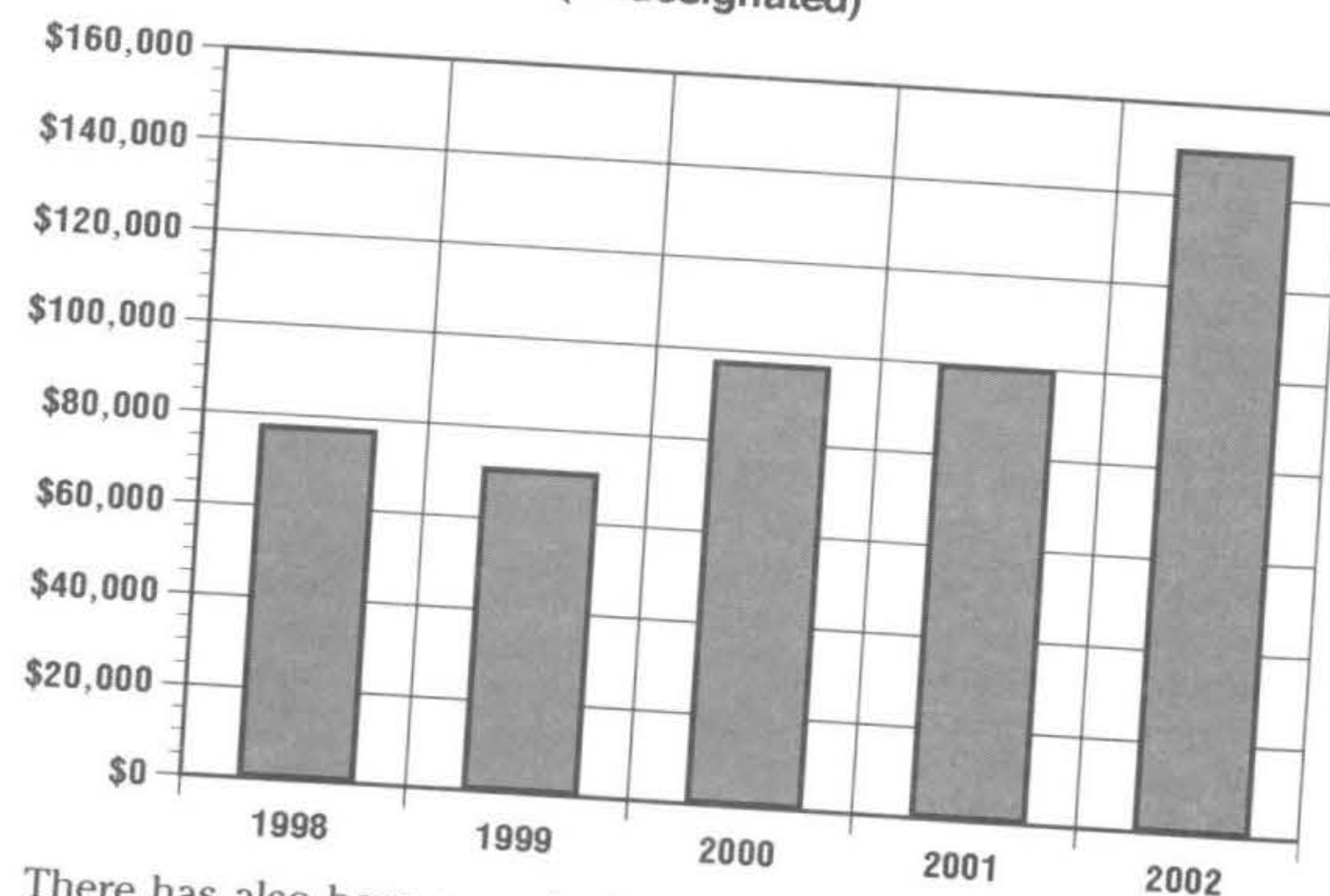
2002 Top Ten States Giving to Foreign Missions

Rank	State	Gifts	Rank	State	Gifts
1	Tennessee	841,129.56	6	South Carolina	389,775.50
2	North Carolina	763,212.57	7	Alabama	316,564.61
3	Arkansas	555,447.05	8	Georgia	217,790.63
4	Missouri	497,468.64	9	Illinois	194,441.16
5	Oklahoma	470,283.13	10	Ohio	175,965.45

Churches Giving Over \$500 to the 2002 World Missions Offering

Each year the World Missions Offering is held on the final Sunday in April. This offering plays a crucial role in enabling the Mission to continue its efforts at denominational mobilization. We want to give special recognition to WNAC and their chapters who have given to this offering. In 2002 the women gave \$20,145.52. "Thank you," ladies. The graph below shows the growth of the World Missions Offering over the last five years. Continued growth will accelerate denominational mobilization and enhance our effectiveness around the world.

Five-Year World Missions Offering (Undesignated)



There has also been a marked increase in the participation of our churches in this offering. In 1999 only 23 churches gave over \$500. In 2000 that increased to 38. 2001 showed another increase to 40 churches. And in 2002 there was a jump to 62 churches that gave over \$500. Below is a list of those churches:

Churches Giving to WMO 2002 Foreign Missions WMO Church Giving including designated

Rank	Church Name	City	State	2002 Amount
1	Prospect FWB Church	Dunn	NC	20,200.00
2	Trinity FWB Church	Greenville	NC	10,000.00
3	First FWB Church	Gastonia	NC	8,000.00
4	Unity FWB Church	Greenville	NC	3,979.00
5	Forest Valley FWB Church	Springfield	OH	3,388.00
6	First FWB Church	Russellville	AR	2,600.00
7	Sciotodale FWB Church	Portsmouth	OH	2,500.00
8	Wyandotte FWB Church	Mansfield	OH	2,400.00
9	West Tulsa FWB Church	Tulsa	OK	2,200.00

10	First FWB Church	Stanley	NC	2,181.00
11	Virginia Beach FWB Church	Virginia Beach	VA	2,125.00
12	Cofer's Chapel FWB Church	Nashville	TN	1,829.10
13	Sand Hill FWB Church	Coward	SC	1,724.25
14	Porter FWB Church	Portsmouth	OH	1,522.25
15	Pine Level FWB Church	Alma	GA	1,473.72
16	Vista FWB Church	Van Buren	AR	1,410.90
17	Sherwood Forest FWB Church	New Bern	NC	1,407.97
18	Fellowship FWB Church	Antioch	TN	1,316.00
19	Calvary FWB Church	Salem	IL	1,241.49
20	Dailyville FWB Church	Waverly	OH	1,210.00
21	Free Will Baptist Church	Christiansted	VI	1,200.00
22	Heritage FWB Church	Columbus	OH	1,116.75
23	Woodbine FWB Church	Nashville	TN	1,114.15
24	East Nashville FWB Church	Nashville	TN	1,113.00
25	New Hope FWB Church	Sumner	WA	1,051.34
26	Thomaston Community Church	Thomaston	TX	1,010.00
27	Ballew's Chapel FWB Church	Grubbs	AR	1,000.00
28	Victory FWB Church	Goldsboro	NC	1,000.00
29	First FWB Church	Florence	SC	1,000.00
30	Bethlehem FWB Church	Ashland City	TN	1,000.00
31	Limestone FWB Church	Limestone	TN	1,000.00
32	Eastside FWB Church	Houston	TX	1,000.00
33	Rocky Pass FWB Church	Nebo	NC	1,000.00
34	Fellowship FWB Church	Bryan	TX	947.98
35	Cove City FWB Church	Cove City	NC	942.32
36	Allen Chapel FWB Church	Batesville	AR	920.00
37	First FWB Church	Ypsilanti	MI	865.00
38	Central FWB Church	Royal Oak	MI	803.00
39	Madison FWB Church	Madison	AL	790.00
40	North Valley FWB Church	Phoenix	AZ	745.00
41	New Salem FWB Church	Colquitt	GA	700.00
42	Lighthouse FWB Church	Louisa	KY	699.00
43	First FWB Church	Batesville	AR	687.62
44	Cornerstone FWB Church	Nashville	TN	666.00
45	Horse Branch FWB Church	Turbeville	SC	621.00
46	Blue Point FWB Church	Cisne	IL	618.00
47	Victory FWB Church	Jackson	TN	603.86
48	First FWB Church	Richmond	VA	598.65
49	Westside FWB Church	Johnsonville	SC	596.00
50	New Home FWB Church	Colquitt	GA	580.00
51	New Light FWB Church	Morgan	GA	559.00
52	Tupelo FWB Church	Tupelo	MS	550.00
53	Gahanna FWB Church	Gahanna	OH	550.00
54	Fordland FWB Church	Fordland	MO	525.00
55	First FWB Church of Chipley	Chipley	FL	520.00
56	Shallowford FWB Church	Marietta	GA	501.00
57	Red Bay FWB Church	Red Bay	AL	500.00
58	Cedar Springs FWB Church	Blakely	GA	500.00
59	Kendale Acres FWB Church	Sanford	NC	500.00
60	Cross Timbers FWB Church	Nashville	TN	500.00
61	Harrison FWB Church	Minford	OH	500.00

One of the mobilization targets of the Foreign Missions Department is to increase the financial underpinning of the Mission to provide a bold 21st century thrust. There is an incredible potential here. Free Will Baptist men and women are increasingly interested in how they can be good stewards of the resources God has given them. Some have experienced unexpected financial blessings and they want to make sure to use their resources in a way that will advance the Kingdom. Others want their assets to advance the cause of Christ long after their death. Estate planning promises to be a fertile field for financial planning. Free Will Baptist Foreign Missions is determined to continue our concerted effort toward this goal. The table below shows the continued growth of the endowment with the Free Will Baptist Foundation.

Endowments at Foundation to the Benefit of Foreign Missions

Year	Endowed Amount	Earnings Recvd
2002	635,287.90	0.00
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

Board Meetings and Actions

National Association Meeting – July 26, 2002

After the National Association the Mission had a mini-retreat with the missionaries on stateside assignment, retired missionaries, the board and staff. After the retreat the board met at the Hampton Inn in Germantown, Tenn. Members present were: Doug Little (chairman), Milton Worthington (vice-chairman), David Shores (secretary), Bill Jones, Bill Van Winkle, David Williford and Randy Wilson. Newly elected board member Danny Williams was appointed to serve on the Candidate Committee.

The board received a preliminary report from missionary Clint Morgan concerning the progress of the study of restricted access countries.

Darrel and Lila Nichols were reappointed for another term in Ivory Coast. The board accepted the resignation of Ernest and Elaine Holland, missionaries in Ivory Coast. Darren and Dana Portell were given preliminary approval as missionaries to France.

E-mail Ballot – August 14, 2002

The board approved a proposal to allocate part of the expenses of the Member Care Department to missionary accounts.

E-mail Ballot – September 6, 2002

Approval was given for a six-month short-term assignment to Uruguay for former missionaries Paul and Amy Robinson.

E-mail Ballot – September 27, 2002

The board approved the purchase of a camp outside Dushanbe, Tajikistan. The camp will be in the name of the Tajikistan Union (Arminian) Baptists.

E-mail Ballot – October 7, 2002

An "Emergency Intervention Fund" was approved by the board. Each missionary in Ivory Coast at the time of the outbreak of war was given \$1,000 to cover emergency evacuation expenses. All plane tickets and other expenses of the evacuation were taken from this fund.

E-mail Ballot – October 9, 2002

Approval was given to rescind the August 14, 2002, proposal for allocating part of the Member Care expenses to missionary accounts.

E-mail Ballot – October 28, 2002

The board accepted the resignation of Terry and D.D. Vandivort as missionaries to Ivory Coast.

Semi-Annual Meeting – December 2-4, 2002

The semi-annual meeting of the board was held at the National Offices building. Members present were: Doug Little (chairman), Milton Worthington (vice-chairman), David Shores (secretary), Bill Jones, Sherwood Lee, Bill Van Winkle, Danny Williams and Randy Wilson.

The board gave a special commendation to the staff and especially to General Director James Forlines, Director of Member Care Neil Gilliland and Missionary Clint Morgan for their handling of the Ivory Coast crisis.

A preliminary report with potential recommendations for restricted access countries was given by Clint Morgan. His special assignment was extended by the board until the task is completed.

The board approved an official partnership with the Center for Intercultural Training (C.I.T.) in Union Mills, N.C.

A VISION project was approved for a Bible institute building in Conoor, Tamil Nadu, India.

Curt and Mary Holland were reappointed for another term in Brazil.

A five-year plan for partnership with the work in South Korea was accepted.

The wording of the Fellow Helper's Fund was changed to:

"A Fellow Helper's Fund will be maintained through special gifts and/or a voluntary assessment from missionaries' accounts. The collected funds may only be used to help career missionary accounts with significant financial challenges. To be a beneficiary of the Fellow Helper's Fund a missionary must sign up and be willing to participate in the program.

A yearly assessment from participating missionary accounts will occur on or around January 1 of each year. It will consist of up to 1% of the income to each missionary's account in the previous calendar year. Only those accounts with a balance of at least \$5,000 will be included in the assessment. Funds will be allocated to needy missionary accounts throughout the year as determined by a mutual agreement of the Director of Stateside Development and the Director of Financial Operations."

Don Robirds, Director of Public Relations, was commended for his years of service to the Mission.

The following received approval for one-two year short-term assignments:

Jonathan and Teresa Snow – Japan (two years)

Joshua and Christi Smith – Spain (two years)
 Matthew and Brooke Turnbough – Spain (two years)
 Chuck Stewart – Spain (10 months)
 Natalie Crowson – France (one year)

The following candidates received preliminary approval for career missionary service:

Shannon Little – Japan
 Shane and Joy Davison – Ivory Coast

The following candidates received final approval for career missionary service:

Matthew and Cristina Price – France
 K.C. and Liz Kohn – France
 Darren and Dana Portell – France – M Team

E-mail Ballot – January 8, 2003

Jimmy Aldridge was approved to be the point man for raising \$171,000 for the VISION project in Krasnodar, Russia.

E-mail Ballot – February 14, 2003

A budget for 2003 was approved for a "Humanitarian Assistance Fund."

Annual Meeting – April 28-29, 2003

The annual meeting of the board was held at the National Offices building in Antioch, Tenn. Members present were: Doug Little (chairman), Milton Worthington (vice-chairman), David Shores (secretary), Bill Jones, Sherwood Lee, Bill Van Winkle, Danny Williams, David Williford and Randy Wilson.

The board approved to begin the process to change the name of the Mission from Free Will Baptist Foreign Missions to Free Will Baptist International Missions.

Doug Little was accepted as the new Director of Stateside Development.

The board approved the creation of a Non-Governmental Organization (NGO) to provide a platform for Free Will Baptist Foreign Missions to send personnel into restricted access countries. The name of the NGO will be "The Hanna Project" in honor of Carlisle Hanna and in memory of Marie Hanna. A four-pronged strategy was adopted for The Hanna Project. Central Asia and North Africa were accepted as initial targets for this thrust. In accordance with the Central Asia strategy, a partnership was signed between Free Will Baptist Foreign Missions and the Baptist Union (Arminian) of Central Asia.

The board requested the General Director to communicate with the Home Missions Department concerning the "Outside-In" strategy of reaching unreached people groups in the United States that Foreign Missions is targeting overseas.

Stephen and Rejyna Beck were given preliminary approval as missionaries to a restricted access country.

The report of Don Robirds, Director of Public Relations, was received with deep gratitude for his years of faithful service and ministry.

Kenneth and Rejane Eagleton were approved to transfer from Ivory Coast to Brazil.

Darrel and Lila Nichols were approved to transfer from Ivory Coast to Panama.

Mike and Cathy Corley, Russia, were given full career missionary status.

The board adopted a change in field structure to approve three on-field Regional Directors: (1) Central and South America; (2) Europe and Africa; and, (3) Asia.

The audit was presented by Joel Collum from Warren, Denney & Wallace CPAs. It was approved.

The MK college allowance was extended from eight semesters to 10 semesters.

The board reaffirmed its agreement with the investment policies as outlined in the Director of Financial Operation's report.

All 2004 field budgets, 2004 VISION project budgets, 2004 Special Project budgets, 2004 Support Services budgets, and 2004 Capital Expenditures budgets were adopted.

The board elected the following officers:

Chairman - Milton Worthington
 Vice-chairman - Randy Wilson
 Secretary - Danny Williams

Continued Tribute to Our Missionaries, Staff and Board

I am continually thankful for the dedication and commitment of the individuals associated with Free Will Baptist Foreign Missions. In many ways 2002 was a difficult year. Cutting expenses was a high priority. All the directors took a 5% decrease in salary. Everyone, missionaries and staff included, adopted austerity measures. In the midst of this the crisis in Ivory Coast occurred. While we praise the Lord for His provisional blessings, I certainly want to thank Him for blessing us with the people of Free Will Baptist Foreign Missions. "Well done!"

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

December 31, 2002 and 2001

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WARREN, DENNEY & WALLACE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Board of Foreign Missions of the National Association of Free Will Baptists (a nonprofit organization) as of December 31, 2002 and 2001, 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, 2002 and 2001 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.

Warren, Denney & Wallace

April 9, 2003

BOARD OF FOREIGN MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS Statements of Financial Position December 31, 2002 and 2001

ASSETS

	2002	2001
Cash and cash equivalents - Notes 1 & 2	\$ 1,290,854	\$ 1,040,979
Investments in trusts - Notes 1 & 2	1,249,501	1,137,405
Investments - Notes 2 & 10	16,344	19,637
Accounts receivable from employees and missionaries - Note 2	100,143	90,800
Property and equipment, at cost, net of accumulated depreciation - Notes 1 & 3	128,759	185,392
Prepaid expenses	392	
	<u>\$ 2,785,993</u>	<u>\$ 2,474,213</u>

Total assets

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 180,818	\$ 210,545
Supplemental retirement insurance payable	385,613	355,456
Accrued severance pay payable	151,957	146,773
	<u>718,388</u>	<u>712,774</u>

Total liabilities

Commitments - Notes 7 & 8

Net assets (deficit)	(365,996)	(315,004)
Unrestricted	2,407,360	2,050,202
Temporarily restricted - Note 4	26,241	26,241
Permanently restricted - Note 4		
	<u>2,067,605</u>	<u>1,761,439</u>
Total	<u>\$ 2,785,993</u>	<u>\$ 2,474,213</u>

Total liabilities and net assets

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, 2002 and 2001

	2002	2001
Unrestricted		
Revenue:		
Contributions – Notes 1 & 5		
Investment income	\$ 1,040,774	\$ 1,118,382
Gain (loss) on investments	78,559	57,772
Projector lease income	(3,293)	(60,476)
Gain (loss) on disposal of property & equipment	10,805	5,700
Net assets released from restrictions:	(10,518)	5,664
Restrictions satisfied by payments		
	<u>4,207,845</u>	<u>4,426,106</u>
Total revenue	<u>5,324,172</u>	<u>5,553,148</u>
Expenses:		
Support services		
Missionaries	1,167,319	1,274,218
VISION campaign	4,087,272	4,201,830
	<u>120,573</u>	<u>224,276</u>
Total expenses	<u>5,375,164</u>	<u>5,700,324</u>
Increase (decrease) in unrestricted net assets	<u>(50,992)</u>	<u>(147,176)</u>
Temporarily restricted		
Revenue:		
Contributions – Notes 1, 4 & 5		
Net assets released from restrictions:	4,565,003	4,367,396
Restrictions satisfied by payments		
	<u>(4,207,845)</u>	<u>(4,426,106)</u>
Increase (decrease) in temporarily restricted net assets	<u>357,158</u>	<u>(58,710)</u>
Permanently restricted		
Revenue:		
Contributions – Notes 1 & 4		
Increase in permanently restricted net assets		
Total increase (decrease) in net assets	<u>306,166</u>	<u>(205,886)</u>
Net assets – beginning of year	<u>1,761,439</u>	<u>1,967,325</u>
Net assets – end of year	<u>\$ 2,067,605</u>	<u>\$ 1,761,439</u>

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

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Cash Flows
For the Years Ended December 31, 2002 and 2001

	2002	2001
Operating activities		
Increase (decrease) in net assets	\$ 306,166	(\$ 205,886)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	58,784	71,528
Loss (gain) on investments	3,293	60,476
(Gain) loss on disposal of property and equipment	10,518	(5,664)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(9,343)	33,192
Decrease (increase) in prepaid expenses and deposits	(392)	4,552
Increase (decrease) in accounts payable and accrued expenses	5,614	29,799
	<u>374,640</u>	<u>(12,003)</u>
Net cash provided (used) by operating activities		
Investing activities		
Purchases of equipment	(87,047)	(127,318)
Proceeds from sale of equipment	74,378	35,000
Purchases of investment	(112,096)	(82,157)
Proceeds of investment redeemed		250,000
	<u>(124,765)</u>	<u>75,525</u>
Net cash provided (used) by investing activities		
Financing activities		
	<u>-0-</u>	<u>-0-</u>
Net cash provided by financing activities		
Increase (decrease) in cash and cash equivalents	<u>249,875</u>	<u>63,522</u>
Cash and cash equivalents at beginning of year	<u>1,040,979</u>	<u>977,457</u>
Cash and cash equivalents at end of year	<u>\$ 1,290,854</u>	<u>\$ 1,040,979</u>

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

**BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to the Financial Statements
December 31, 2002 and 2001

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 2002 and 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.

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, 2002 and 2001

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, 2002 and 2001

Note 2 -

Summary of significant concentrations of financial instruments

As of December 31, 2002 and 2001, 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, 2002		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Interest bearing deposit accounts with financial institution	\$ 1,290,854	\$ 100,000	\$ 1,190,854
Total cash and cash equivalents	1,290,854	100,000	1,190,854
Interest bearing deposits on account with the Board of Retirement and Insurance of the National Association of Free Will Baptists	1,249,501		1,249,501
Common stock	16,344		16,344
Total investments	1,265,845		1,265,845
Accounts receivable from employees and missionaries	100,143		100,143
Total	\$ 2,656,842	\$ 100,000	\$ 2,556,842

	December 31, 2001		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Accounts receivable from employees			
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

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 2002 and 2001

Note 3 -

Property and equipment

A summary of property and equipment is as follows:

	2002	2001
Office furniture and equipment	\$ 68,851	\$ 68,851
Cameras and projectors	111,732	139,747
Automobiles	76,022	134,900
Computer equipment	71,068	74,244
	327,673	417,742
Less: Accumulated depreciation	198,914	232,350
	\$ 128,759	\$ 185,392

Depreciation expense, computed utilizing the straight-line method amounted to \$58,784 (\$71,528 in 2001).

Note 4 -

Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	2002	2001
Missionaries	\$ 2,348,098	\$ 1,963,841
VISION campaign	59,262	86,361
	\$ 2,407,360	\$ 2,050,202

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
	\$ 26,241	\$ 26,241

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 \$91,812 (\$87,566 in 2001). 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, 2002 and 2001

Note 7 - Lease

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, 2001).

Note 8 - Commitments

The Board provides health insurance for its 82 (84 in 2001) 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 \$89,052 (\$121,195 in 2001) in benefit payments and \$179,862 (\$119,045 in 2001) 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.

Note 10 - Investments

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

	December 31, 2002		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 79,520	\$ 16,344	(\$ 63,176)

Investment return is summarized as follows:

Net realized and unrealized income (loss) (\$ 3,293)

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to the Financial Statements
December 31, 2002 and 2001

Note 10 - Investments (continued)

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 (loss) (\$ 60,476)

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our report on our audits of the basic financial statements of the Board of Foreign Missions of the National Association of Free Will Baptists for 2002 and 2001 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

Warren, Denney & Wallace

April 9, 2003

BOARD OF FOREIGN MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS Schedule of Functional Expenses For the Years Ended December 31, 2002 and 2001

	2002	2001
Support services:	\$ 46,103	\$ 66,204
Video and audio visual	35,524	31,450
Heartbeat	3,378	15,987
Other publications expense	40,538	41,656
Postage	26,399	20,190
Publicity	13,826	13,654
Telephone	179	300
Dues	4,427	2,309
Paper and supplies	5,872	2,976
Together Way Program	3,759	(364)
Retreat	3,082	5,924
Tracts and books	4,555	1,005
Seminar and training	5,297	5,352
Convention expense	21,609	31,072
Department auto	11,713	14,506
Board members	742	
Administrative - overseas travel	4,068	3,468
Department insurance	6,939	18,211
Department travel	642	
Travel insurance	1,050	3,067
Honorariums	10,941	58,888
Missions promotion	2,274	3,750
Recruiting and candidate expense	485,359	485,683
Salaries	72,100	64,600
Housing	23,840	23,910
Social Security	25,823	25,764
Employer payroll taxes	25,736	25,448
Retirement	93,356	84,118
Hospitalization	8,027	4,867
Office travel allowance	7,220	15,640
Legal and professional	74,988	74,988
Office rent	1,680	1,540
Off-site storage expense	8,910	7,266
Computer software expense	7,475	10,448
Office equipment	900	1,020
Maintenance of office equipment	8,223	15,253
Office supplies	1,325	2,735
Bank service charges	358	240
Office help	201	915
Staff recognition	4,455	4,575
COLA indexes	155	617
Benevolence	27	721
Staff retreat	2,390	9,421
Miscellaneous	58,784	71,528
Depreciation	3,060	2,377
Visitor meals, entertainment & lodging	10	939
Mobilization network	\$1,167,319	\$1,274,218
Total support services		

See accountants' report on supplementary information.

BOARD OF FOREIGN MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Schedule of Functional Expenses
For the Years Ended December 31, 2002 and 2001

	2002	2001
Missionary expenses:		
Ivory Coast		
France	\$ 722,233	\$ 835,813
India	485,857	397,279
Brazil	206,925	227,462
Japan	548,202	638,956
Panama	624,643	701,927
Spain	197,271	205,145
Uruguay	456,620	394,496
Commonwealth of Independent States	252,453	265,210
Unreached people	112,528	120,916
Korea	19,620	11,118
Overseas Apprentices	64,876	112,505
Other projects	252,651	147,459
Missionary medical	191,469	175,774
Total missionary expenses	(48,076)	(32,221)
	4,087,272	4,201,830
VISION campaign expenses:		
Project expenses	120,573	224,276
Total VISION campaign expenses	120,573	224,276
Total expenses	\$5,375,164	\$5,700,324

See accountants' report on supplementary information.

Support Services Personnel
Compensation Detail for Directors

	2000	2001	2002	2003	2004	Increase	Percent Increase
General Director *							
Salary	31,576	35,799	35,799	32,244	33,534	1,290	4.0%
Housing and Utilities	24,000	22,000	22,000	27,000	28,080	1,080	4.0%
Social Security	8,962	9,321	9,321	9,554	9,936	382	4.0%
Retirement	2,779	2,890	2,890	2,962	3,081	118	4.0%
Insurance	5,974	8,099	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	73,291	78,109	80,700	83,760	88,655	4,895	5.8%
Director of Public Relations *							
Salary	32,076	33,840	33,840	34,686	36,073	1,387	4.0%
Housing and Utilities	12,000	12,000	12,000	12,300	12,792	492	4.0%
Social Security	7,108	7,392	7,392	7,577	7,880	303	4.0%
Retirement	2,204	2,292	2,292	2,349	2,443	94	4.0%
Insurance	8,099	8,099	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	61,487	63,623	66,215	68,912	73,214	4,301	6.2%
Director of Field Operations *							
Salary	29,077	30,840	30,840	28,986	30,145	1,159	4.0%
Housing and Utilities	15,000	15,000	15,000	18,000	18,720	720	4.0%
Social Security	7,108	7,392	7,392	7,577	7,880	303	4.0%
Retirement	2,204	2,292	2,292	2,349	2,443	94	4.0%
Insurance	8,099	8,099	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	61,488	63,623	66,215	68,912	73,214	4,301	6.2%
Director of Stateside Development *							
Salary	29,077	30,240	30,240	30,996	30,145	(851)	-2.7%
Housing and Utilities	15,000	15,600	15,600	15,990	18,720	2,730	17.1%
Social Security	7,108	7,392	7,392	7,577	7,880	303	4.0%
Retirement	2,204	2,292	2,292	2,349	2,443	94	4.0%
Insurance	5,974	5,974	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	59,362	61,498	66,215	68,912	73,213	4,301	6.2%
Director of Financial Operations *							
Salary	44,081	45,844	45,844	46,990	48,870	1,880	4.0%
Social Security	7,024	7,305	7,305	7,487	7,787	299	4.0%
Retirement	2,204	2,292	2,292	2,350	2,443	94	4.0%
Insurance	8,099	8,099	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	61,408	63,540	66,132	68,827	73,125	4,298	6.2%
Director of Mobilization & Recruitment *							
Salary	29,076	30,240	30,240	30,996	32,235	1,240	4.0%
Housing and Utilities	15,000	15,600	15,600	15,990	16,630	640	4.0%
Social Security	7,108	7,392	7,392	7,577	7,880	303	4.0%
Retirement	2,204	2,292	2,292	2,349	2,443	94	4.0%
Insurance	3,110	3,110	4,105	5,000	5,500	500	10.0%
Total Cost of Employment	56,498	58,634	59,629	61,912	64,688	2,776	4.5%
Director of Member Care *							
Salary	0	45,844	45,844	46,990	48,870	1,880	4.0%
Social Security	0	7,305	7,305	7,487	7,787	299	4.0%
Retirement	0	2,292	2,292	2,350	2,443	94	4.0%
Insurance	0	5,974	10,691	12,000	14,025	2,025	16.9%
Total Cost of Employment	0	61,415	66,132	68,827	73,125	4,298	6.2%

* Vehicle Provided

Note: Medical insurance amount does not include portion paid personally

Free Will Baptist Foreign Missions Consolidated 2004 Budget

Fields and Projects	Personal Allowances	Ministry Allowances	Admin. Allocation	Project Allowances	Total Field Budget
Ivory Coast	498,577.05	136,850.00	58,725.80	275,850.00	970,002.85
Brazil	568,129.70	94,295.00	67,266.53	132,335.00	862,026.23
France	754,446.94	95,650.00	80,747.98	175,180.00	1,106,024.92
India	63,574.98	54,800.00	7,340.73	114,200.00	239,915.71
Japan	543,755.08	266,462.47	54,844.35	116,000.00	981,061.90
Korea	0.00	1,200.00	0.00	139,000.00	140,200.00
Russia/C.I.S.	53,854.76	9,750.00	7,340.73	93,000.00	163,945.48
P.R.A.C.				40,000.00	40,000.00
Panama	253,968.33	53,200.00	29,362.90	82,300.00	418,831.23
Spain	528,880.74	59,600.00	40,903.63	543,612.00	1,172,996.37
Uruguay	173,791.13	24,950.00	22,022.18	52,750.00	273,513.31
Cuba				34,000.00	34,000.00
Other fields				748,500.00	761,100.00
Projected missionary appointments			12,600.00	300,000.00	344,044.35
Other anticipated opportunities			44,044.35	100,000.00	100,000.00
Total fields and projects	3,438,978.70	796,757.47	425,199.18	2,946,727.00	\$7,607,320.83
Administrative					
Office of the General Director					158,739.30
Department of Field Operations					97,423.59
Department of Stateside Development					154,836.41
Department of Mobilization & Recruitment					159,971.52
Department of Public Relations					337,333.40
Department of Member Care					101,559.93
Department of Financial Operations					414,993.52
Total Administration					1,424,857.65
Less: missionary/project allocations - 9%					(425,199.18)
Net Administration					999,658.47
Total Operational					\$8,607,320.83
VISION Projects					\$5,180,770.00
Special Projects					\$215,000.00
Video & Film Division					\$250,000.00
The Hanna Project					\$1,680,000.00
Grand Total Budget					\$15,933,090.83

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

Sunday School and Church Training Department

General Director's Report

H. Jackson Brown said, "The best preparation for tomorrow is doing your best today." Doing one's best implies stewardship of resources, personnel, time and planning. That is the goal of every manager and executive director of any successful organization. At Randall House we are taking very seriously the challenge to be good stewards of your publishing house.

Review of 2002

- Retirement of Dr. Alton Loveless after nine incredible years.
- Overlap of the new General Director Elect working with retiring General Director.
 - Predicted a \$80,000 - \$100,000 loss for year considering the above (actual loss is \$84,714)
- August 15, 2002, a new General Director/CEO begins leading RHP.
- Adding of an Assistant Director/COO to enhance operations.
- Began to evaluate operations and strategically chart our future.
- Interviewed, listened and evaluated what our denomination wants and needs.
- Bookstore continues to provide full service order fulfillment of any book title, publisher and author.
- Vision Retreat in October for our Managers and Editors to plan and dream. Results were as follows:
 - Learning system that will provide the structure for new curriculum coming in Fall 2004.
 - Improved intra and inter departmental communication and cooperation.
 - Improved Customer Service ideas.
 - Continued improvements to RHP products to fulfill our customers needs that they deserve and expect.

The Future of Your Publishing House

With the Vision Retreat producing some great base material to begin our course adjustment, we began to implement the plans. We have not always invested well in our own product. Continued product development and improvement is a must to perpetuating success. We have sought to catch up with the needs of today by closing the gap. We must be innovative in our thinking, practical in our implementation and diligent at communication and training.

To Meet Our Needs

- Invest more into our product development.
- Roll out a new Sunday School curriculum line in Fall 2004.
 - Built around the CLEAR™ Learning System
 - **Connect** - with your class
 - **Learn** - what God's Word says

- **Explore** - the depths of Scripture
- **Apply** - the lesson to our lives today
- **Respond** - by changing the behavior of your class
- The CLEAR™ curriculum will feature more application.
- The CLEAR™ curriculum will continue to teach our conservative doctrine.
- The CLEAR™ curriculum will teach God's word unashamedly.
- The CLEAR™ curriculum will focus on the topics of Scripture studied.
- Reduce our overall 2004 budget by 9% or \$316,000 while investing \$100,000 more on curriculum development.
- Have a "Martha" personality answering your calls instead of a phone maze.
- More training events for teachers and church workers than ever before through our TEAM Church ministry.
- Release of remaining New Testament RHP Commentaries.
- Streamlining of our operation to adjust to provide better products and service.
- Best book search software to find any title you desire by any publisher, delivered to your doorstep.
- More Spanish essentials.
 - Plan of salvation tract
 - New convert material

We are excited because of what we are hearing from you. We are listening and planning for you. By supporting your publishing house, we will reward you with excellent service and extraordinary products. In the Fall 2004, we will challenge every publisher with our new line of CLEAR™ curriculum to keep up with RHP.

Retirement Rewards Program

We are pleased to announce a new Retirement Rewards Program for purchasing Randall House curriculum. Every time you purchase Randall House curriculum (does not include books), your pastor will receive 1% of total purchase sent to his FWB Retirement account. This will be calculated and sent once a quarter. To begin your participation, you must provide your account number from the Free Will Baptist Board of Retirement to Randall House Publications or the bookstore you are ordering through. If you do not have an account, please call the Retirement Board to establish one at 877-767-7739. This is our way of saying thank you for buying FWB curriculum.

2002-2003 Summary of the Minutes for the Sunday School and Church Training Board

The Board had three meetings in the past year. The first meeting was held at the National Association in Memphis, TN. At that meeting we welcomed our new members, elected officers, determined committee assignments and adopted the General Director's contract.

The second meeting was held at Randall House in December after the Leadership Conference. At that meeting we approved three writers,

approved three books to be published, setup a new short form for temporary writer approval for a single assignment, approved the speakers for the Youth Worship Services for NYC '03, and voted to send letters of congratulations to Dean Jones and Keith Fletcher for the completion of their Master's Degrees.

The third meeting was held April 21-22, 2003, at Randall House. At that meeting we reviewed the 2002 audit and approved the 2004 budget. We accepted the 2004 NYC theme, approved two new writers, and we approved a plan to increase revenue and decrease expenses for Randall House Publications. We voted to grant the General Director a 4% increase. We set up a committee to review our contracts and procedures with our affiliate bookstores to find a mutually beneficial contractual agreement to meet the needs of today's bookstores and our denominational publishing house.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS, INC.

Financial Statements

December 31, 2002 and 2001

(With Independent Auditors' Report Thereon)

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

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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, 2002 and 2001, and the related statements of activity and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with 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, 2002 and 2001, 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

March 19, 2003

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

Balance Sheets

December 31, 2002 and 2001

	2002	2001
Assets		
Current assets:		
Cash and cash equivalents:	\$ 109,680	242,423
Cash and interest bearing deposits	393,649	278,547
Cash invested with the Free Will Baptist Foundation	50,000	50,000
Certificates of deposit		
Accounts receivable:		
Trade, net of allowance for doubtful accounts	64,225	74,620
of \$7,000	6,103	7,183
Employees and other	70,328	81,803
Total receivables	416,758	431,358
Inventory	7,700	9,262
Deferred charges and prepaid expenses	1,048,115	1,093,393
Total current assets		
Property, plant and equipment, at cost:	110,341	110,341
Land	736,603	730,228
Building	597,953	569,612
Printing service equipment	617,773	584,281
Office and administrative equipment	80,093	51,698
Automobiles and trucks	2,142,763	2,046,160
	1,642,057	1,541,161
Less accumulated depreciation and amortization	500,706	504,999
Net property, plant and equipment	\$ 1,548,821	1,598,392
Liabilities and Net Assets		
Current liabilities:	\$ 95,990	74,178
Accounts payable	47,955	40,766
Accrued expenses	7,229	1,087
Due to affiliated organization	151,174	116,031
Total current liabilities	1,397,647	1,482,361
Unrestricted net assets	\$ 1,548,821	1,598,392
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, 2002 and 2001

	2002	2001
Revenues:		
Net sales:		
Curriculum	\$ 1,979,410	1,947,477
Randall House books	91,099	86,747
Merchandise	28,995	29,644
Vacation Bible School	22,646	27,536
Bookstore	326,717	337,987
Printing	128,519	97,565
Other sales	37,135	40,032
Net sales	<u>2,614,521</u>	<u>2,566,988</u>
Freight and handling	121,604	122,378
Other income	68,748	77,026
Interest income	19,157	20,149
Gain on sale of assets	105	1,162
Commission income on hymnal sales	37,644	33,298
Total revenues	<u>2,861,779</u>	<u>2,821,001</u>
Expenses:		
Cost of sales:		
Inventory at beginning of year	431,358	443,198
Merchandise purchases	304,377	356,180
Depreciation	47,119	45,515
Editorial	365,514	332,157
Printing production	728,489	691,594
Spanish department	29,762	28,882
Less inventory at end of year	1,906,619	1,897,526
Total cost of sales	<u>416,758</u>	<u>431,358</u>
Selling, general and administrative:	<u>1,489,861</u>	<u>1,466,168</u>
Administrative	232,670	132,321
Bookstore	135,829	126,607
Bookkeeping	229,829	207,031
Building	143,743	143,901
Sales and promotion	167,118	175,318
Shipping	240,227	233,738
General	126,853	83,985
Depreciation	57,776	58,865
Interest expense, including finance charges	-	64
Total selling, general and administrative expenses	<u>1,334,045</u>	<u>1,161,830</u>
Total expenses	<u>2,823,906</u>	<u>2,627,998</u>
Increase in net assets from operations	<u>37,873</u>	<u>193,003</u>
Other expenses:		
Printing contributed to the denomination	32,635	34,217
Denominational ministries	11,234	-
Youth department	78,718	123,659
Total other expenses	<u>122,587</u>	<u>157,876</u>
Increase (decrease) in net assets	<u>(84,714)</u>	<u>35,127</u>
Net assets, beginning of year	1,482,361	1,447,234
Net assets, end of year	<u>\$ 1,397,647</u>	<u>1,482,361</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the Years Ended December 31, 2002 and 2001

	2002	2001
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (84,714)	35,127
Adjustments to reconcile decrease in net assets to net operating activities	104,895	104,380
Depreciation and amortization		
(Increase) decrease in:	11,475	36,615
Receivables	14,600	11,840
Inventories	1,562	(5,209)
Deferred charges and prepaid expenses		
Increase (decrease) in:	21,812	3,717
Accounts payable	7,189	(1,695)
Accrued expenses	6,142	(6,883)
Due to affiliated organization		
Net operating activities	<u>82,961</u>	<u>177,892</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(100,602)	(14,500)
Net investing activities	<u>(100,602)</u>	<u>(14,500)</u>
Cash Flows from Financing Activities		
Repayments of long term debt	-	(9,841)
Net financing activities	<u>-</u>	<u>(9,841)</u>
Net increase (decrease) in cash	<u>(17,641)</u>	<u>153,551</u>
Cash at beginning of year	520,970	367,419
Cash at end of year	<u>\$ 503,329</u>	<u>520,970</u>
Cash and cash equivalents, as reported on the balance sheet, as follows:		
Cash and interest bearing deposits	109,680	242,423
Cash invested with the Free Will Baptist Foundation	393,649	278,547
	<u>\$ 503,329</u>	<u>520,970</u>
Supplemental disclosures:		
Interest	\$ -	64

See accompanying notes to financial statements.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements

December 31, 2002 and 2001

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

Basis of Presentation

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 prior period financial statements may have been reclassified to conform to current presentation.

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.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Compensated Absences

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

(2) Concentration of Credit Risk

The Board is a distributor of Bible based Sunday school and church training curriculum, and other denominational publications. The Board extends credit to its customers which consist primarily of Free Will Baptist churches and religious bookstores. These accounts are not collateralized and are subject to accounting risk of loss amounting to the outstanding balance at any point in time. Further, funds invested with the Free Will Baptist Foundation in the amount of \$393,649 are subject to risk of accounting loss. Cash and certificates of deposit deposited in a local bank are insured by the F.D.I.C. up to a maximum of \$100,000.

(3) Agreement with Affiliated Organization to Distribute Hymnals

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

The Free Will Baptist Hymn Book, Rejoice

The Board will invoice the customer, collect funds and remit \$6.32 to the Executive Board. As of December 31, 2002 the Board was warehousing approximately 28,000 hymnals with an estimated replacement value of \$71,000. The following summarizes the transactions under this agreement as of December 31, 2002.

	2002	Since Inception
Amount due to Executive Office at beginning of period	\$ 1,087	-
Total sales of hymnals	74,799	701,801
Less total fees earned	(37,644)	(355,307)
Less remittances made to the Executive Office	(31,013)	(339,265)
Amount due to Executive Office at end of period	\$ 7,229	7,229

The Rejoice Hymn Book for the Church of Worship

During the year ended December 31, 2002, these remaining hymnals were sold out. These hymnals were sold under an agreement where the Board warehoused and distributed these hymnals and received a commission of 5% plus costs of shipping.

SUNDAY SCHOOL AND CHURCH TRAINING BOARD AND RANDALL HOUSE PUBLICATIONS

Notes to Financial Statements, continued

(4) Inventory

Inventories consist of the following:

	2002	2001
Finished curriculum	\$ 30,023	\$6,983
Work in progress	52,277	62,199
Bookstore	132,280	125,984
Printing raw materials	23,137	26,654
Warehoused other books and merchandise	179,041	159,538
Total inventory	\$ 416,758	431,358

(5) 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 \$42,275 and \$32,443 for the years ended December 31, 2002 and 2001, 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.

(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:

	2002	2001
Revenue from conferences and related services	\$ 205,654	177,406
Expenditures for conferences and related services	160,449	180,514
General and administrative expenses	123,923	120,551
Total expenditures	284,372	301,065
Excess of expenses over revenues	\$ (78,718)	(123,659)

(7) Contributed Services to Denominational Ministries

During the years ended December 31, 2002 and 2001 the Board contributed printing costs to the Denomination as follows:

	2002	2001
Church Directory	\$ 14,550	15,291
Outreach Magazine	18,085	17,068
Together Way	-	1,858
Total contributed services	\$ 32,635	36,458

Salaries

	2003 Present Package	2004 Projected Package
General Director Ronald Hunter, Jr.		
Salary	\$33,468	\$34,807
Housing Allowance	\$26,710	\$27,778
Christmas Bonus	\$0	\$1,204
Compensation Total	\$60,178	\$63,789
Insurance*	\$6,134	\$6,379
Social Security****	\$3,464	\$3,129
Retirement		
Benefits Total	\$9,598	\$9,508
Total Pay Package	\$69,776	\$73,297

Assistant Director Clarence Lewis

Salary	\$55,877	\$57,553
Housing Allowance	\$0	\$0
Christmas Bonus	\$838	\$863
Compensation Total	\$56,715	\$58,416
Insurance**	\$4,586	\$5,503
Social Security	\$4,339	\$4,469
Retirement	\$2,794	\$2,878
Benefits Total	\$11,719	\$12,850
Total Pay Package	\$68,434	\$71,266

Editor in Chief Keith Fletcher

Salary	\$31,697	\$32,648
Housing Allowance	\$16,419	\$16,912
Christmas Bonus	\$722	\$743
Compensation Total	\$48,838	\$50,303
Insurance**	\$12,651	\$15,181
Social Security	\$3,736	\$3,848
Retirement	\$2,406	\$2,478
Benefits Total	\$18,793	\$21,507
Total Pay Package	\$67,631	\$71,810

SCM Director Dean Jones

Salary***	\$22,388	\$23,060
Housing Allowance	\$14,832	\$15,277
Christmas Bonus	\$558	\$575
Compensation Total	\$37,778	\$38,912
Insurance**	\$12,625	\$15,150
Social Security	\$2,890	\$2,977
Retirement	\$1,861	\$1,917
Benefits Total	\$17,376	\$20,044
Total Pay Package	\$55,154	\$58,956

* Compensation Projected at 3% Increase

** Insurance Projected at 20% Increase

*** SCM Director Listed at 85% (Compensation)

**** Director's Social Security Is Included in Retirement

Projected Budget for 2004

Description of Account	2004 Budget
Revenues:	
Sales - RHP	\$2,805,003
Sales - Bookstore	\$334,000
Freight & Handling	\$127,000
Other Income	\$265,668
Discounts Given	-\$429,836
Total Revenues	\$3,101,835
Expenses:	
Cost of Outside Purchases	\$355,000
Creative Services	\$485,361
Cost of Printing Production	\$652,556
Depreciation	\$50,000
Total Cost of Sales	\$1,542,917
General Expenses:	
Marketing Dept	\$182,015
Bookstore	\$136,546
Administrative	\$245,632
Accounting	\$225,877
Shipping	\$209,545
Building	\$160,798
General	\$144,500
Total General Expenses	\$1,304,913
Total Expenses	\$2,847,830
Increase/(Decrease) in Assets	\$254,005
Other Expenses	
Denominational Ministries	\$57,200
Youth Department	\$71,359
Total Other Expenses	\$128,559
Increase/(Decrease) in Assets	\$125,446

Description of Account	2004 Budget	Description of Account	2004 Budget
Creative Services		Postage	\$200
Salaries & Wages	\$269,108	Telephone	\$2,000
Housing	\$49,919	FICA	\$14,726
Travel	\$5,000	Retirement	\$8,839
Supplies	\$12,000	Insurance	\$61,369
Equipment Maintenance	\$1,000	Curriculum Development	\$25,000
Conventions & Seminars	\$2,500	Writers' Fees	\$25,000
Dues & Subscriptions	\$300	Miscellaneous	\$900
Art Services	\$7,500	Total Creative Services	\$485,361

Description of Account	2004 Budget	Description of Account	2004 Budget
Printing Production		Software Fees & Services	\$3,000
Salaries & Wages	\$164,429	Convention & Seminars	\$500
Travel Expense	\$1,000	Dues & Subscriptions	\$500
In House Printing	-\$107,500	Entertainment	\$1,000
Supplies	\$1,000	Postage	\$3,500
Outside Printing	\$410,000	Telephone	\$1,500
Telephone	\$2,000	FICA	\$5,861
FICA	\$12,579	Retirement	\$2,698
Retirement	\$6,799	Insurance	\$25,572
Insurance	\$29,449	Advertising	\$4,500
Pressroom Supplies	\$14,000	Miscellaneous	\$300
Pressroom Maintenance	\$5,000	Total Bookstore	\$136,546
Pressroom Parts	\$3,000		
Pressroom Stock	\$75,000	Administrative	
Pressroom Ink	\$10,000	Salaries & Wages	\$152,603
Bindery Supplies	\$2,500	Housing Allowance	\$27,511
Bindery Maintenance	\$2,500	Travel Expense	\$18,000
Bindery Parts	\$1,000	In House Printing	\$2,500
Camera Supplies	\$1,000	Supplies	\$3,000
Camera Film - Negatives	\$10,000	Equipment Rental	\$1,000
Stripping Supplies	\$500	Dues & Subscriptions	\$500
Stripping Plates	\$8,000	Entertainment	\$2,500
Miscellaneous	\$300	Postage	\$1,000
Total Printing Production	\$652,556	Telephone	\$3,000
		FICA	\$8,598
Marketing		Retirement	\$8,853
Salaries & Wages	\$35,506	Insurance	\$13,567
Travel Expense	\$16,000	Automobile Expense	\$2,500
In House Printing	\$25,000	Miscellaneous	\$500
Supplies	\$8,000	Total Administrative	\$245,632
Conventions & Seminars	\$6,500		
Dues & Subscriptions	\$1,500	Accounting	
Entertainment	\$500	Salaries & Wages	\$137,845
Postage	\$35,000	Travel Expense	\$500
Telephone	\$1,500	In House Printing	\$2,000
FICA	\$2,716	Supplies	\$8,000
Retirement	\$1,687	Equipment Maintenance	\$2,000
Insurance	\$15,106	Equipment Rental	\$500
Advertising	\$30,000	Royalties	\$10,000
Promotion	\$2,000	Dues & Subscriptions	\$300
Miscellaneous	\$1,000	Postage	\$5,000
Total Marketing	\$182,015	Telephone	\$7,000
		FICA	\$10,545
Bookstore		Retirement	\$1,513
Salaries	\$76,615	Insurance	\$40,374
Travel Expense	\$3,500	Miscellaneous	\$300
In House Printing	\$5,000	Total Accounting	\$225,877
Supplies	\$2,000		
Equipment Maintenance	\$500		

Description of Account

Shipping

Salaries & Wages	\$49,277
Supplies	\$14,000
Equipment Maintenance	\$2,500
Equipment Rental	\$9,000
Postage	\$5,500
Telephone	\$1,500
FICA	\$3,770
Retirement	\$3,315
Insurance	\$20,383
Freight Expense	\$100,000
Miscellaneous	\$300
Total Shipping	\$209,545

Building

Salaries & Wages	\$34,271
Supplies	\$8,000
Equipment Maintenance	\$5,000
Equipment Rental	\$500
Telephone	\$1,500
FICA	\$2,622
Insurance	\$10,205
Building Maintenance	\$24,400
Utilities	\$50,000
Building Insurance	\$24,000
Miscellaneous	\$300
Total Building	\$160,798

General Expenses

Supplies	\$3,000
Equipment Maintenance	\$5,000
Equipment Rental	\$10,000
Honorariums	\$500
Board Travel & Expense	\$15,000
Legal & Auditing	\$10,000
Automobile Expense	\$2,500
Bad Debt	\$1,000
Recreation Fund Expense	\$1,500
Taxes	\$13,000
Payroll Services	\$7,000
Miscellaneous	\$10,000
Depreciation	\$60,000
Service Charge	\$6,000
Total General Expenses	\$144,500

Denominational Ministries

Team Church Leader Travel	\$8,000
Team Church Supplies	\$200
Team Church Promotion	\$2,000

2004 Budget

Description of Account

Together Way Printing	\$20,000
Church Directory - Yearbook	\$15,000
Spanish Literature Gifts	\$6,000
Korean Printing	\$2,000
Russian Printing	\$2,000
Scholarships	\$1,000
RHP Minister's Fund	\$1,000
Total Denominational Ministries	\$57,200

SCM Revenues

NYC Fees & Collections	\$100,000
Truth & Peace Collections	\$72,000
YET Collections	\$6,000
NYW Retreat Collections	\$24,000
Youth Collections	\$15,000
SpringBoard	\$10,000
Total SCM Revenues	\$227,000

SCM Expense

Salaries & Wages	\$54,620
Housing Allowance	\$15,277
Travel Expense	\$5,000
In House Printing	\$6,000
Supplies	\$4,500
Conventions & Seminars	\$2,500
Dues & Subscriptions	\$200
Entertainment	\$300
Postage	\$2,750
Telephone	\$3,400
FICA	\$2,678
Retirement	\$2,664
Insurance	\$30,220
NYC Expense	\$67,500
Truth & Peace Expense	\$50,000
NYET Expense	\$4,500
NYW Retreat Expense	\$23,000
SpringBoard	\$15,000
Convention Workers' Salaries	\$7,250
Miscellaneous	\$1,000
Total SCM Expense	\$298,359

SCM Revenues
SCM Expense

SCM (Revenue/Expense)

\$227,000
-\$298,359
-\$71,359

2004 Budget

Cost Comparisons 2003

	SP	GL	ST	**UGP	AY	DCC	GR	RHP
Nursery Teacher	5.75	5.29	5.25	0.00	5.65	5.65	14.99	4.25
Teacher's Resource Packet	11.50	19.99	17.79	0.00	12.65	12.65	19.99	10.25
Pupil's Handwork	3.40	2.99	7.29	0.00	3.35	3.35	0.00	2.50
Bible Lesson Cards	3.40	2.99	0.00	0.00	0.00	0.00	0.00	2.50
Preschool Teacher	5.75	5.29	5.59	1.45	5.95	5.95	7.99	4.25
Teacher's Resource Packet	11.50	19.99	12.59	0.00	12.65	12.65	19.99	10.25
Preschool Student	3.40	0.00	0.00	1.50	3.15	3.15	4.29	2.50
Preschool Workbook	3.15	2.99	3.19	0.00	3.35	3.35	0.00	2.50
Picture Lesson Cards	0.00	0.00	0.00	0.85	0.00	0.00	0.00	2.50
Primary Teacher	5.75	5.29	5.29	1.45	5.95	5.95	7.99	4.25
Visual Packet	11.50	10.99	12.59	0.00	12.65	12.65	19.99	10.25
Primary Student	3.40	0.00	0.00	1.50	3.35	3.35	4.29	2.50
Primary Workbook	0.00	2.99	3.19	0.00	3.15	3.15	0.00	2.50
Memory Verse Packet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.99
Junior Teacher	5.75	5.29	5.29	1.45	4.50	5.95	7.99	4.25
Visual Packet	11.50	12.99	12.59	6.25	0.00	12.75	19.99	10.25
Junior Student	3.40	2.99	3.19	1.70	3.60	3.35	4.29	2.50
Junior Workbook	0.00	0.00	0.00	0.00	3.50	3.15	0.00	2.50
Teen Teacher	5.75	16.99	5.29	1.55	4.70	5.65	7.99	4.25
Visual Packet	11.50	0.00	12.59	0.00	3.60	12.75	0.00	10.25
Teen Student	3.15	0.00	3.19	1.70	3.75	3.15	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	5.75	16.99	5.29	1.75	5.85	5.65	19.99	4.25
Visual Packet	0.00	0.00	12.59	0.00	3.60	12.75	0.00	10.25
High Teen Student	6.00	0.00	3.19	1.70	3.75	3.15	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)	4.75	0.00	0.00	0.00	0.00	0.00	0.00	2.50
Bible Teacher (Yg. Adults)	5.95	0.00	0.00	1.75	5.85	6.25	17.99	4.25
Bible Challenge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
Bible Teacher	5.95	16.99	5.49	3.80	5.85	6.25	17.99	4.25
Bible Scholar	3.15	9.99	3.19	1.85	4.00	3.35	0.00	2.50
Bible Scholar Large Print	4.40	0.00	6.29	0.00	4.80	3.90	0.00	2.70
Depth (Adult Devotional)	0.00	0.00	2.99	0.00	0.00	3.15	0.00	2.50
Visual Packet	11.50	0.00	12.59	0.00	0.00	12.75	0.00	0.00
Visitor Lesson Leaflet	0.00	0.00	0.00	0.00	3.15	3.15	0.00	2.50

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.

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.

Board of Retirement

Participants hearing my report at the convention last year certainly remember the serious negative we experienced during the first six months. It was really a relief to simply break even the last six months. Our results for the entire year were negative 11.15%. It is of little comfort to say many other investments lost even more.

We make investments in the same economy others do, so market conditions impact us all. The key difference in our experience is that we are a balanced fund. That simply means we invest in both stocks and bonds so we will never experience the extreme highs of 100% stock investments nor should we hit their low lows. In a market where the S & P 500 Index (100% stock) lost 23.4% we only lost 11.15%. Again, this is not intended to be as an excuse but rather as an explanation.

In spite of the market's negative experience, a number of very positive things took place last year.

We had the largest number of settlements in one year in the history of the plan—77 individuals involving over \$2.15 million dollars. This followed 2001 when we had 76 settlements involving over \$2.5 million dollars. Settlements do not mean cash out the door however. The majority (over 58% of the funds over the past two years) created some form of monthly payment to be made by the department. These payments involve defined periods of years—for example 60 equal monthly payments of the entire account plus earnings during that term (we offer many other number of payments); or for the life time of the participant; or the life time of the participant and/or spouse; or for either of these forms with a predetermined guaranteed minimum number of payments.

The accumulation of funds is not our primary goal. We encourage accumulations in order to provide future benefits. Settlements are simply the detailed arrangements for providing to the individual or family the benefits for which we exist.

Enrollments were down last year but were still considerably higher than our historic average. It may be that the loss experienced in the first half of the year really frightened many of our prospects. A number of individuals spoke to me about getting better returns with CD's and savings accounts than with us. That was true for 2001 and 2002 but it is not true for the long term. Certainly hindsight investing would avoid the negatives and captures the gains, unfortunately it is simply impossible. That is the reason our Board has adopted a conservative investment approach for both positive and negative markets. We do not have a simple buy and hold philosophy regardless of market events but we do have a long term market commitment which includes stocks and bonds. The percentage of each time investment changes with market conditions. We are cautiously going forward with anticipation that the market will reward the long term conservative investor.

Contribution limits have been changed from a complex percentage formula to a simple set dollar amount. Participants under 50 during the

entire year may contribute their total income (even if it is classified housing allowance) up to these limits:

2003	-	\$12,000.00
2004	-	\$13,000.00
2005	-	\$14,000.00
2006	-	\$15,000.00

Participants may make additional tax sheltered elective contributions beginning the year they turn 50:

\$2,000.00	in 2003
\$3,000.00	in 2004
\$4,000.00	in 2005
\$5,000.00	in 2006

These increased catch-up contributions will be indexed for cost of living increase thereafter. Many of our participants or prospects may be unable to contribute at these levels but it does allow larger contributions in later years of service when possible. However, it is extremely important to not delay. Get started now—today. Experience teaches us there are three things involved in retirement funding—deposits, rate of return and time. The most important of these is time.

Synopsis of the Board of Retirement Meetings:

Board of Retirement met for its annual board meeting April 30 and May 1 and on December 2, 2002. Jack Ward was absent from the April meeting. Business included establishment of an audit committee, expand loan provisions, permitting rollovers from IRA's and 401(k)'s beginning January 1, 2003.

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

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WARREN, DENNEY & WALLACE

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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, 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 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, 2002 and 2001, 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.

Warren, Denney & Wallace

March 5, 2003

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Statements of Financial Position
December 31, 2002 and 2001

ASSETS

	December 31,	
	2002	2001
Operating Assets		
Cash and cash equivalents	\$ 11,192	\$ 31,449
Funds invested with the Free Will Baptist Foundation	30,140	14,056
Accounts receivable	926	
Prepaid lease		2,004
Total operating assets	<u>42,258</u>	<u>47,509</u>
Retirement Assets		
Cash and cash equivalents	1,139,746	567,079
Investment in marketable securities and instruments, at fair market value - Note 3	19,717,535	22,444,492
Accrued investment income receivable	107,961	121,968
Funds invested with the Free Will Baptist Foundation	4,750	
Notes receivable, net of allowance for doubtful accounts - Note 2	<u>956,665</u>	<u>931,329</u>
Total retirement assets	<u>21,926,657</u>	<u>24,064,868</u>
Office Furniture, Equipment and Automobiles, at cost, net of accumulated depreciation - Notes 1 & 4	<u>33,223</u>	<u>35,404</u>
Total assets	<u>\$22,002,138</u>	<u>\$24,147,781</u>

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

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LIABILITIES & NET ASSETS

	December 31,	
	2002	2001
Liabilities		
Annuities payable - Note 6	\$ 2,938,663	\$ 1,962,393
Unearned loan origination fees		4,163
Note payable to Free Will Baptist Foundation - Note 8	250,000	
Accounts payable, accrued expenses and other liabilities	<u>13,967</u>	<u>21,988</u>
Total liabilities	<u>3,202,630</u>	<u>1,988,544</u>
Net Assets		
Unrestricted:		
Operations:		
Operating funds	2,997	22,526
Designated for future asset purchases	30,140	14,056
Net invested in equipment	<u>33,223</u>	<u>35,404</u>
Operating net assets	<u>66,360</u>	<u>71,986</u>
Retirement accounts:		
Net assets available for participants	18,861,413	22,059,876
Designated as reserve funds (deficit)	(141,265)	14,375
Designated as annuity reserve funds	<u>13,000</u>	<u>13,000</u>
Retirement net assets	<u>18,733,148</u>	<u>22,087,251</u>
Total net assets	<u>18,799,508</u>	<u>22,159,237</u>
Total liabilities and net assets	<u>\$22,002,138</u>	<u>\$24,147,781</u>

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, 2002 and 2001

	2002		
	Retirement Accounts	Operations	Total
<u>Support, Revenue and Other Additions</u>			
Contributions from participants	\$ 1,759,557	\$	\$ 1,759,557
Investment income:			
Gains of investment portfolio:			
Net realized gains (losses)	(370,986)		(370,986)
Net unrealized gains (losses)	(2,414,563)		(2,414,563)
	(2,785,549)		(2,785,549)
Interest and dividends from investments (net of investment fees)	562,187		562,187
Total investment income (loss)	(2,223,362)		(2,223,362)
Income earned from interest bearing notes:			
Interest income	89,128		89,128
Loan origination fees earned	4,163		4,163
Total income earned from interest and loan origination fees	93,291		93,291
Forfeitures and late charges	233		233
Gifts		68,596	68,596
Reimbursement from Free Will Baptist Foundation		7,500	7,500
Miscellaneous income		5,153	5,153
Total other income	233	81,249	81,482
Total additions (losses)	(370,281)	81,249	(289,032)
Allocation for operations	(254,285)	254,285	
Net additions (loss) after allocation for operations	(624,566)	335,534	(289,032)

	2001		
	Retirement Accounts	Operations	Total
<u>Support, Revenue and Other Additions</u>			
Contributions from participants	\$ 1,969,931	\$	\$ 1,969,931
Investment income:			
Gains of investment portfolio:			
Net realized gains (losses)	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 (losses)	1,900,798	109,035	2,009,833
Allocation for operations	(292,888)	292,888	
Net additions (loss) after allocation for operations	1,607,910	401,923	2,009,833

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 Activities and Changes in Net Assets
For the Years Ending December 31, 2002 and 2001

	2002		
	Retirement Accounts	Operations	Total
<u>Expenses and Other Deductions</u>			
Withdrawals by participants	\$ 1,545,206	\$	\$ 1,545,206
Transfers to annuities by participants	1,047,674		1,047,674
Insurance deductions from participant's accounts	42,705		42,705
Income allocated to annuitant obligations	90,959		90,959
Salaries		76,926	76,926
Housing		53,813	53,813
Fringe benefits		57,510	57,510
Travel and promotional		28,448	28,448
Office supplies and expense		37,959	37,959
Occupancy		48,409	48,409
Board members expense		10,577	10,577
Legal and auditing		9,582	9,582
Depreciation		16,922	16,922
Miscellaneous	2,993	1,014	4,007
Total deductions	<u>2,729,537</u>	<u>341,160</u>	<u>3,070,697</u>
Increase (decrease) in net assets	(3,354,103)	(5,626)	(3,359,729)
Net assets at beginning of year	<u>22,087,251</u>	<u>71,986</u>	<u>22,159,237</u>
Net assets at end of year	<u>\$18,733,148</u>	<u>\$ 66,360</u>	<u>\$18,799,508</u>

	2001		
	Retirement Accounts	Operations	Total
\$ 1,801,985	\$		\$ 1,801,985
695,446			695,446
44,114			44,114
49,525			49,525
		110,517	110,517
		51,744	51,744
		71,311	71,311
		22,163	22,163
		39,792	39,792
		48,571	48,571
		18,890	18,890
		13,237	13,237
		14,532	14,532
	2,309	962	3,271
<u>2,593,379</u>	<u>391,719</u>		<u>2,985,098</u>
(985,469)	10,204	(975,265)	
<u>23,072,720</u>	<u>61,782</u>	<u>23,134,502</u>	
<u>\$22,087,251</u>	<u>\$ 71,986</u>	<u>\$22,159,237</u>	

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

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statements of Cash Flows
For the Years Ending December 31, 2002 and 2001

	2002		
	Retirement Accounts	Operations	Total
<u>Cash flows from operating activities</u>			
Cash received from:			
Contributions from participants and employers	\$ 1,759,557	\$	\$ 1,759,557
Gifts		68,596	68,596
Income earned from interest and loan origination fees	89,128		89,128
Investment income	576,194		576,194
Forfeitures and late charges	233		233
Reimbursement from Free Will Baptist Foundation		11,500	11,500
Miscellaneous income		227	227
Cash paid for:			
Supplies and employees	(51,913)	(324,040)	(375,953)
Withdrawal of funds by participants	(2,592,880)		(2,592,880)
Income allocated to annuitant obligations	(90,959)		(90,959)
Net cash provided (used) by operating activities	(310,640)	(243,717)	(554,357)
<u>Cash flows from investing activities</u>			
Purchases of office furniture and equipment		(14,741)	(14,741)
Investments:			
Purchases of investment securities	(22,323,900)		(22,323,900)
Funds invested with Free Will Baptist Foundation	(4,750)	(16,084)	(20,834)
Proceeds from sale of investment securities	22,265,308		22,265,308
Notes receivable:			
New loans made	(430,404)		(430,404)
Collection of notes receivable	405,068		405,068
Net cash provided (used) by investing activities	(88,678)	(30,825)	(119,503)

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

	2001		
	Retirement Accounts	Operations	Total
<u>Cash flows from operating activities</u>			
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		2,498	2,568
Cash paid for:			
Supplies and employees	70	(372,973)	(413,869)
Withdrawal of funds by participants	(40,896)		(40,896)
Income allocated to annuitant obligations	(2,497,431)		(2,497,431)
Net cash provided (used) by operating activities	(49,525)		(49,525)
<u>Cash flows from investing activities</u>			
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	292,610		292,610
Net cash provided (used) by investing activities	(1,831,553)	(27,635)	(1,859,188)

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Statement of Cash Flows (continued)
For the Years Ended December 31, 2002 and 2001

	2002		
	Retirement Accounts	Operations	Total
<u>Cash flows from financing activities</u>			
Allocation for operations	(\$ 254,285)	\$ 254,285	\$
Net additions to annuities payable	976,270		976,270
Loan proceeds from Foundation	250,000		250,000
Net cash provided by financing activities	971,985	254,285	1,226,270
Net increase (decrease) in cash	572,667	(20,257)	552,410
Cash and cash equivalents at beginning of year	567,079	31,449	598,528
Cash and cash equivalents of end of year	\$ 1,139,746	\$ 11,192	\$ 1,150,938
<u>Reconciliation of increase (decrease) in net assets to cash flows from operating activities</u>			
Increase (decrease) in net assets	(\$ 3,354,103)	(\$ 5,626)	(\$ 3,359,729)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization		16,922	16,922
Allocation for operations	254,285	(254,285)	
Loss (gains) on investment transactions	2,785,549		2,785,549
Decrease (increase) in accrued investment income	14,007		14,007
Decrease (increase) in accounts receivable		(926)	(926)
Decrease (increase) in prepaid expenses		2,004	2,004
Increase (decrease) in accounts payable, accrued expenses and other	(6,215)	(1,806)	(8,021)
Decrease in loan origination fees	(4,163)		(4,163)
Total adjustments	3,043,463	(238,091)	2,805,372
Net cash provided (used) by operating activities	(\$ 310,640)	(\$ 243,717)	(\$ 554,357)

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

	2001		
	Retirement Accounts	Operations	Total
<u>Cash flows from financing activities</u>			
Allocation for operations	(\$ 292,888)	\$ 292,888	\$
Net additions to annuities payable	610,662		610,662
Loan proceeds from Foundation			
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
<u>Reconciliation of increase (decrease) in net assets to cash flows from operating activities</u>			
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 accounts receivable		4,808	4,808
Decrease (increase) in prepaid expenses			
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

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2002 and 2001

Note - 1

Summary of significant accounting policies

Organization

The Board of Retirement and Insurance of the National Association of Free Will Baptists (the "Board") is operated under the auspices of the National Association of Free Will Baptists, Inc. The purpose of the Board is to maintain contributory retirement accounts for licensed or ordained ministers and lay employees of churches, schools and denominational agencies of the National Association of Free Will Baptists, Inc. The Board maintains this retirement pension plan pursuant to Section 403(b) of the Internal Revenue Code of 1986, which is an exempt church plan under the provisions of the code.

Accrual basis and financial statement presentation

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

The Board classifies its revenue, expenses, gains, and losses into three classes of net assets based on the existence of absence of donor-imposed restrictions. Net assets of the Board and changes therein are classified as follows:

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

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

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

The amount for each of these classes of net assets is presented in the statements of financial position, and the amount of change in each class of net assets is displayed in the statements of activities and changes in net assets. The Board had no temporarily or permanently restricted net assets at December 31, 2002 and 2001.

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, 2002 and 2001

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.

-8-

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2002 and 2001

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

Income Taxes

The Board is exempt from income taxes; accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and cash equivalents

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

Loan origination Fees

A one-time origination fee 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:

	2002	2001
Participant notes (net) secured by retirement account balances	\$ 906	\$ 2,137
Churches and agency notes secured by related real property	985,759	959,192
	986,665	961,329
Less allowance for doubtful accounts	(30,000)	(30,000)
	<u>\$ 956,665</u>	<u>\$ 931,329</u>

The notes bear interest at various rates from 3.0% to 15% and mature at various dates from 2003 through 2012.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS**
Notes to Financial Statements
December 31, 2002 and 2001

Note - 3

Investments in marketable securities and instruments

	2002	
	Market Value	Cost (Depreciation) Appreciation
Investments:		
Certificate of deposit	\$ 461,106	\$ 450,000 \$ 11,106
Mutual funds	2,410,745	3,152,919 (742,174)
Common stocks	9,699,042	11,733,393 (2,034,351)
U.S. Government issues	5,970,511	5,503,345 467,166
Corporate bonds	926,126	1,084,349 (158,223)
Real estate trust	250,005	250,005
	<u>\$ 19,717,535</u>	<u>\$22,174,011 (\$ 2,456,476)</u>
Total Investments		

For 2002, total investment loss relating to marketable securities and instruments amounted to \$2,223,362 and consisted of investment losses of \$2,785,549 and interest and dividends of \$562,187. Investment income (loss) represented yields of (10.55%) and (9.96%) based on the average market value and average cost of such investments for 2002.

	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)
	<u>\$ 22,444,492</u>	<u>\$22,477,946 (\$ 33,454)</u>
Total Investments		

For 2001, total investment loss relating to marketable securities and instruments amounted to \$193,592 and consisted of investment losses of \$968,520 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.

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2002 and 2001

Note - 4

Office furniture, equipment and automobiles

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

	2002	2001
Office furniture and fixtures	\$ 39,319	\$ 39,319
Computer equipment	44,230	41,663
Automobiles	54,174	42,000
	137,723	122,982
Accumulated depreciation	(104,500)	(87,578)
	<u>\$ 33,223</u>	<u>\$ 35,404</u>

Note - 5

Lease and occupancy expense

Under the terms of a lease agreement with an affiliate, the Board leases 3,933 feet of office and storage space for \$1.00 per square foot per month. 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 \$48,409 and \$48,571 for the years ended December 31, 2002 and 2001, 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, 2002 and 2001, the recorded liability amounted to \$2,938,663 and \$1,962,393. The actuary has determined that the current periodic benefit exceeded the reserve account at December 31, 2002 by \$187,149 (\$189,658 at December 31, 2001), accordingly, management has determined that there will be no pension benefit increases for 2003.

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, 2002 and 2001

Note - 7

Information regarding financial instruments - continued

The following table summarizes the Board's accounting risk of loss as of December 31, 2002 and 2001:

	2002		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 956,665	\$ 956,665	\$
Cash and cash equivalents	123,599	123,599	
Funds invested with the Free Will Baptist Foundation	34,890	34,890	
Short-term liquid investments	1,027,339		1,027,339
Corporate bonds	926,126		926,126
Certificates of deposit	461,106	449,601	11,505
Mutual funds	2,410,745		2,410,745
Common stocks	9,699,042		9,699,042
U.S. Treasury notes and bills	5,970,511	5,970,511	
Real estate investment trust	250,005		250,005
	<u>\$21,860,028</u>	<u>\$ 7,535,266</u>	<u>\$14,324,762</u>

	2001		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 931,329	\$ 931,329	\$
Cash and cash equivalents	396,213	396,213	
Funds invested with the Free Will Baptist Foundation	14,056	14,056	
Short-term liquid investments	202,315		202,315
Corporate bonds	770,084		770,084
Certificates of deposit	462,206	450,780	11,426
Mutual funds	2,882,899		2,882,899
Common stocks	10,959,164		10,959,164
U.S. Treasury notes and bills	7,370,139	7,370,139	
	<u>\$23,988,405</u>	<u>\$ 9,162,517</u>	<u>\$14,825,888</u>

BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
Notes to Financial Statements
December 31, 2002 and 2001

Note - 8

Related party transactions

The Board provided office space and certain administrative services to the Free Will Baptist Foundation, Inc. The foundation reimbursed the Board \$7,500 and \$40,000 for these services during the years ended December 31, 2002 and 2001, respectively.

The Board had \$34,890 and \$14,056 invested with the Free Will Baptist Foundation, Inc. at December 31, 2002 and 2001 respectively. The Board also had an unsecured 6% demand note to the Free Will Baptist Foundation, Inc. in the amount of \$250,000 and \$-0- at December 31, 2002 and 2001, respectively.

Board of Retirement and Insurance Salary and Benefits Breakdown

	2002	2003	2004
General Director			
Salary	28,704.92	29,853.12	30,748.72
Housing/Utilities	25,736.89	26,766.36	27,569.35
Social Security/Medicare	9,834.23	10,227.60	10,534.43
Christmas Check	1,236.08	1,285.52	1,324.09
Retirement	3,897.45	4,053.35	4,174.95
Insurance	8,948.04	11,977.42	10,583.40
Life	841.20	756.12	756.12
Hospitalization	7,374.48	10,357.42	9,000.00
Dental	416.52	453.96	485.64
Disability	315.84	409.92	341.64
Note: Office Car Furnished			
Total	78,357.61	84,163.38	84,934.94
Associate Director			
Salary	19,974.07	20,773.03	21,471.89
Housing/Utilities	28,076.61	29,199.67	30,000.00
Social Security/Medicare	8,679.76	9,026.95	9,297.75
Christmas Check	1,090.97	1,134.61	1,168.65
Retirement	3,439.92	3,577.51	3,684.84
Insurance	5,045.04	6,360.66	6,317.70
Life	660.96	574.92	574.92
Hospitalization	3,878.16	5,176.38	5,176.38
Dental	227.16	247.56	264.84
Disability	278.76	361.80	301.56
Note: Office Car Furnished			
Total	66,306.37	70,072.43	71,940.82
Secretary/Receptionist			
Salary	25,374.34	26,896.80	27,703.70
Social Security/Medicare	1,941.14	2,097.17	2,119.33
Christmas Check	487.97	517.25	532.76
Retirement	1,776.20	1,918.98	1,976.55
Insurance	4,599.67	6,033.30	6,018.78
Life	361.20	418.92	418.92
Hospitalization	3,878.16	5,176.38	5,176.38
Dental	216.36	247.56	264.84
Disability	143.95	190.44	158.64
Total	34,179.32	37,463.50	38,351.13

Board of Retirement and Insurance Proposed Budget for 2004

	2002 Budget	2003 Proposed	2004 Proposed
Salaries	76,868	79,943	82,950
Employee Benefits	48,161	60,000	60,000
Housing	53,814	55,967	57,569
Travel/Promotion	20,250	20,250	22,000
Auto Maintenance	1,500	4,500	4,500
Future Purchases/Auto	3,000	7,200	7,200
Hardware/Software Future Purchases	12,000	12,000	12,000
Plant Fund	52,000	52,000	50,000
Office Expense	28,000	28,000	28,000
Equipment	5,000	5,000	5,000
Education/Training	10,000	8,500	8,500
Publications	12,250	8,000	10,000
Board Expense	17,000	18,000	12,500
Legal	8,500	10,000	10,000
Auditing	12,000	12,000	10,500
Equipment Lease	4,000		
Software Maintenance	7,000	3,000	3,000
Board Insurance		5,000	12,000
Miscellaneous	2,000	2,000	2,000
Total	373,343	391,359	397,719

Home Missions Report

Dear Friends:

What an exciting year we had with new records being set in the Home Missions Department for our church planting efforts.

- The Home Missions Board approved the following missionaries for the harvest field:

Rufo and Maria Gomez	Lexington, Kentucky
Paul and Stephanie McKissick	Fredericksburg, Virginia
John and Cheryl Reed	Green Bay, Wisconsin
Jeff and Charissa Isaacs	Battle Creek, Michigan
Gerardo and Maria Rodriquez	Spartanburg, South Carolina
Jarvis and Kelly Reed	Woodlands, Texas
Shane and Lupita Wilson	Johnson City, Tennessee
Jim and Kim Fairchild	Cabot, Arkansas

- Our Free Will Baptist Chaplains continue to win and disciple many souls for Christ around the world in the USA, Afghanistan, Germany, Spain, Kuwait and Macedonia.

- The following church planters brought their missions to self-supporting status:

Tim and Robin Osborn	Memphis, Tennessee
Jon and Debbie Cannon	Mascoutah, Illinois
Kerry and Janet Gandy	Maumelle, Arkansas
Darrell and Sandy Smith	Oregon City, Oregon
Jeff and Sherri Sloan	Ft. Wayne, Indiana
Russell and Vonda Johnson	Cheyenne, Wyoming

- The Church Extension Loan Fund made loans totalling \$3,466,725.00 this year.
- Benjamin Randall offering was down this year with a total of \$269,346.26.
- The total income for Home Missions was \$4,181,871.89.
- Our missionaries are experiencing God's blessings as they purchase land, build facilities, and most of all, win precious souls.
- Our Cross-Cultural ministry continues to do well as they win souls among the Hispanics, Koreans and Russians.

Thank you, dear friends of Home Missions, for your faithful support.

In His service,

Larry A. Powell
General Director

A Synopsis of Minutes of Home Missions Board Meetings for 2002

February 12, 2002

MSC to employ Brother John Reed as a Joint Project between the National Home Missions Board and the Arkansas State Missions Board to Green Bay, WI.

May 6, 2002

MSC to approve Paul McKissick as a Joint Project to Fredericksburg, VA.
 MSC to approve Jarvis Reed as a Joint Project to the Woodlands, TX.
 MSC to approve Jeff Isaacs as a Joint Project to Battle Creek, MI.
 MSC to approve Gerardo Rodriguez as a Joint Project to Spartanburg, SC.

August 8, 2002

MSC to accept Rufo Gomez as a Joint Project with the Kentucky State Missions Board for the purpose of establishing an Hispanic church in Kentucky.

September 4, 2002

MSC to accept Jim Fairchild as a Joint Project with the Arkansas State Missions Board for the purpose of establishing a church in Cabot, AR.

December 3, 2002

MSC that the National Home Missions Board write a letter of commendation and send a plaque to Bud and Ruth Bivens for their faithfulness in seeing the Puerto Rico church built and working with David Roy to take over the work.

MSC to establish "Gwen Hendrix Hispanic Bible Institute" in Inman, South Carolina for the training of Hispanic pastors.

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

December 31, 2002 and 2001

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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, 2002 and 2001, 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, 2002 and 2001 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.

Warren, Denney & Wallace

February 7, 2003

**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, 2002 and 2001

ASSETS

	2002	2001
Assets		
Cash - Note 8	\$ 180,427	\$ 112,817
Investments	18,988	72,404
Investments in Church Extension	495,970	792,914
Loan Fund - Note 5	11,845	149,351
Accounts receivable - related party - Note 5	24,336	14,462
Inventory - Note 1		
Property and equipment, at cost		
less accumulated depreciation of \$135,670	158,552	146,369
(\$137,253 in 2001) - Notes 1 & 2		
	<u>\$ 890,118</u>	<u>\$1,288,317</u>

LIABILITIES AND NET ASSETS

Liabilities	\$	\$ 128,831
Line of credit - Note 11	11,869	24,910
Accounts payable and accrued expenses		8,144
Deferred compensation - Note 3		
	<u>11,869</u>	<u>161,885</u>
Total liabilities		

Commitments - Notes 6

Net assets		
Unrestricted	624,126	669,440
Operating	165,000	165,000
Board designated - Note 7	789,126	834,440
	<u>89,123</u>	<u>291,992</u>
Temporarily restricted - Note 4		
	<u>878,249</u>	<u>1,126,432</u>
Total net assets		
	<u>\$ 890,118</u>	<u>\$1,288,317</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, 2002 and 2001

	2002	2001
<u>Unrestricted</u>		
Revenue:		
Cooperative program	\$ 186,472	\$ 193,450
Designated contributions	473,589	736,650
Management fees - Note 5	200,000	170,000
Interest income	52,071	81,581
Dividend income	5	2,813
Gain (loss) on sale of property & equipment	3,500	
Gain (loss) on sale of investment		(573)
Unrealized gain (loss) on value of investment	(53,421)	(93,114)
Net assets released from restrictions:		
Restrictions satisfied by payments	3,433,964	4,051,115
Total revenue	4,296,180	5,141,922
Expenses:		
Administrative expenses	907,530	1,003,520
Missionary expenses	2,826,364	3,344,492
Missionary land & building	607,600	706,623
Total expenses	4,341,494	5,054,635
Increase (decrease) in unrestricted net assets	(45,314)	87,287
<u>Temporarily restricted</u>		
Revenue:		
Cooperative program	785,796	764,662
Designated contributions	2,445,299	2,883,820
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(2,826,364)	(3,344,492)
Missionary land & building	(607,600)	(706,623)
Increase (decrease) in temporarily restricted net assets	(202,869)	(402,633)
Total increase (decrease) in net assets	(248,183)	(315,346)
Net assets - beginning of year	1,126,432	1,441,778
Net assets - end of year	\$ 878,249	\$ 1,126,432

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, 2002 and 2001

	2002	2001
<u>Operating activities</u>	(\$ 248,183)	(\$ 315,346)
Increase (decrease) in net assets		
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	18,167	19,791
(Gain) loss on sale of property & equipment	(3,500)	573
(Gain) loss on disposal of investment		93,114
(Gain) loss on value of investment	53,421	
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	137,506	(56,351)
(Increase) decrease in inventories	(9,874)	22,288
Increase (decrease) in bank overdraft		(26,925)
Increase (decrease) in accounts payable and accrued expenses	(13,041)	(1,153)
Increase (decrease) in deferred compensation	(8,144)	(107,247)
Net cash provided (used) by operating activities	(73,648)	(371,256)
<u>Investing activities</u>	765,070	1,007,403
Redemption of investments	(468,131)	(641,685)
Acquisition of investments	3,500	
Proceeds from the sale of property & equipment	(30,350)	(10,476)
Purchases of property and equipment	270,089	355,242
Net cash provided (used) by investing activities		
<u>Financing activities</u>	435,194	1,447,499
Proceeds from the line of credit	(564,025)	(1,318,668)
Repayments on the line of credit		
Net cash used by financing activities	(128,831)	128,831
Increase (decrease) in cash and cash equivalents	67,610	112,817
Cash and cash equivalents at beginning of years	112,817	-0-
Cash and cash equivalents at end of years	\$ 180,427	\$ 112,817

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, 2002 and 2001

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 2002.

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, 2002 and 2001.

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, 2002 and 2001

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. Inventory consists of books, pamphlets, videos, door hangers and various other small items.

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, 2002 and 2001

Note 2 - Property and equipment

A summary of property and equipment is as follows:

	<u>2002</u>	<u>2001</u>
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	57,625	52,375
Office furniture & equipment	<u>131,597</u>	<u>126,247</u>
	294,222	283,622
Less: Accumulated depreciation	<u>(135,670)</u>	<u>(137,253)</u>
	<u>\$ 158,552</u>	<u>\$ 146,369</u>

Note 3 - 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 12).

	<u>2002</u>	<u>2001</u>
Balance at beginning of the year	\$ 8,144	\$ 115,391
Contribution for the year:		
Missionaries		7,387
Transfer and terminations	<u>(8,144)</u>	<u>(114,634)</u>
Balance at end of the year	<u>\$ -0-</u>	<u>\$ 8,144</u>

Note 4 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2002</u>	<u>2001</u>
Missionaries	\$ 72,201	\$ 289,794
Church Extension Loan Fund	<u>16,922</u>	<u>2,198</u>
	<u>\$ 89,123</u>	<u>\$ 291,992</u>

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, 2002 and 2001

Note 5 - 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 \$200,000 (\$170,000 at December 31, 2001) 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 \$495,970 (\$792,914 at December 31, 2001). 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 \$11,845 (\$149,351 at December 31, 2001).

Note 6 - 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 Organization entered into a new lease agreement on July 1, 2000. The term of the lease was July 1, 2000 to August 31, 2000, then beginning September 1, 2000 the lease became a year to year lease. The rent expense for the year amounted to \$50,350 (\$50,220 for the year ended December 31, 2001).

Note 7 - Designation of unrestricted net assets

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

Note 8 - Concentration of credit risk

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2002, the excess amount over the federally insured limit was \$80,427 (\$12,817 in 2001). 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 \$495,970 (\$792,914 in 2001) 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, 2002 and 2001

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, 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 10 - Investments

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

	<u>December 31, 2002</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	<u>\$360,671</u>	<u>\$ 18,988</u>	<u>(\$ 341,683)</u>

Investment return is summarized as follows:

Net realized and unrealized income (53,421)

	<u>December 31, 2001</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Equity securities	<u>\$360,671</u>	<u>\$ 72,404</u>	<u>(\$ 288,267)</u>

Investment return is summarized as follows:

Net realized and unrealized income (93,687)

Note 11 - Line of Credit

The Organization had a line of credit with a bank in the amount of \$200,000. The interest was the bank's prime rate and it expired and was not renewed on April 30, 2002. At December 31, 2001, the Organization owed \$128,831 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, 2002 and 2001

Note 12 - 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 \$37,403 (\$17,195 in 2001). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

Note 13 - Prior period adjustment

During the year 2002, it was determined that the investments in Church Extension Loan Fund were understated \$100,000 at December 31, 2001. The December 31, 2001 investment in Church Extension Loan Fund is restated to correct the understatement. The December 31, 2001 missionary land and buildings, decrease in temporarily restricted net assets and total decrease in net assets were reduced \$100,000 and temporarily restricted net assets was increased \$100,000 as a result of this restatement.

SUPPLEMENTARY INFORMATION

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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 2002 and 2001 appears on page 1. We conducted our audits in accordance with U.S. 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.

Warren, Denney & Wallace

February 7, 2003

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, 2002 and 2001

	2002	2001
Administrative expenses	\$ 303,470	\$ 308,310
Salaries and wages	13,521	14,624
Payroll taxes	101,505	95,900
Housing allowance and employee benefits		5,502
Employee savings	10,480	7,703
Retirement	17,061	5,537
Cost of literature	52,779	49,919
Promotion expense	15,947	16,119
Utilities	22,603	26,787
Office expense	108,954	163,448
Printing and postage	50,350	50,220
Rent expense	5,583	13,768
Professional fees	68,216	59,909
Auto and travel expense	10,152	24,508
Board meeting expense	73,385	79,339
Insurance expense	6,542	7,625
Telephone	3,865	2,061
Together Way Office	24,950	52,450
Miscellaneous	18,167	19,791
Depreciation		
Total administrative expenses	<u>907,530</u>	<u>1,003,520</u>
Missionary expenses	2,334,082	2,706,682
Salary and wages		20,266
Employee savings	26,923	9,492
Retirement	2,926	1,438
Promotion expense	104,065	129,206
Printing and postage	40,827	50,718
Literature	167,002	228,312
Auto and travel expense	28,680	24,317
Insurance expense	57,515	79,444
Designated contributions	64,344	94,617
Miscellaneous other expense		
Total missionary expenses	<u>2,826,364</u>	<u>3,344,492</u>
Total expenses	<u>607,600</u>	<u>706,623</u>
Missionary land & buildings	<u>\$4,341,494</u>	<u>\$5,054,635</u>
Total expenses		

See accountants' report on supplementary information.

Salaries

	2002	2003	2004
General Director:			
Salary	\$45,273.35	\$47,084.28	\$48,496.80
Housing	\$15,600.00	\$15,600.00	\$15,600.00
Utilities	\$2,100.00	\$2,200.00	\$2,300.00
Retirement	\$3,067.06	\$3,134.21	\$3,204.84
Insurance:			
Travel	\$60.00	\$60.00	\$60.00
Life	\$283.20	\$283.20	\$283.20
Health	\$7,600.00	\$8,500.00	\$9,000.00
Dental	\$500.00	\$600.00	\$700.00
Totals	\$74,483.61	\$77,461.69	\$79,644.84
Office car furnished			
Director of Development:			
Salary	\$29,988.29	\$32,051.82	\$33,013.38
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$2,300.00	\$2,400.00	\$2,500.00
Retirement	\$2,579.41	\$2,682.59	\$2,730.66
Insurance:			
Travel	\$60.00	\$60.00	\$60.00
Life	\$283.20	\$283.20	\$283.20
Health	\$4,000.00	\$4,700.00	\$5,200.00
Dental	\$300.00	\$400.00	\$450.00
Totals	\$61,110.90	\$64,177.61	\$65,837.24
Office car furnished			
Director of Church Growth & Evangelism:			
Salary	\$34,788.29	\$36,851.82	\$37,813.38
Housing	\$16,800.00	\$16,800.00	\$16,800.00
Utilities	\$2,200.00	\$2,300.00	\$2,400.00
Savings	\$2,579.41	\$2,682.59	\$2,737.86
Insurance:			
Travel	\$60.00	\$60.00	\$60.00
Life	\$283.20	\$283.20	\$283.20
Health	\$11,500.00	\$12,500.00	\$13,000.00
Dental	\$650.00	\$750.00	\$800.00
Totals	\$68,860.90	\$72,227.61	\$73,894.44
Office car furnished			
Director of Missionary Assistance:			
Salary	\$37,188.29	\$32,051.82	\$33,013.38
Housing	\$14,400.00	\$21,600.00	\$21,600.00
Utilities	\$3,100.00	\$3,200.00	\$3,300.00
Savings	\$2,579.41	\$2,682.59	\$2,730.66
Insurance:			
Travel	\$60.00	\$60.00	\$60.00
Life	\$283.20	\$283.20	\$283.20
Health	\$11,500.00	\$12,500.00	\$13,000.00
Dental	\$650.00	\$750.00	\$800.00
Totals	\$69,760.90	\$73,127.61	\$74,787.24
Office car furnished			

Proposed State Goals for 2004

Alabama	\$400,000.00
Alaska	\$7,500.00
Arizona	\$20,000.00
Arkansas	\$275,000.00
California	\$130,000.00
Canada	\$5,500.00
CELF	\$125,000.00
Colorado	\$65,000.00
Florida	\$40,000.00
FWB Foundation	\$5,000.00
Georgia	\$130,000.00
Hawaii	\$500.00
Idaho	\$10,000.00
Illinois	\$117,000.00
Indiana	\$57,000.00
Iowa	\$7,000.00
Kansas	\$20,000.00
Kentucky	\$90,000.00
Louisiana	\$25,000.00
Maine	\$3,000.00
Maryland	\$15,000.00
Massachusetts	\$3,000.00
Michigan	\$150,000.00
Mid-Atlantic	\$30,000.00
Mississippi	\$125,000.00
Missouri	\$200,000.00
Montana	\$1,000.00
New Hampshire	\$5,000.00
New Jersey	\$1,500.00
New Mexico	\$10,000.00
North Carolina	\$360,000.00
Ohio	\$160,000.00
Oklahoma	\$325,000.00
Oregon	\$5,000.00
Other Income	\$225,000.00
Other States	\$20,000.00
Pennsylvania	\$25,000.00
Puerto Rico	\$5,000.00
South Carolina	\$165,000.00
South Dakota	\$1,000.00
Tennessee	\$500,000.00
Texas	\$125,000.00
Utah	\$6,000.00
Virginia	\$185,000.00
Virgin Islands	\$50,000.00
Washington	\$5,000.00
West Virginia	\$100,000.00
Wisconsin	\$35,000.00
WNAC	\$125,000.00
Wyoming	\$5,000.00
Total	\$4,500,000.00

2004 Budget

	Administrative	Missionary	Total
Salaries/Housing	\$375,000.00	\$2,600,000.00	\$2,975,000.00
Personal Revivals	\$20,000.00		\$20,000.00
Retirement	\$15,000.00	\$40,000.00	\$55,000.00
Insurance	\$75,000.00	\$95,000.00	\$170,000.00
Health Spending Account	\$10,000.00		\$10,000.00
Auto and Travel	\$65,000.00	\$105,000.00	\$170,000.00
Postage	\$35,000.00	\$40,000.00	\$75,000.00
Printing	\$50,000.00	\$50,000.00	\$100,000.00
Promotion/Advertising	\$50,000.00	\$5,000.00	\$55,000.00
Office Supplies/Maintenance	\$25,000.00		\$25,000.00
Utilities	\$15,000.00		\$15,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$25,000.00	\$40,000.00	\$65,000.00
Rent	\$51,000.00		\$51,000.00
Phone and FAX	\$6,000.00		\$6,000.00
Depreciation	\$15,000.00		\$15,000.00
Payroll Taxes	\$12,000.00		\$12,000.00
Medicare Taxes	\$3,000.00		\$3,000.00
Legal and Audit	\$5,000.00		\$5,000.00
Together Way	\$3,000.00		\$3,000.00
Misc.	\$15,000.00	\$20,000.00	\$35,000.00
Misc. Receipts		\$15,000.00	\$15,000.00
Build My Church	\$125,000.00		\$125,000.00
Land and Building		\$475,000.00	\$475,000.00
Foreign Missions Exchange		\$5,000.00	\$5,000.00
Total	\$1,010,000.00	\$3,490,000.00	\$4,500,000.00

CHURCH EXTENSION LOAN FUND

December 31, 2002 and 2001

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the Church Extension Loan Fund (a nonprofit organization) as of December 31, 2002 and 2001, 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 Church Extension Loan Fund as of December 31, 2002 and 2001 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.

Warren, Denney & Wallace

February 7, 2003

CHURCH EXTENSION LOAN FUND
Statements of Financial Position
December 31, 2002 and 2001

ASSETS

	2002	2001
<u>Assets</u>		
Cash - Note 6		
Notes receivable - Notes 1, 4 & 8	\$ 2,360,479	\$ 1,584,925
Bonds receivable	16,509,893	14,626,009
Accrued interest receivable		91,627
Property and equipment - at cost, less accumulated depreciation of \$30,168 (\$26,506 in 2001) - Notes 1 & 2	116,945	117,544
	-0-	3,662
Total assets	<u>\$18,987,317</u>	<u>\$16,423,767</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accounts payable - related party - Note 4		
Accrued interest	\$ 11,845	\$ 149,351
Revocable and irrevocable trusts - Note 9	6,697	128,638
Deferred compensation - Note 10	1,629,519	1,616,750
Notes payable - Notes 3, 4 & 8	216,210	286,409
	<u>15,539,767</u>	<u>12,717,016</u>
Total liabilities	<u>17,404,038</u>	<u>14,898,164</u>
<u>Net assets</u>		
Unrestricted	<u>1,583,279</u>	<u>1,525,603</u>
Total net assets	<u>1,583,279</u>	<u>1,525,603</u>
Total liabilities and net assets	<u>\$18,987,317</u>	<u>\$16,423,767</u>

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

CHURCH EXTENSION LOAN FUND
Statements of Activities
For the Years Ended December 31, 2002 and 2001

	Unrestricted 2002	2001
<u>Operating</u>		
<u>Revenue</u>		
Investment income	\$ 11,811	\$ 33,955
Interest income on notes receivable	1,349,220	1,365,438
	7,046	7,034
Management fee	<u>1,368,077</u>	<u>1,406,427</u>
<u>Expenses</u>		
Interest expense	1,035,683	972,567
Office expense	4,429	8,951
Auto and travel	28,928	21,839
Management fee - Note 4	200,000	170,000
Promotion	10,729	6,625
Postage	2,791	2,176
Professional fees	5,010	1,012
Depreciation	3,662	3,906
Build My Church Project expense	65,000	70,000
Transfer to Free Will Baptists Home Missions	<u>11,845</u>	<u>149,351</u>
	<u>1,368,077</u>	<u>1,406,427</u>
Increase (decrease) in operating net assets	-0-	-0-
<u>Build My Church - Note 5</u>		
<u>Revenue</u>		
Designated contributions	57,676	125,686
<u>Expenses</u>		
Transfer to Free Will Baptist Home Missions	-0-	250,000
Increase (decrease) in Build My Church net assets	57,676	(124,314)
Total increase (decrease) in net assets	57,676	(124,314)
Net assets - beginning of year	<u>1,525,603</u>	<u>1,649,917</u>
Net assets - end of year	<u>\$ 1,583,279</u>	<u>\$ 1,525,603</u>

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

CHURCH EXTENSION LOAN FUND
Statements of Cash Flows
For the Years Ended December 31, 2002 and 2001

	2002	2001
Operating activities		
Increase (decrease) in net assets		
Adjustments to reconcile increase in net assets to net cash used by operating activities:	\$ 57,676	(\$ 124,314)
Depreciation	3,662	3,906
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	599	(4,074)
Increase (decrease) in accounts payable	(137,506)	(13,649)
Increase (decrease) in accrued interest payable	(121,941)	5,570
Increase (decrease) in deferred compensation	(70,199)	(154,558)
Net cash (used) provided by operating activities	(267,709)	(287,119)
Investing activities		
Additions to notes and bonds receivable	(3,715,548)	2,105,289
Collection on notes receivable	1,923,291	(2,646,331)
Net cash provided (used) in investing activities	(1,792,257)	(541,042)
Financing activities		
Addition to trusts	97,474	41,513
Termination of trusts	(84,705)	(56,621)
Additions to notes payable	4,717,517	3,456,686
Repayment of notes payable	(1,894,766)	(2,018,080)
Net cash provided by financing activities	2,835,520	1,423,498
Increase (decrease) in cash and cash equivalents	775,554	595,337
Cash and cash equivalents at beginning of year	1,584,925	989,588
Cash and cash equivalents at end of year	\$ 2,360,479	\$ 1,584,925
Supplemental disclosures		
Interest received	\$ 1,357,397	\$ 1,388,001
Interest paid	\$ 1,157,624	\$ 966,997

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

-4-

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2002 and 2001

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 2002 and 2001.

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.

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CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2002 and 2001

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. 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 8.5% 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 maximum length of new loans was increased to twenty years.

The aggregate maturities of these notes are as follows:

2003	\$ 775,091
2004	843,602
2005	918,168
2006	999,326
2007	1,087,657
Thereafter	<u>11,886,049</u>
	<u>\$16,509,893</u>

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2002 and 2001

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:

	2002	2001
Automobile	\$ 18,200	\$ 18,200
Office equipment	<u>11,968</u>	<u>11,968</u>
	30,168	30,168
Accumulated depreciation	<u>(30,168)</u>	<u>(26,506)</u>
	\$ -0-	\$ 3,662

Note 3 - Notes payable

Notes payable consist of 5 - 6½% unsecured demand notes from individuals and churches. The proceeds of these notes are then loaned to churches to help them purchase land and buildings. The Board of Trustees change the interest rates on these notes payable as other interest rates change.

Note 4 - Related party transactions

The Fund paid the Board of Home Missions of the National Association of Free Will Baptists, Inc. a management fee of \$200,000 (\$170,000 at December 31, 2001) 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 \$34,036 (\$243,410 at December 31, 2001). The Fund had accounts payable to the Board of Home Missions in the amount of \$11,845 (\$149,351 at December 31, 2001).

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2002 and 2001

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 \$65,000 (\$70,000 at December 2001) 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 2001 \$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 \$1,545,229 (\$1,487,554 at December 31, 2001).

Note 6 - Concentration of credit risk

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2002, the excess amount over the federally insured limit was \$2,260,479 (\$1,484,925 in 2001). 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 \$2,321,000 (\$1,449,000 in 2001). 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, 2002 and 2001.

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, 2002 and 2001.

Note 8 - Concentration

Included in notes receivable at December 31, 2002 are twenty-two which total \$8,372,804 (eighteen loans which total \$7,030,161 in 2001). This balance represents 50.71% (48.07% in 2001) of total notes receivable.

CHURCH EXTENSION LOAN FUND
Notes to the Financial Statements
December 31, 2002 and 2001

Note 8 - Concentration (continued)

Notes payable include sixty-two notes which total \$9,921,738 or 63.85% (fifty notes which total \$7,971,054 or 62.68% in 2001) of total notes payable. Of these sixty-two (fifty in 2001) notes payable, two total \$1,000,000 or 6.44% (two notes total \$1,000,000 or 7.86% in 2001) 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, 2002 amounted to \$131,551 (\$139,519 at December 31, 2001).

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. During 2001 the Board of Home Missions adopted a pension plan. After the pension plan was adopted all of the accounts in the savings trusts were transferred to the pension plan except for the account of the retired general director.

Master's Men

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

As 2002 began, there were many exciting events in place for Master's Men. But we never imagined what God had planned.

We added twenty-one new chapters in 2002. This represented men from fourteen different states. God is beginning to move in the lives of Free Will Baptist men across our denomination and across our country.

The Master's Men Department continues to work with the other national departments on a variety of projects. During 2002 Master's Men worked hand in hand with Free Will Baptist Foreign Missions and Free Will Baptist Bible College to renovate Boyce House on the Bible College campus to become the L. B. Barnard Missionary in Residence House. Men from across our denomination came to Nashville to do everything from knocking down walls and pulling nails to plumbing, electrical, and hanging sheetrock. Our men worked many hours to help to promote the work of our Lord. Through the work at the college, though no sermons were preached or invitations given, souls will be added to God's kingdom because of the giving of these men.

Master's Men worked with the Home Missions once again in promoting Operation Saturation. Many groups and individuals traveled many miles to help our home missionaries spread the word about a Free Will Baptist church in their neighborhood.

Master's Men teamed with WNAC for our first Marriage Enrichment Conference. Eighty-four couples from eleven states made their way to Pigeon Forge, TN, for a weekend conference to improve their relationships. The response was overwhelmingly positive as God spoke to our hearts through the sessions, the music and the drama that was presented.

Also in 2002, Master's Men held three Regional Men's Retreats. The first was held in East TN with Bro. Bob Shockey speaking on soul-winning. The next was in Eastern KY with Loyd, Rick and Jon Locklear speaking. The final retreat was held in Branson, MO with Bro. Danny Phillips teaching on how to be more effective prayer warriors.

Our sports fellowships were once again a huge success. We held our Deep South Golf Tournament in Feb. with eighty men in attendance for this three day event. In August, Nashville was invaded by thirty-nine men's teams and six women's teams for a weekend of extreme fellowship during our National Softball Tournament. Preceding the softball was our National Golf Tournament where over sixty men braved the August heat of Nashville for our eighteen hole tournament.

As we enter 2003 continue to pray that God will use our department to encourage our men to be better servants for Him!

Your Fellow Servant,

Kenneth W. Akers
General Director

Master's Men Synopsis of Board Meetings

March 22, 2002

All members present except Rudy Taylor. Heard Director's report, accepted financial report, Assistant Director gave his report, Received Director's recommendations to start accepting credit cards and to accept Free Will Baptist churches that do not belong to the NAFWB. Proposed resolution for "America Bless God Day."

December 6, 2002

All members present except Charles Walden and Mike Mounts. Approved financial report, received Director's report, received Director's recommendations, will recommend John Fowlkes for new Board member, discussed using Randall House to distribute Direction Bible Series. Discussed putting together tapes and CD's of sermons for sale, approved giving discounts to members that participate in Master's Men sponsored events. Discussed giving incentives to churches that give offerings over \$500 to Master's Men on Father's Day.

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

DECEMBER 31, 2002

LESLIE AND BECKMAN
CERTIFIED PUBLIC ACCOUNTANTS

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

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LESLIE AND BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

LINDA B. LESLIE, CPA
TAMARA L. BECKMAN, CPA

11 SOUTH JEFFERSON AVENUE
COOKEVILLE, TN 38501
(931) 526-5489

To the Board of Directors of
The Master's Men
Antioch, Tennessee

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of The Master's Men (a nonprofit organization) as of December 31, 2002, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of The Master's Men's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Master's Men as of December 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 12, 2003
Cookeville, Tennessee

Leslie & Beckman CPAs

**THE MASTER'S MEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2002**

Current Assets	\$	7,458.71	
Cash		389.34	
Trust Account—Build a House		93,305.03	
Trust Account—Lifetime Members		399.23	
Investments		2,388.63	
Interest Receivable		430.00	
Inventory		4,443.16	
Accounts Receivable		53,000.00	
Notes Receivable			
Total Current Assets			\$ 161,814.10
Fixed Assets			
Equipment and furniture	\$	46,236.00	
Accum. Depreciation—Equip/furn	<	32,014.07>	
Capitalized Leases		4,018.00	
Accum. Amortization—Cap. Leases	<	2,310.89>	
			<u>15,929.04</u>
Total Fixed Assets			\$ <u>177,743.14</u>
Total Assets			
Liabilities	\$	613.59	
Accounts Payable		390.00	
Deferred Revenue		1,177.42	
Other Accrued Expenses			
Total Liabilities			\$ 2,181.01
Net Assets	\$	168,065.75	
Permanently Restricted		7,496.38	
Unrestricted			
Total Net Assets			<u>175,562.13</u>
Total Liabilities and Net Assets			\$ <u>177,743.14</u>

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
STATEMENT OF ACTIVITIES
DECEMBER 31, 2002**

Unrestricted Net Assets

Support

Gifts and donations	\$ 17,839.21
Dues from members	18,390.00
Cooperative Program	62,962.27
Merchandise Sales	4,816.73
Tournament & Conference income	55,121.85
Interest income	7,114.67
Total Unrestricted Support	

\$166,244.73

Expenses

Salaries and wages	\$ 57,179.39
PR Taxes and employee benefits	7,849.81
Cost of sales and printing	5,691.65
Travel expense	8,961.55
Conferences & Conventions	16,663.72
Office expense	6,996.59
Postage	2,551.84
Promotion expense	1,042.81
Rent expense	20,292.00
Professional fees	9,350.00
Bookkeeping expense	900.00
Ministry & Resource Development	1,887.82
Tournament Expense	28,028.46
Dues, subscriptions, fees	2,422.07
Depreciation expense	4,953.07
Amortization expense	200.89
Miscellaneous expense	1,397.17
Unrealized loss on investments	20,944.14
Total Expenses	

197,312.98

Decrease in unrestricted net assets

< 31,068.25>

Temporarily Restricted Net Assets

Unrealized loss on investments in Trust

< 8,597.25>

Decrease in Net Assets

< 39,665.50>

Net Assets at Beginning of Year

210,268.00

Prior Period Adjustment

4,959.63

Net Asset at End of Year

\$175,562.13

The accompanying notes are an integral part of the financial statement

**THE MASTER'S MEN
STATEMENT OF ACTIVITIES
DECEMBER 31, 2002**

Cash Flows from Operating Activities

<\$ 39,665.50>

Decrease in net assets

Adjustments to reconcile increase in net assets to net cash provided by operating activities:

Prior period adjustment - revenue	\$ 4,959.63
Depreciation	4,953.07
Amortization	200.89
Unrealized loss on investments	29,541.39

(Increase) decrease in operating assets

< 4,432.79>

Accounts receivable

75.00

Inventory

3,594.00

Cash Surrender Value of Insurance

Increase (decrease) in operating liabilities

< 1,962.41>

Accounts payable

< 1,880.00>

Deferred Revenue

1,068.42

Other Accrued Expenses

Total

36,117.20

Net Cash Used by Operating Activities

< 3,548.30>

Cash Flows from Investing Activities

Property and equipment purchased

< 749.00>

Interest received on investments

4,809.01

Net Cash Provided by Investing Activities

4,060.01

Net Increase in Cash and Cash Equivalents

511.71

Beginning Cash and Cash Equivalents

6,947.00

Ending Cash and Cash Equivalents

\$ 7,458.71

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

Note 1 – Summary of Significant Accounting Policies

Governing Body

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

Basis of Accounting

The accompanying financial statements of The Master's Men have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenditures are recognized when incurred.

Financial Statement Presentation

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

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets are reclassified to unrestricted net assets.

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 ranging from 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.

Estimates

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

Cash and Cash Equivalents

For purpose of the statement of cash flow, the Department considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 2 – Property and Equipment

The following is a summary of property and equipment owned by the Department at December 31, 2002:

Equipment and furniture	\$ 46,236.00
Less: Accumulated Depreciation	<u>32,014.07</u>
Property and Equipment, Net	<u>\$ 14,221.93</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 \$4,018.00 were capitalized and are being amortized over a period of twenty years. Amortization expense for 2002 and accumulated amortization as of December 31, 2002 were \$200.89 and \$2,310.89, respectively.

Note 4 – Notes Receivable

Following is a summary of the Department's notes receivable at December 31, 2002

Note receivable from Howard Gwartney; Locust Grove, Oklahoma; dated May 10, 2001; Due upon demand	\$ 53,000.00
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Interest receivable on this note at December 31, 2002 was \$ 2,388.63.

Note 5 – Deferred Revenue

Deferred revenue consists of golf tournament fees received for future years as of December 31, 2002. There were no deferred member dues or meal tickets for 2002.

Note 6 – Prior Period Adjustment

A prior period adjustment was made in the amount of \$ 4,959.63 for Together Way funds that should have been in Accounts Receivable in the prior year. This decreased revenue by \$4,959.63.

Note 7 – Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2002.

Mission projects	\$ 6,822.33
Build A House campaign	48,676.00
Lifetime Membership	98,617.42
Master's Hands projects	<u>13,950.00</u>
Total	<u>\$168,065.75</u>

Salary Breakdown

	2001	2002	2003	2004
Director				
Salary	\$30,600	\$30,600	\$31,880	\$31,880
Housing	19,800	19,800	20,400	20,400
Retirement	2,400	2,460	2,614	2,614
Insurance	8,400	8,400	3,600	6,500
Total	\$61,260	\$61,260	\$58,494	\$61,394

Proposed Budget for 2004

Expenses		Income	
Office Operations		Dues	\$ 20,000
Rent	\$ 20,292	Father's Day Offering	4,000
Equipment & Supplies	4,254	Together Way	69,874
Telephone	3,500	Softball	4,000
Postage	2,500	Golf	4,000
Total	30,546	Gifts	17,000
Accounting		Sales	5,000
Bookkeeping	900	Endowment Income	0
Audit	1,500	BAH	5,000
Total	2,400	Master's Men Conferences	2,000
Resource Development		Total Income	\$130,874
Printed Materials	5,000		
Total	5,000		
Department Travel	10,000		
National Association	2,500		
Salaries			
Director			
Salary Package	61,394		
Salary	31,880		
Housing	20,400		
Retirement	2,614		
Insurance	6,500		
Secretary (40 hrs/wk@8.50)	17,680		
FICA	1,097		
MED	257		
Total	19,034		
Total Salaries	80,428		
Total Expenses	\$130,874		

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 4-5, 2002, we sponsored our seventh annual Theological Symposium. It met at Free Will Baptist Bible College in Nashville, Tennessee. Papers were read on a variety of subjects. The interest was good. We continue to be encouraged by the quality of the papers that are read in our Symposiums. The Theological Symposium for 2003 will be conducted at Hillsdale Free Will Baptist College in Moore, Oklahoma. It will begin Monday evening, October 27 and go through Tuesday evening October 28.

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. It was enthusiastically received by our people.

We are pleased to announce to you that we have reached another milestone. The second issue of *Integrity* is out. For this issue, Paul V. Harrison of Nashville, Tennessee, served as Editor-in-Chief. Robert E. Picirilli of Nashville, Tennessee, served as the Associate Editor. These brothers are to be commended for the excellent work that they have done. It is our opinion that the production of *Integrity* is one of the best steps that The Commission for Theological Integrity has taken. Our second issue of *Integrity* has been mailed out to our pastors and denominational leaders and should have already been received.

For several years we have been sponsoring a seminar at our National Association on areas of concern. This year, our seminar will be conducted by Dr. Steven M. Ashby. It will be in the Convention Center Ballroom A Tuesday from 11:00 a.m. to 12:30 p.m. Dr. Ashby's topic will be: "The Approved Pastor: II Timothy 2:15." He will be comparing the challenge for preparation that II Timothy 2:15 presented to Timothy with the challenge for preparation facing pastors in the 21st century.

We thank you for the privilege of serving you.

In His Service,

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

Commission for Theological Integrity January - December 31, 2002 Financial Report

Bank Balance - January 1, 2002	\$6,956.20
Income	
Commission Income:	
The Together Way	\$4,056.73
Interest on Bank Account	14.66
Theological Symposium Papers	125.00
Total Commission Income	4,196.39
Journal Income:	
Other Gifts	0.00
Total Journal Income	0.00
Total Income	4,196.39
Expenses	
Commission Expenses:	
Bookkeeping	200.00
Convention Speaker/Digest of Reports	631.11
Annual Meeting and Symposium Expenses	1,380.63
Miscellaneous Office Expenses	2.04
Total Commission Expenses	2,213.78
Journal Expenses	0.00
Total Expenses	2,213.78
Bank Balance - December 31, 2002	\$8,938.81

Commission for Theological Integrity 2004 Proposed Budget

Income	
Together Way Plan	\$4,000.00
Theological Symposium Papers	800.00
Interest Income	50.00
Total Income	4,850.00
Expenses	
Annual Meeting	\$2,000.00
Journal Expenses	925.00
National Convention	600.00
Theological Symposium Printing	1,000.00
Bookkeeping	200.00
Office	125.00
Total Expenses	4,850.00

Media Commission

The Free Will Baptist Media Commission continues our effort to assist our churches and denominational agencies' outreach with professional communication. This is our goal because we realize that the message of Christ that we present should be head and shoulders above the secular standard. Christ and His church deserve our very best, and the Free Will Baptist Media Commission strives to present Him in a positive light to shine brightly in such a darkened world.

Completing our 20th year of service, the Media Commission is beginning to retool and equip the ministry for the next 20 years. Technology continues to change drastically almost daily. From the early days of the Radio-Television Commission and the *Victorious Faith* radio broadcast, to radio and television commercials and web design, the Media Commission endeavors to stay as close to the cutting edge of technology as we possibly can.

In addition to the radio and television spot announcements and web design, our products have grown to include a church video brochure designed to introduce Free Will Baptists to guests in our churches. These are produced both customized with the local pastor or as a generic version. We have produced print slicks to be utilized in bulletins or newsletters, as well as yearbook, newspaper or *Yellow Pages* ads. We are also able to design logos and offer stationery design work.

Our latest project is *He Keeps Me Singing: A Free Will Baptist Gathering*. This video/cassette/CD features some 50 of the most loved Free Will Baptist musicians including the Gospeliers, the King's Messengers, the Musical Messengers, Carolyn Adams, Doug Little, John Gibbs, Raymond Riggs and the late Bill Gardner. Recorded live on the campus of Free Will Baptist Bible College, this quality recording will preserve and enhance our musical heritage as Free Will Baptists.

As a commission, we continue to receive one half of one percent (.05%) of the undesignated Together Way funds that reach the National Offices. This allows us to have meetings via teleconference and other of our smaller bills. Other income is from sales of products or designated gifts and is the only way more products will be able to be generated. Thank you for your support of your Media Commission. We are honored to serve the National Association of Free Will Baptists.

Respectfully Submitted,

Steve Faison, Chairman (VA)
Doug Kite, Secretary-Treasurer (NC)
Mike Jones (SC)
Kevin Norris (MI)
Monte McKenzie (TN)

NAFWB Media Commission 2002 Financial Report

Income	\$6.10	
Alabama	544.24	
Arkansas	35.51	
California	37.43	
Florida	53.06	
Georgia	5.66	
Iowa	69.36	
Illinois	6.19	
Indiana	34.52	
Kentucky	79.83	
Michigan	503.93	
Missouri	19.44	
Mississippi	103.57	
North Carolina	93.80	
Ohio	370.26	
Oklahoma	44.03	
Tennessee	12.11	
Texas	3.88	
West Virginia	8.59	
Others		\$2,031.51
Total Undesignated Co-op		
Project Income / Designated Gifts		18,185.45
Interest		16.68
		\$20,233.64
Expenditures	\$3,079.00	
Project Expense	996.44	
Convention	422.36	
Shipping/Postage	32.00	
Office supplies	800.00	
Design	400.00	
Production	1,157.79	
Duplication	302.00	
Royalties	10,000.00	
Loan payment	897.84	
Commission	215.84	
Misc. Expense	503.44	
Credit Card Trans Fees		\$18,806.71

Media Commission 2004 Budget

Income		
Together Way	\$2,000	
Designated	\$1,000	
Sale of Product	\$2,000	
Services	\$1,000	
Total		\$6,000
Expense		
Promotion	\$1,000	
Commission Expense	\$2,000	
Convention Expense	\$2,000	
Projects	\$1,000	
Total		\$6,000

Music Commission Report

2002-2003

Martin Luther once wrote, "The devil hates music because he can't stand gaiety. Satan can smirk, but he can't laugh; he can sneer, but he can't sing." While a singing heart is incompatible with unbelief, it is only natural for the child of faith. Worship through song is demanded frequently in Scripture, directed always to the Savior, and demonstrated eagerly by the children of God. Healthy churches and Christians aggressively cultivate an atmosphere of praise and worship. The Free Will Baptist Music Commission exists to encourage and facilitate Biblical worship, both in our convention gatherings and local churches.

Hymnal Project—Pursuant with the Executive Committee's recommendation that consideration be given to the publication of a new FWB hymnal, the Music Commission suggests that an extensive survey be conducted regarding the interest in, and need for, such an endeavor. This means, of course, that the question of funding such a survey will have to be addressed.

Laying Out the Welcome Mat—The Commission has prepared a booklet, available at this year's convention, on *Attracting People to Your Church through Special Events*. The booklet addresses a number of areas concerning "Big Day" or "Special Event" evangelism. Such as: "What types of special events are attractive to your community?" "Hints on how to make special events special," "How to advertise special events," "How to follow-up on guests," etc. Special music events are discussed, of course, but the material is not limited to that. We are confident that *Laying Out the Welcome Mat* will be helpful to anyone interested in church growth and evangelism. The booklets are available at the Commission booth and during our convention seminar.

Convention Seminar—Last year's convention seminar was a great success, and we believe this one will be no different. Members of the Music Commission, as well as several other music ministers and pastors will be on hand to present *Laying Out the Welcome Mat*. The contributors will discuss each chapter, with plenty of time for Q & A. This one will be helpful for musicians and ministers alike.

Convention Booth—*Laying Out the Welcome Mat*, *The Worship Recipe Book*, and many other Music Commission products will be available. Additionally, special music participants of the convention will be there with their recordings and for bookings. Also, Commission members will be there for questions.

Music Evangelism—In cooperation with the FWB Foreign Mission Department, we are happy to recommend the music ministry of Jonathan Snow. Jonathan and his family have been approved for short-term service to Japan. His appointment, however, is unique, in that he will be working in the area of music. He will provide training for the churches, as well as develop special musical events for the purpose of attracting newcomers. Most of our churches here in the states use special events to attract guests, Jonathan has the vision of doing the same on the mission field. The Commission

encourages pastors to invite Jonathan to present his heart to your congregation, and to support his family prayerfully and financially.

Convention Worship—The Commission is actively involved in cultivating and utilizing talented musicians in the convention orchestra and choral groups. Additionally, we are happy to introduce numerous gifted ensembles, quartets, trios and soloists to the Free Will Baptist denomination. The goal is to develop an atmosphere of worship that will enhance the convention services and will motivate attendees to cultivate the same in their local churches.

The Commission is grateful for the opportunity of servicing our denomination, and look forward to your suggestions and comments with regard to our ministry among you. God Bless!

Respectfully submitted,

Randy Sawyer
Doug Little
Jerry Carraway
Scott Bullman
Chris Truett

Music Commission Financial Statement January - December 2002

Beginning Balance		\$ 1,240.26
Income		\$ 2,258.77
Co-op		2,967.00
Music Sales		
States and Churches	\$ 50.47	
Alabama	19.44	
Texas	252.85	
Donelson Church, TN	7.00	
Roaring Creek Church, NC		329.76
Total Income		\$ 5,555.53
Expenses		\$ 2,238.44
National Convention		775.82
Music Commission Meeting		346.90
Pre-Convention Rehearsal		73.24
Office Expense		(3,434.40)
Total Expenses		\$ 3,361.39
Ending Balance		

Proposed Budget for 2004

Income			Expenses	
Co-op	\$ 2,000.00		National Convention	\$ 1,500.00
Music Sales	1,650.00		Board Meetings	1,000.00
States and Churches	350.00		Office Expenses	500.00
Total Income	\$ 4,000.00		Loan Payment	1,000.00
			Total Expenses	\$ 4,000.00

2003 Historical Commission Report

The Commission has launched a Free Will Baptist historical pamphlet series. We hope to have the first pamphlet ready for distribution at the 2004 national convention in Kansas City, Missouri. We have secured Dr. William F. Davidson to write the first pamphlet on the subject of feet washing.

Work continues on two other projects—publishing a guidebook of Free Will Baptist historical sites and helping to furnish a “history” room in the library at Free Will Baptist Bible College. Joe McKnight will lead the historical guidebook project this year. Darrell Holley will work with the FWBBC librarian regarding furnishings for the history room.

During its 2004 meeting, the Commission will discuss the possibility of sponsoring a history writing contest.

We continue to encourage state and district association clerks to send copies of their minutes to the Free Will Baptist Historical Collection at Free Will Baptist Bible College.

Free Will Baptist Historical Commission Financial Report, 2002

Balance on hand, December 31, 2001	\$ 26,116.12
Deposits/Earnings for 2002	
Together Way (designated and undesignated, 14 months)	3,059.14
Together Way (Rest of the Family offering)	33.80
Interest (AmSouth Bank)	170.47
Arkansas State Association (on loan)	1,970.00
Total	\$ 5,233.41
Expenditures for 2002	
Check #1040 Paul Kennedy (travel)	441.28
Check #1041 Joe McKnight (travel)	611.00
Check #1042 Executive Office (Digest fee)	45.16
Check #1043 FWB Foundation (deposit)	20,000.00
Check #1044 Bapt. History/Heritage Society	15.20
Total	(\$ 21,112.64)
Balance in bank, December 31, 2002	\$ 10,236.89
Balance on deposit (including \$670.84 interest earned)	20,670.84
Total on hand 12/31/02	\$ 30,907.73

2004 Budget

Income	
Gifts (The Together Way)	\$ 2,400.00
Interest (AmSouth Bank)	400.00
Total	\$ 2,800.00
Expenses	
Books, materials, labor for Historical Commission	\$ 1,000.00
Pamphlet Project	500.00
Research Grant	150.00
Travel	1,100.00
Executive Office (Digest fee)	50.00
Total	\$ 2,800.00

Preliminary Report of the Higher Education Task Force

This year's meeting of the Higher Education Task Force centered on the results of surveys conducted with Free Will Baptist ministers, parents, high school students and college students.

The ministers' survey indicated that Free Will Baptist ministers are concerned about the need for full-time church workers.

The high school students' survey reflected Free Will Baptist high school students' interest in academic/career fields such as the health sciences, law, engineering and other professional fields. A major impediment to high school students' attraction to Free Will Baptist colleges is the lack of majors they offer.

The Parents/Adults' Survey indicated that Free Will Baptist adults see the following fields as most interesting to their children: Teacher Education, Business/Management, Pastoral/Missions, and Health Care. Thirty-nine parents said their high school children would consider attending a Free Will Baptist college, while 121 said their children would not. The major advantages of attending a Free Will Baptist college were Christian atmosphere/spirituality, small classes/campus, and family atmosphere. The greatest disadvantages were cost, limited majors, limited scholarships, facilities, lack of reputation, small mindedness, and unrealistic rules. When asked “What majors or programs do you think would make a Free Will Baptist college more attractive to you and to your child?” the largest majors were pre-med/nursing, business, computers and history.

The College Students' survey yielded results primarily from students at Free Will Baptist Bible College and Hillsdale Free Will Baptist College. This survey indicated the popularity of majors in the following order: teacher education, ministry (pastoral, youth, Christian education), missions, business, English, psychology and history. The students also indicated the need for more health sciences majors. The students showed that their choice of college centered on several factors, the most important of which were: Christian atmosphere, majors offered, parent(s)' attendance there. In answering who or what influenced them to attend the college, the highest were God's will and calling, recommendation of friend or relative, recommendation of pastor and recommendation of high school teacher or counselor.

The Task Force analyzed various issues in education for re-evaluation, owing to the fact that so many youth ministers eventually make transitions to pastoral ministry. Furthermore, our college ministry departments need to place more emphasis on education for rural and bi-vocational pastoral ministries. We must train pastoral ministry students to minister to the kinds of churches we have: small and medium-sized churches. Furthermore, in our ministry education, we must emphasize the importance of denominational loyalty and support.

The Task Force also agreed that the denomination needs to take graduate theological education seriously. To that end, it voted to commend the graduate program at Hillsdale Free Will Baptist College and encourage other Free Will Baptist colleges to establish graduate programs in biblical studies/ministry as they acquire the resources necessary for such programs. The Task Force also encourages the denomination to continue studying the feasibility of establishing a seminary.

The Task Force voted to recommend that our educational institutions develop, promote and publicize methods of deferred giving to fund our colleges, in conjunction with the Free Will Baptist Foundation; that our people be encouraged to help fund our colleges through deferred giving, wills and trusts; and that our institutions work together with the Free Will Baptist Foundation to promote deferred giving.

The Task Force requests that the National Association extend its work for an additional year. During this year, it will gather more information on high school students' views of our colleges and conduct more study on (1) how Free Will Baptists view seminary education and (2) why students who decided to attend non-Free Will Baptist colleges did not attend our colleges.

Minutes
of the
Sixty-Eighth Annual Session
of the
**Women Nationally
Active for Christ
Convention**
of the
**National Association of
Free Will Baptists**

when convened in
Tampa, Florida
July 21-22, 2003

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

Executive Committee

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Executive Secretary-Treasurer

Marjorie Workman
1408 Revenna Court North
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615-366-0573
marjorie@nafwb.org

Theme: Lifting Up Our Eyes

Scripture: Psalm 121:1

Music Coordinator: Sandra Jackson

Worship Leader: Amy Holland

Pianist: Karen Owen

Organist: Sandra Jackson

Proceedings

WNAC Seminars

Monday, July 21, 2003

Missions Seminar, 1:30 p.m., Tampa Convention Center

Marjorie Workman presided at the seminar. Women of the French Muslim Team, Jill Warren, Becky Derby, Di Keener and Dana Portell presented a drama entitled, "Mystery, Mothers and Mercy." Approximately 165 were in attendance.

Women's Seminar, 3:00 p.m., Tampa Convention Center

Joanne King presided at the seminar, "Developing Your Financial Green Thumb." Speaker Karen Owen shared biblical principles of good financial stewardship. Approximately 100 women attended.

Business Session

Tuesday, July 22, 2003, 8:30 a.m.
Tampa Convention Center

President Debe Taylor opened the 68th Annual Session of the Women Nationally Active for Christ. Amy Holland led the congregation in singing "Shine, Jesus, Shine." Debe Taylor led in prayer and read Exekiel 18:21-22. The congregation sang "Be Exalted, Oh Lord." The Northwest Florida Trio sang "In Christ Alone."

Marjorie Workman gave a special PowerPoint presentation called "Who Are You?" focusing on WNAC's purpose, position, plan and prayer. Diana Bryant gave a welcome from the state of Florida.

Sarah Fletcher presented the Creative Arts Awards.

Art

1st Place	Wherever God Leads	Janis Williams, Antioch, TN
2nd Place	When Friends Pray	Janis Williams, Antioch, TN
3rd Place	When I Grow Up	Janis Williams, Antioch, TN

Articles

1st Place	The Sunday School Present	Cheryl Akers, Jacksonville, FL
2nd Place	Do Something That Doesn't Make Sense	Darla Trimble, Greeneville, TN
3rd Place	The Desert Flower	Ruth Bivens, Monett, MO

Devotional

1st Place	The Toys of Life	Monica Bryan, Garner, NC
2nd Place	The Birthday Party	Denice White, Dardanelle, AR
3rd Place	Childlike Faith	Denice White, Dardanelle, AR

Photography

1st Place	Finishing Touches	Nadine Hood, Sapulpa, OK
2nd Place	Untitled	Sarah Reel, Carrollton, VA
3rd Place	Untitled	Sarah Reel, Carrollton, VA

Plays

1st Place	Angels in Charge of Food Service	Lee Ann Wilfong, Park Hills, MO
2nd Place	It's a Wonderful Christmas	Deniece Hammons, Conway, AR
3rd Place	Listen to the Story	Elaine Fergusson, Boswell, OK

Programs

1st Place	The Hedge	Brenda Shores, Alma, AR
2nd Place	Out on a Limb	Vicki Turner, Cartersville, MO
3rd Place	The Candles	Ruth Bivens, Monett, MO

Skits

1st Place	Sharing Cookies and Good News	Ruth Bivens, Monett, MO
2nd Place	Do You See Yourself in Me	Lisa Miller, Daisy, AR
3rd Place	What Will I Leave Behind	Bettye Kellum, Monticello, AR

Joanne King gave the Credentials Committee Report. Motion carried to seat the delegates.

Marjorie Workman gave the Executive Secretary-Treasurer's Report. Motion carried to receive the Executive Secretary-Treasurer's Report and adopt the budget.

Belinda Adair gave the Resolutions Committee Report. Motion carried to accept the report and adopt item by item.

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

- To continue the \$1,000 scholarship for Paul and Robert in Cote d'Ivoire.
- To continue the \$1,000 scholarship for the Cuba Cedars of Lebanon Seminary.
- To provide a first-time scholarship of \$1,000 for the FWB Marie Wright Hanna Bible Institute in Conoor, Tamil Nadu, South India.

Motion carried to adopt Item #1.

Item #2:

We recommend that the WNAC, as a body, stand against same-sex marriages and that we make every effort as individuals of the body to contact our Senators, Congressmen and others in political positions informing them of this stand.

Motion carried to adopt Item #2.

Marian Reece gave the Appreciation Committee Report. Motion carried to receive the report and give a rising vote of thanks.

Sandy Mounts gave a partial report from the Registration Committee. Motion carried to receive the report.

Peggy Outland gave a report of the Nominating Committee. Motion carried to accept the report and consider each position separately. Members to the WNAC Executive Committee were elected as follows:

President:	Debe Taylor, AR
Vice-President:	Joanne King, NC
Secretary:	Phyllis York, KY
Members at Large:	Carolyn Hendrix, AL
	Shirley Jackson, MO
	Linda Harvey, AZ

Joanne King dismissed in prayer.

11:00 A.M. Missionary Service

Debe Taylor gave a welcome to the service. Amy Holland led the congregation in singing "Great is the Lord," "I Will Lift Up My Eyes" and "His Name is Wonderful." A \$2,500 offering was received. The offertory was a piano duet by Karen Owen and Sandra Jackson. The Northwest Florida Trio sang "It's So Good To Know." Debbie Burden introduced missionary speaker Deleen Cousineau. Deleen's message centered on God's grace and protection during the attack on the International Christian Academy in Cote d'Ivoire and concluded with Legacy of Praise singing "Your Grace Still Amazes Me." The service was dismissed in prayer by Debe Taylor.

The WNAC fellowship luncheon in the Wyndham Harbor Island Hotel ballroom followed the service. Rosalie Ranquist, an international literacy consultant for New Tribes Mission, presented a challenging message.

A fellowship/reception for state presidents and field workers was hosted by the WNAC staff in the WNAC suite of the Wyndham Harbor Island Hotel on Tuesday evening at 9:00 p.m.

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:

- To continue the \$1,000 scholarship for Paul and Robert in Cote d'Ivoire.
- To continue the \$1,000 scholarship for the Cuba Cedars of Lebanon Seminary.
- To provide a first-time scholarship of \$1,000 for the FWB Marie Wright Hanna Bible Institute in Conoor, Tamil Nadu, South India.

Item #2: We recommend that WNAC, as a body, stand against same-sex marriages and that we make every effort as individuals of the body to contact our Senators, Congressmen and others in political positions informing them of this stand.

Respectfully submitted: Belinda Adair, AR (Chairperson), Reva Baker, MO, Diane Conn, FL, Wanda Powell, TN, Laurie Horne, NC

Registration Committee Report

We, your Registration Committee, submit the following partial report:

Number of Persons Registered:

WNAC National Officers (Standing Delegates)	5
State Presidents (Standing Delegates)	9
State Field Workers (Standing Delegates)	7
State Delegates (Elected Delegates)	131
Local WNAC Delegates (Paying \$5 Rep. Fee)	37
Total Delegates	189
Non-voting Attendees:	554
Missionaries (U.S. and Foreign)	23
Grand Total Registered	766

Respectfully Submitted: Sandy Mounts, OH (Chairperson), Lynda Blanchard, GA

Appreciation Committee Report

We, the Appreciation Committee, submit the following recommendations:

We wish to express our sincere thanks to the following people:

- 1) The Executive Committee for time spent praying, planning and preparing for this year's WNAC convention.
- 2) The WNAC staff for their work throughout the year.
- 3) All the musicians and speakers in the services, seminars, missionary service and WNAC luncheon.
- 4) Our hostesses, the Florida Women Active for Christ, for their efforts in making us welcome and for all the preparations in making this year's WNAC convention a success and that we give them a rising vote of thanks.

Respectfully Submitted: Marian Reece, VA (Chairperson), Sherri Sloan, IN, Joyce Bowers, SC, Donna Brewer, KS, Pat Shores, IL

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 three districts with no state conventions have submitted reports and paid dues: Arizona, Kansas, New Mexico. The following three locals with no district or state conventions have submitted reports and paid dues: St. Croix, VI, Tri-Cities, WA, Cheyenne, WY.

Respectfully submitted: Joanne King, NC, Elaine Bigger, OK, Patty Peters, WV

Nominating Committee Report

We, the Nominating Committee, submit the following names for WNAC officers for the years 2003-2005:

President: Debe Taylor, AR
Vice-President: Joanne King, NC
Secretary: Phyllis York, KY
Members at Large: Carolyn Hendrix, AL
Shirley Jackson, MO
Linda Harvey, AZ

Synopsis of the Minutes of WNAC Executive Committee Meeting Wednesday, December 4, 2002

The Executive Committee of WNAC met in the WNAC Conference Room. Members present were: Marjorie Workman, Debe Taylor, Joanne King, Debbie Burden, Dawn Sweeney, Yvonne Brown and Carolyn Hendrix.

Plans were finalized for the 2003 Branson retreat and the WNAC 2003 convention.

The committee approved: (1) honorarium for 2003 Branson retreat special musician Ronda Freeman (\$500 + expenses); (2) the suggested 2004 WNAC budget and its submission to WNAC convention; (3) the audit proposal from Warren, Denney & Wallace; (4) selection of WNAC themes for 2007-2010.

Synopsis of the Minutes of WNAC Executive Committee Meeting Sunday, July 20, 2003

The Executive Committee of WNAC met at the Tampa Marriott Waterside Hotel. Members present were: Marjorie Workman, Debe Taylor, Joanne King, Debbie Burden, Yvonne Brown and Carolyn Hendrix. The Executive Secretary-Treasurer's report was received.

The committee approved: (1) recommendation to the WNAC convention regarding 2004 disbursements from the Cleo Pursell Foreign Student Scholarship Fund; (2) honorariums for WNAC seminar speakers (French Muslim Team \$75 each and Karen Owen \$100); and (3) the empowering of Marjorie Workman to pursue plans for 2005 retreat in Branson, Missouri.

WOMEN NATIONALLY ACTIVE FOR CHRIST (An Auxiliary of the National Association of Free Will Baptists)

December 31, 2002 and 2001

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WARREN, DENNEY & WALLACE

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CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the
Women Nationally Active for Christ

We have audited the accompanying statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 2002 and 2001, 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, 2002 and 2001 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.

Warren, Denney & Wallace

February 7, 2003

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)**Statements of Financial Position****December 31, 2002 and 2001****ASSETS**

	2002	2001
Cash	\$213,086	\$189,266
Accounts receivable - Note 1	8,610	7,741
Inventory - Note 1	9,663	8,802
Notes receivable, net of allowance for doubtful accounts of \$2,458 (\$1,669 in 2001)	3,248	5,157
Accrued interest receivable	1,878	1,703
Property and equipment at cost, less accumulated depreciation of \$33,943 (\$32,144 in 2001) - Notes 1 & 2	8,725	10,524
Total assets	<u>\$245,210</u>	<u>\$223,193</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 34,345	\$ 32,417
Deferred revenue - Note 7	45,975	42,163
Total liabilities	<u>80,320</u>	<u>74,580</u>
Commitments - Notes 4		
Net assets		
Unrestricted - (deficit)	(4,686)	(18,066)
Temporarily restricted	152,999	151,462
Permanently restricted	16,577	15,217
	<u>164,890</u>	<u>148,613</u>
Total liabilities and net assets	<u>\$245,210</u>	<u>\$223,193</u>

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Activities
For the Years Ended December 31, 2002 and 2001

	2002	2001
Unrestricted		
Revenue and other support:		
Dues and fees	\$ 65,408	\$ 65,964
Designated contributions	344,219	319,379
Magazine and literature sales	136,681	84,056
Convention and retreat income	20,540	8,328
Gifts and offerings	77,404	69,552
Interest income	673	910
Loss on value of investment	(1,179)	
Net assets released from restrictions:		
Satisfaction of program restrictions	20,290	3,356
Total revenue and other support	664,036	551,545
Expenses:		
Salaries and wages	108,318	106,975
Payroll taxes and employee benefits	33,692	36,301
Cost of magazine and literature printing	64,513	37,502
Travel and promotion	2,527	4,380
Conventions and retreats	24,837	20,094
Office expense	14,307	10,144
Postage	4,112	4,114
Rent expense	24,600	24,600
Professional fees	3,700	4,000
Administrative expense	203	308
Depreciation	1,799	1,884
Bad debts	789	
Insurance expense	1,269	613
Dues and subscriptions	153	178
Special projects	19,482	3,127
Continuing education	1,259	480
Designated contributions	343,825	319,445
Miscellaneous	1,271	927
	650,656	575,072
Increase (decrease) in unrestricted net assets	\$ 13,380	(\$ 23,527)

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

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WOMEN NATIONALLY ACTIVE FOR CHRIST
(An Auxiliary of the National Association of Free Will Baptists)
Statements of Activities
For the Years Ended December 31, 2002 and 2001
(Continued)

	2002	2001
Temporarily restricted		
Gifts and offerings	\$ 14,119	\$ 6,170
Interest income	7,708	7,889
Net assets released from restrictions:		
Satisfaction of program restrictions	(20,290)	(3,356)
Increase (decrease) in temporarily restricted net assets	1,537	10,703
Permanently restricted		
Gifts and offerings	1,360	1,617
Increase in permanently restricted net assets	1,360	1,617
Total increase (decrease) in net assets	16,277	(11,207)
Net assets - beginning of year	148,613	159,820
Net assets - end of year	\$ 164,890	\$ 148,613

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

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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, 2002 and 2001

	2002	2001
Operating activities		
Increase (decrease) in net assets	\$ 16,277	(\$ 11,207)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,799	1,884
Bad debts	789	
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(869)	(1,396)
(Increase) decrease in inventory	(861)	1,116
(Increase) decrease in accrued interest receivable	(175)	674
Increase (decrease) in accounts payable	1,928	(9,219)
Increase (decrease) in deferred revenue	3,812	6,171
Net cash provided (used) by operating activities	22,700	(11,977)
Investing activities		
Purchase of equipment		(825)
Collection of loans receivable	1,120	3,210
Net cash provided (used) by investing activities	1,120	2,385
Increase (decrease) in cash and cash equivalents	23,820	(9,592)
Cash and cash equivalents at beginning of years	189,266	198,858
Cash and cash equivalents at end of years	\$ 213,086	\$ 189,266

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, 2002 and 2001

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 2002 and 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 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, 2002 and 2001

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

Contributions

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

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Property, equipment, and depreciation

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

Equipment	5 - 20 years
-----------	--------------

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

Accounts and notes receivable and allowance for doubtful accounts

The Organization issues credit to churches and individuals for the purchase of magazines and literature. These churches and individuals are located all across the United States.

The Organization loans money to Bible college students for the payment of college tuition. The student is required to sign a note for the money. These notes are uncollateralized. These students are located across the United States. There are numerous loans with varying interest rates and maturity dates. Accordingly, the fair value of these notes approximates the carrying value net of the allowance for doubtful accounts.

Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required for accounts receivable. Management considers the notes receivable that are overdue to be only partially collectible and accordingly has recorded an allowance for doubtful accounts in the amount of \$2,458 (\$1,669 in 2001).

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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, 2002 and 2001

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

Cash equivalents

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

Inventory

Inventory is stated at the lower of cost (first in, first out method) or market.

Note 2 - Property and equipment

A summary of property and equipment follows:

	<u>2002</u>	<u>2001</u>
Equipment	\$ 42,668	\$ 42,668
Less: Accumulated depreciation	(33,943)	(32,144)
	<u>\$ 8,725</u>	<u>\$ 10,524</u>

Note 3 - Restrictions on net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2002</u>	<u>2001</u>
Student Loan	\$134,217	\$126,624
Foreign scholarship	4,994	8,474
Free Will Baptist College Organ Fund	17,318	16,364
Free Will Baptist Bible College Mission House	(3,530)	(3,530)
	<u>\$152,999</u>	<u>\$151,462</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 16,577</u>	<u>\$ 15,217</u>
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Note 4 - 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 expire 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, 2001).

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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, 2002 and 2001

Note 5 - 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 \$4,859 (\$5,234 in 2001). 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 6 - 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, 2002 the excess amount over the federally insured limit was \$-0- (\$-0- in 2001).

The Organization also has \$172,939 (\$152,706 in 2001) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

Note 7 - Deferred revenue

Deferred revenue resulted from magazine subscriptions received for 2003 issues.

Note 8 - 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, 2002 and 2001.

Gifts to Missions/Missionary Objectives
January 1, 2002 to December 31, 2002

Cash Gifts

Foreign Missions Total		\$ 187,524.89
Sent Through WNAC	157,624.93	
Sent Direct	29,899.96	
Home Missions Total		\$ 115,439.20
Sent Through WNAC	99,794.18	
Sent Direct	15,645.02	
State Projects		\$ 38,966.24
Bible Colleges		\$ 11,985.44
Dr. Wisehart Student Loan Fund		\$ 1,814.10
Other Gifts		\$ 39,580.88
Foreign Student Scholarship Fund	1,520.24	
Mission Objectives	38,060.64	
Provision Closet		\$ 9,874.75
WNAC Operating Gifts		\$ 110,189.14
Gen Fund Offering	29,234.79	
Emphasis Offering	10,433.38	
Endowment Fund	1,360.00	
Rest of Family Offering	1,718.83	
Dues	64,693.10	
The Together Way (Designated)	2,749.04	
Non-Cash Gifts		
Provision Closet		\$ 23,819.15

Total Cash and Non-Cash Gifts **\$539,193.79**

2002 Top Ten Giving to WNAC

General Fund		Emphasis		Per Capita Giving	
1. Tennessee	5,587.69	1. Tennessee	2,108.23	1. Tennessee	17.77
2. Arkansas	3,952.47	2. North Carolina	1,662.71	2. Virginia	10.62
3. Georgia	3,089.07	3. Missouri	1,243.21	3. Georgia	8.94
4. Missouri	2,480.04	4. Arkansas	1,227.85	4. Missouri	7.77
5. Oklahoma	2,204.53	5. Georgia	1,066.50	5. Ohio	7.36
6. North Carolina	2,202.89	6. Alabama	746.14	6. Arkansas	7.28
7. Alabama	1,949.95	7. South Carolina	635.97	7. Mississippi	6.68
8. Ohio	1,291.27	8. Virginia	546.80	8. Alabama	6.62
9. Mississippi	1,103.00	9. Kentucky	415.00	9. North Carolina	6.21
10. Illinois	889.04	10. Oklahoma	210.00	10. Illinois	5.08

2004 WNAC Salary Breakdown

	2002	2003	2004
Executive Secretary-Treasurer			
Salary	\$35,770.80	\$37,201.63	\$38,690.00
Social Security/Medicare	2,736.46	2,845.92	3,016.70
Retirement	1,788.54	1,860.08	1,934.50
Insurance	4,574.50	5,957.12	5,913.00
Travel/Life	295.99	283.12	225.00
Hospital	4,028.64	5,401.44	5,416.00
Dental	249.87	272.56	272.00
Christmas Bonus	687.90	715.41	744.04
Total Salary and Benefits	\$45,558.20	\$48,580.16	\$50,298.24
Executive Assistant			
Salary	\$26,508.56	\$27,568.90	\$28,672.00
Social Security/Medicare	2,027.90	2,109.02	2,235.59
Retirement	1,325.42	1,378.44	1,433.60
Insurance	4,515.84	5,824.76	5,863.00
Life	237.33	151.00	175.00
Hospital	4,028.64	5,401.20	5,416.00
Dental	249.87	272.56	272.00
Christmas Bonus	509.78	530.17	551.38
Total Salary and Benefits	\$34,887.50	\$37,411.29	\$38,755.57
Editor			
Salary	\$23,023.15	\$23,944.07	\$24,902.00
Social Security/Medicare	1,761.27	1,831.72	1,941.64
Retirement	690.69	718.32	747.06
Insurance	4,515.84	5,824.76	5,863.00
Life	237.33	151.00	175.00
Hospital	4,028.64	*5,401.20	*5,416.00
Dental	249.87	272.56	272.00
Christmas Bonus	442.75	460.46	478.88
Total Salary and Benefits	\$30,433.70	\$32,779.33	\$33,932.58
Bookkeeper			
Salary	\$21,025.68	\$21,866.70	\$22,742.00
Social Security/Medicare	1,608.46	1,672.80	1,773.22
Retirement	1,051.28	1,093.33	1,137.10
Insurance	4,515.84	5,824.76	5,863.00
Life	237.33	151.00	175.00
Hospital	4,028.64	5,401.20	5,416.00
Dental	249.87	272.56	272.00
Christmas Bonus	404.34	420.51	437.35
Total Salary and Benefits	\$28,605.60	\$30,878.10	\$31,952.67
Total			\$154,939.06

*Covered through spouse's family plan.

WNAC Receipts for January - December 2002

States	State Programs	Colleges	General Fund	Dues	Emphasis Offering	Endowment Trust	Together Way	Rest of Family	Foreign Student Scholarship	Provision Closet	Foreign Missions	World Missions	Home Missions	Missions Objectives	Student Loan	Mission House	Totals
Alabama	5,251.12	90.00	1,949.95	3,981.00	746.14	40.00	0.00	92.29	166.00	44.01	680.38	964.00	2,808.58	5,102.08	210.00	570.00	22,695.55
Arizona	0.00	0.00	3.30	400.00	1,337.85	0.00	0.00	3.67	0.00	50.00	975.31	50.00	20,082.74	75.00	0.00	0.00	581.97
Arkansas	22,737.56	433.00	3,952.47	7,270.00	60.00	0.00	0.00	26.73	25.00	699.05	2,692.25	3,474.22	20,082.74	3,114.63	210.00	1,065.00	65,353.56
California	0.00	1,536.64	741.77	1,460.00	0.00	0.00	0.00	0.00	0.00	552.00	0.00	0.00	1,635.00	629.00	0.00	0.00	9,675.18
Canada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.89
Florida	3,867.00	825.00	548.00	1,500.00	53.17	0.00	0.00	0.00	0.00	0.00	5,628.86	200.00	396.00	898.67	20.00	290.00	13,401.70
Georgia	7,110.56	0.00	3,089.07	5,035.10	1,066.50	200.00	80.00	170.64	227.00	205.25	5,439.00	1,702.25	2,180.13	1,131.00	102.00	916.35	29,479.85
Idaho	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	0.00	0.00
Illinois	0.00	0.00	889.04	1,830.00	40.00	0.00	0.00	0.00	0.00	50.00	6,062.62	130.61	6,075.60	110.00	43.00	50.00	15,280.87
Indiana	0.00	0.00	0.00	160.00	55.00	0.00	436.56	0.00	0.00	150.00	440.00	0.00	600.00	0.00	0.00	0.00	1,841.56
Iowa	0.00	0.00	120.00	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	120.00
Kansas	0.00	0.00	1.77	190.00	0.00	0.00	0.00	0.00	60.00	435.00	0.00	0.00	0.00	0.00	0.00	0.00	251.77
Kentucky	0.00	413.00	690.77	2,707.00	415.00	0.00	0.00	3.67	40.00	0.00	21,845.39	506.00	9,662.89	6,088.68	0.00	0.00	42,827.40
Michigan	0.00	0.00	614.00	2,500.00	0.00	0.00	0.00	45.04	0.00	2,562.69	580.00	60.00	3,416.50	359.00	0.00	888.00	11,025.23
Mississippi	0.00	0.00	1,103.00	1,820.00	113.00	0.00	0.00	15.55	0.00	200.00	4,117.16	190.65	1,834.39	2,165.00	15.00	0.00	11,573.75
Missouri	0.00	623.01	2,484.04	5,010.00	1,243.21	0.00	0.00	66.60	30.31	907.00	7,748.67	1,782.19	8,241.01	2,828.19	301.10	890.00	32,155.33
New Jersey	0.00	0.00	48.80	130.00	0.00	0.00	0.00	11.02	0.00	0.00	610.15	35.00	141.30	0.00	0.00	0.00	11.02
New Mexico	0.00	0.00	2,202.89	6,490.00	1,662.71	0.00	0.00	290.78	101.50	429.95	32,742.67	1,221.91	9,943.48	1,645.32	332.00	250.00	965.25
North Carolina	0.00	4,960.42	0.00	70.00	0.00	0.00	0.00	126.75	0.00	0.00	0.00	144.60	45.00	0.00	0.00	0.00	61,373.63
Northwest Washington	0.00	0.00	1,291.27	1,850.00	70.00	0.00	0.00	170.73	0.00	225.00	3,766.55	832.13	6,221.09	785.00	0.00	0.00	386.35
Ohio	0.00	50.00	2,204.53	9,160.00	210.00	235.00	0.00	71.01	100.00	1,631.00	2,236.98	2,847.39	5,164.14	503.74	65.00	0.00	17,661.77
Oklahoma	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	0.00	24,453.79
Oregon	0.00	465.00	275.42	4,160.00	635.97	375.00	0.00	50.87	38.00	913.75	23,868.93	956.00	6,286.00	7,702.42	342.00	0.00	46,067.36
South Carolina	0.00	2,064.37	5,587.69	4,290.00	2,018.03	500.00	2,232.48	408.76	692.43	309.05	10,899.59	2,102.36	5,882.01	2,938.59	104.00	3,973.00	44,007.36
Tennessee	0.00	300.00	581.90	1,940.00	160.00	10.00	0.00	103.10	0.00	180.00	990.00	458.43	377.00	635.00	20.00	0.00	5,755.43
Texas	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	45.00	0.00	0.00	200.00	0.00	0.00	0.00	345.00
Virgin Islands	0.00	0.00	855.11	1,320.00	546.80	0.00	0.00	54.73	20.00	286.00	4,156.88	1,081.26	4,856.19	1,349.32	50.00	0.00	14,686.29
Virginia	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	0.00	0.00	0.00	1,590.00
West Virginia	0.00	0.00	0.00	1,590.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,590.00
Wyoming	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	0.00	0.00
Retreat	38,966.24	11,895.44	29,234.79	64,963.10	10,433.38	1,360.00	2,749.04	1,718.83	1,520.24	9,874.75	138,517.41	19,107.52	99,794.18	38,060.64	1,814.10	10,588.21	480,597.87

Women Nationally Active for Christ

Suggested Budget

For the year ending December 31, 2004

Estimated Income:

General Fund Offering	46,000.00
Convention Offering	4,000.00
Convention expense gift	10,000.00
Delegate Fees	500.00
Dues	85,000.00
Interest Income	9,690.00
Literature Sales	14,000.00
Magazine Subscriptions	90,000.00
Miscellaneous	5,500.00
Rest of the Family Offering	3,500.00
Emphasis Offering	14,000.00
Total Income	\$282,190.00

Estimated Expense:

Salaries	115,006.00
Employee Benefits	39,934.00
Payroll Tax Expense	8,967.28
Employee Retirement	5,252.26
Health, dental, life insurance	23,502.81
Christmas Bonus	2,211.65
Insurance—General & Workers' Compensation	2,000.00
Legal and Professional Services	4,500.00
Convention Expense	18,000.00
Executive Committee Expense	4,500.00
CoLaborer Magazine Expense	45,000.00
Mailing	4,000.00
Miscellaneous	500.00
Printing	36,000.00
Postage	4,500.00
Miscellaneous Expense	500.00
Office Rent	24,000.00
Office Supplies and Materials	3,000.00
Phone	3,050.00
Postage	4,500.00
Printing	5,000.00
Service Contracts	3,500.00
Subscriptions	200.00
Travel and Promotion	4,500.00
Continuing Education	1,500.00
Equipment (additions and repairs)	3,000.00
Special Projects	500.00
Total Expenses	\$282,190.00

General Board Report

The General Board met Monday, July 21, 2003, at Tampa Marriott Waterside in Tampa, Florida. As a result of this meeting, we offer the following recommendations:

1. We heard the reports of the Executive Office, WNAC, Free Will Baptist Foundation, Foreign Missions Department, Free Will Baptist Bible College, Sunday School and Church Training Department, Retirement and Insurance Department, Home Missions Department, Master's Men Department, the Commission for Theological Integrity, the Media Commission, the Music Commission, the Historical Commission, the Educational Task Force, the Publications Committee and the Budget Committee. We recommend that their reports be received and the budgets adopted.
2. We recommend that effective August 2003 travel reimbursement for the Executive Committee and other committees appointed by the National Association be calculated on the most economical basis (i.e. mileage vs. airfare).
3. We recommend that the July 15-19, 2012, convention be held in Memphis, Tennessee.
4. We recommend that we remove the probation for the Mexico Association, since they have brought their documents into conformity with the *Treatise*.

Nominating Committee Report

Board of Retirement

- 2009 Replacing William Ferguson (MI) William Ferguson
 Replacing Roger Harwell (MO) Jack Daniel (GA)
 Replacing James Lowe (OH) James Lowe

Home Missions Board

- 2009 Replacing Ron Parker (LA) Ron Parker
 Replacing Loyd Locklear (MI) Loyd Locklear
 Replacing James Puckett (OK) James Puckett

Master's Men Board

- 2009 Replacing Clifford Donoho (TN) Clifford Donoho
 Replacing Clarence Lewis (TN) Clarence Lewis
 Replacing Thurman Pate, Jr. (TN) Johnny Fowlkes (AR)

Foreign Missions Board

- 2006 Replacing Doug Little (TN) Jerry Norris (MO)

Commission for Theological Integrity

2008 Replacing Matt Pinson (TN) Matt Pinson

Media Commission

2007 Replacing Steve Faison (VA) Sandy Goodfellow (TN)

Music Commission

2006 Replacing Scott Bullman (OK) Donnie Burke (GA)

2007 Replacing Jerry Carraway (TN) Jerry Carraway

Historical Commission

2008 Replacing Paul Kennedy (CA) David Crowe (TN)

General Board

2004 Replacing David Womack (FL) Paul Smith

Replacing William Smith (GA) Len Blanchard

Replacing Ernie Lewis (IL) Larry Cook

2006 North Carolina (replacing Jim Marcum) Jim Marcum

Northeast Association (replacing Jim Nason) Jim Nason

Northwest Association (replacing Brent Nix) Darrell Smith

Ohio (replacing Mike Stokes) Mike Stokes

Oklahoma (replacing Ernest Harrison, Jr.) Ernest Harrison, Jr.

South Carolina (replacing Sigbee Dilda) Mike Jones

Tennessee (replacing Charles Thigpen) Charles Thigpen

Texas (replacing Keith Woody) Keith Woody

Virginia (replacing Glen Johnson) Glen Johnson

West Virginia (replacing Carl Vallance) Carl Vallance

Executive Committee

2006 Replacing Ernest Harrison, Jr. (OK) Ernest Harrison, Jr.

Replacing Glen Johnson (VA) Glen Johnson

Replacing Charles Thigpen (TN) Keith Woody (TX)

General Officers

Moderator: Replacing Carl Cheshier (OK) Tim York (KY)

Assistant Moderator: Replacing Tim York (KY) ... William Smith (GA)

Clerk: Replacing John Hibbard (CA) Randy Bryant (FL)

Assistant Clerk: Replacing Randy Bryant (FL) ... Ernie Lewis (IL)

Nominating Committee:

Nathan Ruble (MO), Chairman

Tim Campbell (AR) Terry Eagleton (TN)

Billy Hanna (GA) Ron Helms (MI)

Glen Johnson (VA) David Sutton (OK)

Credentials Committee Report

We, the Credentials Committee, have examined the letters from the following states, districts and local churches and have found them to be in order as presented below:

1) From the following state associations which are entitled to be represented by five delegates: Alabama, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

2) From the following district associations which are entitled to be represented by three delegates: Arizona, Association of the Free Will Baptists of Mexico, Atlantic-Canada, Colorado, Mexico Association of Free Will Baptists, Mid-Atlantic, New Jersey, New Mexico, Northeast and Northwest. From the following local churches entitled to be represented by one delegate: Hawaii, Montana, Puerto Rico, Virgin Islands and Wisconsin.

3) We recommend that 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.

4) We recommend that all lay delegates entitled to represent, by virtue of their positions on standing boards, be seated if properly registered.

Submitted by your Credentials Committee,

Charles Thigpen, Chairman

Fred Hanson

William Smith

Jim Marcum

William Smith

Registration Report

The 2003 Tampa Convention registered the following:

National Convention	3,610
Ordained Deacon	.92
Foreign Missionary	.38
Visitor	2,693
Home Missionary	.47
State Delegate	.73
Licensed Minister	.32
Ordained Minister	.556
Local Church Delegate	.31
Board/Commission Member	.48
National Youth Conference	3,390
NYC Personnel	.132
Grades 1-12	1,413
Child Visitor	.108
Preschool Worship	.106
Adult Visitor	1,631
Women Nationally Active For Christ	.778
National Officer	.5
Local WNAC Delegate	.37
Visitor	.565
State Field Worker	.7
State President	.9
Missionary	.23
State Delegate	.132
Total Individuals Registered	5,382

Resolutions Committee Report

Due to the concerns of many attending the National Association, the following resolutions are submitted for discussion:

- 1) Because of the current economic climate, the rising cost of operations and the administrative deficits reported by several departments of the National Association, be it resolved that national departments review their budgets carefully and reduce them when possible, even to the point of downsizing in order to bring costs in line with income.
 - 2) Whereas the cost of the national convention continues to escalate, be it resolved that effective 2004 attendees pay a \$10 registration fee.
 - 3) Whereas the expense of the national convention continues to escalate, be it resolved that beginning 2012 the national convention *consider* meeting every other year.
 - 4) Be it resolved that we reaffirm our position that marriage as instituted by God is intended to be a union between a man and a woman (I Corinthians 7:1-2), and that we oppose same-sex marriages.
- Whereas the American Family Association (AFA) has launched an online petition www.nogaymarriage.com to boost the efforts of those in Congress trying to protect marriage, be it further resolved that all attending the national convention be urged to visit AFA online in support of their initiative. Be it also resolved, that every Free Will Baptist be urged to call or write their congress person stating our position on same-sex marriage. Note: According to research, individual letters/emails are more effective than a single letter from a convention.
- 5) Whereas there are many questions about Islam vs. Christianity, we encourage pastors to study and educate/inform their people regarding the theological difference between Islam and Christianity.
 - 6) Be it resolved that we give a rising vote of appreciation to the Florida State Association for hosting the 67th annual convention.

Resolutions Committee:

Nuel Brown, Chairman
 Sherwood Lee
 J.L. Gore

Richard Hendrix
 Melvin Moon (absent)

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following for 2004:

Executive Office (Includes)	\$ 723,190.00
Administrative	\$ 373,533.00
Contact	108,800.00
Convention	240,857.00
Free Will Baptist Bible College.	5,572,151.00
(Includes \$1,300,000.00 in unrestricted gifts)	8,607,321.00
Foreign Missions	4,500,000.00
(Does not include Vision and other projects totaling \$7,325,770.00)	130,874.00
Home Missions	397,719.00
Master's Men	183,100.00
Retirement and Insurance	3,101,835.00
Free Will Baptist Foundation	4,850.00
Sunday School and Church Training	2,800.00
Commission for Theological Integrity	4,000.00
Historical Commission	6,000.00
Music Commission	\$ 23,233,840.00
Media Commission	
Total	

All these ministries receive funds through The Together Way Plan except 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,

Keith Burden, 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
 Ron Hunter, General Director of Sunday School and Church Training Department

2003 National Youth Conference Report

The 2003 National Youth Conference met for its 36th annual conference in Tampa, Florida, July 20-23. The theme of "Stand Still" was emphasized in many ways. NYC registration totaled 3,388.

A total of 761 competitive entries were conducted during the four-day conference with a total of 1,673 young people participating in 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 100 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. Services were held Sunday morning and Sunday through Tuesday nights with John Weaver and Barry St. Clair speaking. Many decisions for Christ were made throughout the week, including several who answered the call to full-time Christian service.

Over 900 students and adults participated in "Reach That Guy," our area service project program. Projects included the Tampa Bay Dream Center, Second Harvest Food Bank, Tampa Homeless Shelter, McDonald Training Center and a blood drive with Florida Blood Services (in which 115 units of blood were collected).

A total of 54 workshops were presented during the conference for children, youth, children's workers, youth workers and adults.

Our participants have been challenged to Stand Still and allow God to reveal Himself and His will to students who live in a busy, hurried world. Our prayer for the coming year is that our students will return to their local churches more equipped and in touch with their Lord.

We will not leave the city of Tampa 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 37th annual National Youth Conference is scheduled for Kansas City, Missouri, in July 2004 where our theme will be "Extreme Cause, Extreme Cost—Matthew 10:38."

Obituary Committee Report

The following names were submitted in sympathy and precous memory of their lives, labor and love for our Lord Jesus Christ.

Alabama

John Edwards, minister
Pascal Yerby, deacon

Colorado

Roy Thomas, minister

Georgia

Damon C. Dodd, minister
John Amburgey, minister
Donald Moore, minister

Hawaii

Fitu Tafaoa, Sr., minister

Illinois

Lyle Rutger, deacon

Kentucky

Robert Carter, minister
Robert Smith, deacon
Thomas Campfield, deacon
Paul Willis, deacon

Michigan

J.D. Tolbert, minister

Missouri

Bill Elder, minister
Ferrell Hutsell, minister

James McCully, minister
Melvin Pinkston, deacon

Ohio

Homer Brooks, minister
Clovis Vanover, minister
Delmar Sparks, minister
Clarence Newman, minister
William Jones, minister
Bill Pitts, minister

Tennessee

William Holt, minister
Winston Sweeney, minister

West Virginia

Luther Bolon, minister
Tom Shirkey, minister
John Stevenson, minister
Kermit Cunningham, minister
William Dean, minister
Garner Williams, minister
Billy G. Smith, minister
Charles Stallard, minister
Lee A. Gore, minister
Ralph Dean, minister
Clyde Huffman, minister
Euel McGraw, deacon

We recommend the audience stand in silent prayer in memory of these who have faithfully served.

Obituary Committee:

Gene Norris, Chairman

Mark Shores

David Joslin

Alton Loveless

Clifford Donoho

Publications Committee Report

The Publications Committee continues to study the feasibility of combining the current publications of the various departments into a single publication (See attached resolution).

The committee has met three times since the 2002 national convention. In the first meeting the committee met with several department editors and directors during the December Leadership Conference to hear Mark McPeak share the results of the research study of the readership of the various Free Will Baptist publications.

He reported: **Readers of current denominational publications are generally in favor of the idea of combining the six publications under study. We recommend that the denomination take the 'next steps' in considering other important aspects of feasibility.**

- Eight out of ten (80%) readers surveyed are in favor of the concept of combining the publications. Additionally, 93% of all respondents say they would be likely to read such a publication. Constituents are generally ready to accept this idea if it is implemented.
- Since the objective of this research has been to understand the constituents' responses to the concept of combining the publications, a number of important questions were not addressed.

This is true because:

- >Such questions could not be clearly communicated and assessed in research of this type.
- >Many of these questions require detailed analysis.
- >Finally, for obvious reasons, some of these questions must be resolved by decision makers other than publication readers.

• The Publications Committee and appropriate denominational leaders should move forward to investigate these and other critical feasibility questions: 1. Financial feasibility—conducting careful analysis of the current actual

costs and projecting the costs related to a combined publication. Also, determining the most appropriate approach to cost sharing. **2. Editorial feasibility**—realizing that the current editorial calendars and agendas are now independent of each other and, to some degree, must be combined in a single publication. Decisions regarding who will make critical editorial, design and other decisions must be settled. **3. Logistical feasibility**—understanding that current significant differences may create logistical challenges, such as: Coordinating the varied publication schedules – Synchronizing frequency among publications which currently publish at different intervals – Accounting for size differences – Dealing with software differences – Combining lists of recipients. There may be other aspects of feasibility not mentioned here.

The committee began the task of seeking answers to the feasibility questions raised by Mark McPeak in a May meeting with Ron Hunter, director of Randall House Publications. He was able to contribute valuable information and suggestions concerning publishing and marketing a single magazine. At that meeting the committee also reviewed publications from various denominations which use a single magazine to promote their work.

On July 8, 2003, the committee again met with the national department directors and editors. At that meeting the committee asked the directors and editors to meet and work out the logistics of publishing a single magazine and share their findings with the committee in December. Executive Secretary Keith Burden has agreed to lead this endeavor.

The committee hopes to conclude its work and report its findings to the body at the 2004 national convention.

In His Service,

Nathan Ruble, Chairman
Edwin Hayes

William Smith, Secretary
David Williford

Jim Marcum

Resolution Adopted in 2001

Whereas, six Free Will Baptist national agencies (Executive Office, Home and Foreign Missions Departments, Master's Men, Free Will Baptist Bible College, and the Sunday School and Church Training Department) print magazines or newsletters and distribute them to the denominational constituency, and

Whereas, five of these national magazines/newsletters are mailed free to subscribers (*AIM*, *Heartbeat*, *Master's Men Newsletter*, *Bible College Bulletin*, and *OutReach*) while one is mailed to a paid subscription list (*Contact*), and

Whereas, the cost of producing, printing and mailing these publications continues to rise each year,

Therefore, to avoid needless duplicating of mailing lists, and in the interest of denominational stewardship, departmental cooperation and a spirit of unity,

Be it resolved that the National Association moderator appoint a five-person Publications Committee from the ranks of those knowledgeable in the field of publishing, from various states to study the feasibility of printing one enlarged national monthly magazine with sections in the publication that incorporate material from each national agency, that the publication be mailed complimentary to subscribers, and

Be it further resolved that the national agencies provide the Publications Committee pertinent information relating to their publication's financial costs and editorial schedules.

Be it finally resolved that the Publications Committee report its findings and make recommendations to the delegates at the July 21-25, 2002, session of the National Association of Free Will Baptists in Memphis, Tennessee.

Statistical Report Reporting Period 2002

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2001 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2002 Membership	Reported 2002 Membership	Combined Income of All Churches
Alabama	14	14	159	159	55	104	95	41	278	17,977	654	331	323	18,300	17,603	2,078,167
Arizona	1	1	5	5	4	1	4		5	202	20	31	(11)	191	166	387,086
Arkansas †	15	15	215	199	96	119	93	91	758	19,451	1,229	620	609	20,060	19,144	11,850,038
Assn. of Mexico	3	3	21	21									0	0		
California	8	8	46	46	38	5	37	6	196	2,548	137		137	2,685	2,890	1,701,385
Canada	1	1	10	10	3	7	3	7	16	303	15	8	7	310	286	
Colorado ‡	1	1	8	5	8		8			300			0	300		432,356
Florida	8	8	68	63	34	34	47	18	217	6,104	317	418	(101)	6,003	5,735	2,233,043
Georgia •	10	10	119	119	40	79	73	46	289	9,374	617	319	298	9,672	8,791	5,345,427
Hawaii			1	1	1		1			44	1	1	0	44	45	86,876
Idaho	2	2	8	8	8		3	5	29	322	13	5	8	330	262	203,187
Illinois	7	7	44	44	29	15	29	11	153	3,944	261	75	186	4,130	3,774	2,190,892
Indiana	3	3	25	25	20	5	18	7	75	677	122	28	94	771	1,120	
Kansas	2	2	10	10	10		3	5	72	304	117	32	85	389	385	259,957
Kentucky	10	10	149	149	38	111	40	85	807	16,115	881	862	19	16,134	16,134	2,794,643
Mid-Atlantic ‡	1	1	7	7	2	5	6	1		724			0	724		
Mexico Assn.	1	1	15	15	15		10	5		1,131			0	1,131		23,341
Michigan	6	4	47	41	41	6	28	19		2,037			0	2,037		1,732,683
Mississippi	3	3	52	44	18	34	35	9	167	4,005	244	111	133	4,138	2,249	1,273,288
Missouri	18	18	186	177	86	94	100	75	528	15,719	771	351	420	16,139	14,961	8,393,710
Montana			1	1				1		18	2		2	20	21	
New Jersey	1	1	2	2		1	1	1		63	2	1	1	64	64	
New Mexico	1	1	4	4	3	1	3	1		85	2	18	(16)	69	56	31,259
North Carolina	8	8	188	188	71	65	95		947	10,569	1,264	641	623	11,192	15,497	
Northeast †	1	1	4	4	2	2	4		14	225	27	8	19	244	249	
Northwest §	1	1	6	6	6		4	2	30	263	25	2	23	286	270	250,000
Ohio	19	19	152	151	70	81	65	80	711	10,307	757	586	171	10,478	9,953	5,746,093
Oklahoma	23	23	239	205	155	73	139	76	1,549	23,924	1,460	936	524	24,448	24,128	13,957,395
Puerto Rico			1	1	1		1		2				0	0		
South Carolina	6	5	120	120	51	69	79	41	207	3,930	513	275	238	4,168	5,051	4,087,324
South Dakota*													0	0		
Tennessee	8	8	213	194	92	121	115	72	816	22,500	1,018	595	423	22,923	33,100	4,576,236
Texas	5	2	50	29	13	16	20	9	117	2,880	172	58	114	2,994	1,799	1,280,063
Virgin Islands			1	1	1		1		2	199		7	(7)	192	192	
Virginia	8	8	94	71	17	60	49	44	255	5,679	327	154	173	5,852	6,348	1,408,162
West Virginia	21	21	187	187	42	145	90	97	471	8,922		431	(431)	8,491	8,491	1,789,214
Wisconsin			1	1	1		1		2	29			0	29	31	70,865
TOTALS	216	210	2,458	2,313	1,071	1,253	1,300	855	8,713	190,874	10,968	6,904	4,064	194,938	198,795	74,182,690

† Includes 5 Louisiana churches

‡ Includes 1 Wyoming church

• Includes 1 Alaska church

‡ Delaware, Maryland, New Jersey, Pennsylvania

† Maine, New Hampshire, Rhode Island

§ Oregon, Washington

* Did not report

Statistical Report Reporting Period 2002

	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	9	39	18,478,374	7,300	1,018	803	101	237	38	425	7	6	5			
Arizona	4	1	1,998,300	136	105	50	28	8		2						
Arkansas †	50	63	54,740,477	11,620	2,237	955	146	327	51	479	3	6	5	1		1,154,011
Assn. of Mexico																
California	20	13	12,130,449	2,629	10	68	25	69	19	46	1	5	8	1	1	1,000,000
Canada		4	1,192,315	309		70		8	1	17						110,741
Colorado £	5		1,610,968	257	15			6	1							
Florida	24	37	20,568,481	2,929	509	312	144	94	19	114	4	2	2			
Georgia •	44	58	31,623,700	4,619	975	730	146	137	20	373	2	2	2			
Hawaii	1	1	3,500,000	60	30			1	1							
Idaho	3	3	1,210,000	228		8		10	3	5	1					
Illinois	20	17	13,839,000	2,126	497	230	53	77	17	106		1	1	1		750,000
Indiana								45	2	39						
Kansas	1		1,540,890	248	66	135	50	11	5	4						
Kentucky	14	4	20,729,500	7,933	1,398	648	144	411	25	390	1	1	1	1		
Mid-Atlantic ‡		2	3,000,000			22		10	1	17						
Mexico Assoc.	15	5	28,009	1,200		250		10		26				1		4,668
Michigan	11		13,926,300	1,520	127	225	48	71	7	60	2	2	1			
Mississippi	26	26	6,701,000	1,525	569	109	76	57	10	117	1	2	2	1		
Missouri	58	48	37,326,859	10,205	763	767	204	269	29	325	4	1	3	3		450,000
Montana			150,000	30				1	1		1					
New Jersey			275,000	31				2		2						
New Mexico	2	2	585,000	57	5	8		6		5						
North Carolina		53		12,037	5,064	1,241	360	251	70	715	10	13	14		1	
Northeast †		1		184	20	15	25	4		4						
Northwest §	4	0	2,225	267		23	14	6	1	3		1	1			
Ohio	38	22	39,048,651	8,038	259	568	148	335	18	197		2	2			
Oklahoma	72	67	84,901,449	18,553	2,346	1,261	378	403	59	548	5	5	7		1	11,250,000
Puerto Rico				32				1								
South Carolina	34	16	11,100,000	4,968	814	623	323	152	5	105	5	5	5	3		1,725,000
South Dakota*																
Tennessee	46	73	55,040,344	12,030	2,237	968	223	378	50	479	5	1	3	3	1	
Texas	12	7	6,169,545	773	70	112	56	29	11	40						
Virgin Islands	1	1	2,350,000	100	75	12		3		3	1	1	1			
Virginia	19	12	20,814,035	4,573	499	614	84	195	22	251	1	2	3	1	1	
West Virginia	10	7	23,313,349	8,182	542	564	76	444	17	299	1		1			
Wisconsin	1		486,000	25				1								
TOTALS	544	582	488,380,220	124,724	20,250	11,391	2,852	4,069	503	5,196	55	58	67	16	5	16,444,420

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