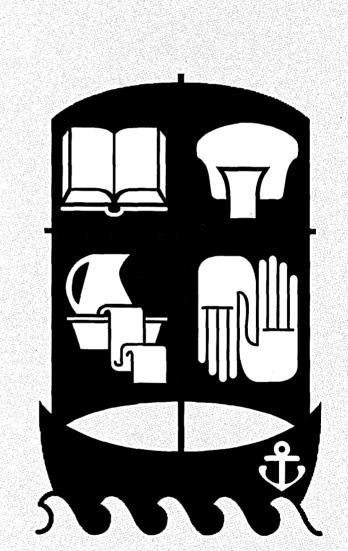
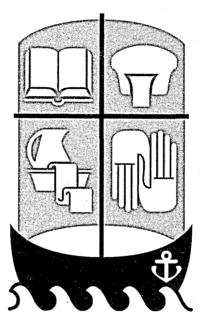
The 2008 Free Will Baptist Yearbook



The National Association of **FREE WILL BAPTISTS**

2008 FREE WILL BAPTIST YEARBOOK



National Association of Free Will Baptists, Inc.

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Church Directory

Minutes

of the

Seventy-first Annual Session of the National Association

of Free Will Baptists, Inc. when convened in Little Rock, Arkansas July 15-18, 2007

Future Sessions of the Convention

2008	Charleston, West Virginia	July 20-23
2009	Cincinnati, Ohio	July 19-22
2010	Oklahoma City, Oklahoma	July 18-21
2011	Charlotte, North Carolina	July 17-20
2012	Memphis, Tennessee	July 15-18
2013	Tampa, Florida	July 21-24
2014	Fort Worth, Texas	July 27-30
2015	Grand Rapids, Michigan	July 19-22
2016	Kansas City, Missouri	July 17-20
2017	Louisville, Kentucky	July 16-19

Officers and Board Members

General Officers

Moderator	Tim York
Assistant Moderator	William Smith
,,,	

General Board

2008

Indiana: Chris Clay Iowa: Jim Martin Kansas: Zane Brooks Kentucky: Chris Sturgill Mexico Assn.: Bud Bivens Michigan: Gene Norris Mid-Atlantic: Wayne Hale Mississippi: J.L. Gore Missouri: Gary Fry New Jersey: William Brown New Mexico: Mark Shores

2009

North Carolina: Billy Keith Northeast Dist.: Jim Nason Northwest Dist.: A.Darrell Smith Ohio: Mike Stokes Oklahoma: Mike Wade South Carolina: Todd Smith Tennessee: Glenn Poston Texas: Keith Woody Virginia: Glen Johnson West Virginia: Luther Morgan

2010

Alabama: Rick Cash Arizona: Charles Marshall Arkansas: Tim Campbell Assn. of Mexico: Luis Felipe Tijerina Atl. Canada: Fred Hanson California: Millard Sasser Colorado: Mark Thomas Florida: Paul Smith Georgia: Wayne Miracle Idaho: Gene Kissinger Illinois: David Shores

Executive Committee

Moderator: Tim York, 623 Knollwood Drive, LaVergne, TN 37086 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 52A, Cisne, IL 62823

2008

Gary Fry (MO) J.L. Gore (MS) Gene Norris (MI)

2009

Mike Wade (OK) Glen Johnson (VA) Keith Woody (TX)

2010

Tim Campbell (AR) Rick Cash (AL) Fred Hanson (Atlantic-Canada)

Board of Trustees of Free Will Baptist Bible College Chairman: Gene Outland, 14869 N. Rend City Road, Sesser, IL 62884

2008

Bob Bass (TN) Gene Outland (IL) Archie Ratliff (NC)

2010 Steve Ashby (OK) Billy Hanna (GA) Terry Pierce (MS)

2012 A.C. Allen (SC) Ken Simpson (MO) Mark Stripling (AR)

Board of International Missions

Chairman: Danny Williams, 235 Meadowlark Road, Winfield, AL 35594

2008

Jeff Manning (NC) Bill Van Winkle (TX) David Williford (TN) **2010** Sherwood Lee (SC) Tom McCullough (MI) Danny Williams (AL) 2012 Nelson Henderson (AR) Jerry Norris (MO) Randy Wilson (OK)

Board of Home Missions

Chairman: Randy Wright, P.O. Box 4, Guin, AL 35563

2009 Loyd Locklear (MI) Ron Parker (LA) James Puckett (OK) **2011** Harold Blankenship (TN) Robert Thebeau (MO) Randy Wright (AL) 2013 Jerry Atwell (MS) Bobby Shepherd (AR) Matt Upton (CA)

Board of Retirement

Chairman: Jack Daniel, 1900 Lullwater Road, Albany, GA 31707

2009	2011	2013	
Jack Daniel (GA)	Ron Barber (OK)	Rick Cason (GA)	
William Ferguson (MI)	Tim Hall (KY)	Craig Cook (TN)	
James Lowe (OH)	Milburn Wilson (TX)	Jack Ward (NC)	

Board of Master's Men

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

2009 Cliff Donoho (TN) Johnny Fowlkes (AR) Rick Stone (KY) 2011 B.J. Morgan (MO) Mike Mounts (GA) Ernie Taylor (IL) 2013 Ken Oleson (OK)) Rudy Taylor (MI) Jason Vinson (AL)

Board of Trustees of the Free Will Baptist Foundation

Chairman: Waymon Fields, P.O. Box 174, Millport, AL 35576

200920112013Len Blanchard (GA)Waymon Fields (AL)Brian Hurst (TN)Rick Locklear (MI)Mark Price (OH)Donnie Miles (SC)Phil Whiteaker (AR)Melvin Worthington (NC)Wendell Walley (CA)

The Foundation Board also includes the following directors of national agencies: James Forlines (IM); Matt Pinson (FWBBC); Larry Powell (HM); Marjorie Workman (WNAC); Kenneth Akers (MM); Ron Hunter (RHP); Ray Lewis (BOR); Keith Burden (EXEC)

Board of Randall House Publications

Chairman: Michael Waddell, 1657 Country Club Drive #1, Killen, AL 35645

2008 Nuel Brown (CA) Danny Dwyer (NC) David Reece (TN) **2010** Tim Eaton (OK) Tim Owen (FL) Michael Waddell (AL) 2012 Mark Braisher (OK) Edwin Hayes (OH) David Womack (IL)

Commission for Theological Integrity

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

2008 Matt Pinson (TN) 2009 Steve Ashby (OK) 2010 Craig Shaw (OK) 2011 Paul Harrison (TN) 2012 Leroy Forlines (TN)

Historical Commission

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

2008 David Crowe (TN) 2009 Robert Picirilli (TN) 2010 Darrell Holley (TN) 2011 Jeff Cockrell (SC) 2012 Jack Williams (TN)

Media Commission

Chairman: No Information

2008 Mark Ousley (TN) 2009 Keith Fletcher (TN) 2010 Doug Kite (NC) 2011 Monte McKenzie (GA) 2012 Kevin Norris (MI)

Music Commission

Chairman: Chris Truett, 1936 Banks School Road, Kinston, NC 28504

2008 James Stevens (TN) 2009 Daron Dwyer (NC) 2010 Chris Truett (NC) 2011 Donnie Burke (GA) 2012 Doug Little (TN)

Proceedings

The 71st annual session of the National Association of Free Will Baptists met July 15-18, 2007, at the Statehouse Convention Center in Little Rock, Arkansas. "Helping One Another" was the theme for the meeting. Roy Harris served as convention manager and Chris Truett as music coordinator.

Sunday School – July 15, 2007

Sunday School began at 10:00 a.m. with Greg Smith leading the congregation in singing "Blessed Assurance" and "Great Is Thy Faithfulness." Gene Norris led in prayer and introduced the Sunday School teacher. Dr. Mark Paschall taught the lesson from Joshua 10:1-15 on "Awesome."

Sunday Morning – July 15, 2007

Morning worship began at 11:00 a.m. with Greg Smith leading the congregation in singing "All Hail The Power," "Glorify Thy Name," and "Majesty." Gene Norris led in prayer and called for the offering. The offering was received while Jodi Simpson sang "O Worship The King." The congregation sang "Praise Him, Praise Him," "I Sing Praises," and "Because He Lives." Gene Norris introduced the speaker and Jodi Simpson sang "When He Comes." Roy Harris, Executive Administrator, preached on "Helping One Another Support God's Work" from Ezra 1:1-4. "I Have Decided To Follow Jesus" was sung as the invitation and the service were dismissed.

Sunday Evening – July 15, 2007

Evening worship began at 7:00 p.m. with the Convention Choir singing "He Is To Me" led by Donnie Burke. Doug Little led the congregation in singing "Great Is The Lord," "Blessed Be The Lord God Almighty," and "How Great Thou Art." Mike Wade gave a welcome and led in prayer. The choir sang "I Choose Jesus" with a solo by Chad Donoho. "Find Us Faithful," "My Jesus, I Love Thee," "More Love To Thee, O Christ," and "He Is Lord" were sung by the congregation.

Mike Wade introduced the speaker and called for the offering. Legacy of Praise sang "No Going Back" as the offertory. Joe Grizzle, pastor of the Cross Pointe Free Will Baptist Church in Norman, Oklahoma, preached on "Helping Your Family" from Matthew 20:28 and Ephesians 5:25-33. Special presentations were made to Bill Evans by Tim Hall on behalf of the Board of Retirement and Waymon Fields on behalf of the Free Will Baptist Foundation. Debe Taylor announced the committees for the Women Nationally Active for Christ and Mike Wade dismissed in prayer.

Monday Evening – July 16, 2007

The worship service began with the National Y.E.T. Team, directed by Angie Deel, singing "Lord, I Believe In You." Corey Hawkins led the congregation in singing "To God Be The Glory," "Let There Be Glory And Honor," and "We Will Glorify The King Of Kings." Clerk Randy Bryant called the 71st annual session to order and introduced Moderator Tim York. The moderator announced the appointment of the following committees:

Credentials Committee:

Danny Williams (AL), Chairman Keith Woody (TX) Fred Hanson (ATL-CAN) Len Blanchard (GA) Luther Morgan (WV)

Nominating Committee:

Will Harmon (AR), Chairman Glenn Poston (TN) Chris Clay (IN) Rick Dement (MO) Rick Cason (NC) David Baker (FL) Dennis Kizzire (MS)

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Resolutions Committee:

Donnie Miles (SC), Chairman Chris Sturgill (KY) Randy Williams (CA) Jeff Blair (OK) Mark Price (OH)

Obituary Committee:

Eugene Workman (TN), Chairman Loyd Locklear (MI) Charles Marshall (AZ) Paul Collins (VA) Milton Worthington (NC)

Tim Campbell, Executive Director of the Arkansas State Association of Free Will Baptists, welcomed the convention to Arkansas and presented "Arkansas Rocking Chairs" to Keith Burden and Tim York. Wayne Miracle introduced the speaker and called for the offering. The Convention Choir, under the direction of Chris Truett, sang "Total Praise" as the offertory and then sang "Thou, O Lord" directed by Daron Dwyer.

The congregation sang "Blessed Be Your Name" and "I Bless Your Name" with a solo part by Carrie Hawkins. Daron Dwyer shared his testimony about the tragedy his family experienced. Dr. Eddie Moody, pastor of Tippett's Chapel Free Will Baptist Church in Clayton, North Carolina, brought the message on "Helping the Fallen" from Ecclesiastes 4:9-12. "I Bless Your Name" was sung as the invitation and Wayne Miracle prayed the dismissal prayer.

Tuesday Afternoon – July 17, 2007

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought a devotion from Galatians 6:14 on "Glorying In The Cross" and concluded with prayer.

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

Motion carried to receive Item 1 of the General Board report.

Executive Secretary Keith Burden gave the reports for the Executive Office and ONE Magazine. Auditor Terry Hill gave the financial reports of the office. Motion carried to receive the reports. Roy Harris, Executive Administrator, was presented an "Arkansas Travelers Certificate" in recognition of his work with the convention.

Ernest Harrison, Jr., and Nathan Ruble were recognized for their years of service on the Executive Committee. Director James Forlines gave the report of the International Missions Department.

Rob Conley gave the financial report. Motion carried to receive the report and adopt the budget. Bobby and Sue Aycock were presented a plaque in recognition of their 40 years of missionary service in Brazil.

Motion carried to table Item 5 from the General Board report.

Motion carried to adopt Item 6 from the General Board report.

The clerk read the Nominating Committee's report for General Board members. Motion carried to elect Jim Martin as Iowa's representative for a term ending in 2008 and to elect Chris Sturgill to fill the 2008 unexpired term of Jim Patton. Motion carried to elect the following for terms ending in 2009: Billy Keith (NC) replacing Jim Marcum; Mike Wade (OK) replacing Ernest Harrison, Jr.; Todd Smith (SC) replacing Mike Jones and Glenn Poston (TN) replacing Charles Thigpen.

The clerk read the Nominating Committee's report for General Board members for terms ending in 2010. Motion carried to receive the report and elect the members nominated.

The clerk read the Nominating Committee's report for Executive Committee members with terms ending in 2010. Tim Campbell (AR), Fred Hanson (Atl-Can), and Rick Cash (AL) were elected. Mike Wade (OK) was elected to fill the 2009 unexpired term of Ernest Harrison, Jr.

Tuesday Evening – July 17, 2007

The evening worship began at 7:00 p.m. with the Convention Choir singing "I'm Amazed" directed by Chris

Truett. Trent Walley led the congregation in singing "Come Into His Presence," "Blessed Be The Lord God Almighty," and "Who Can Satisfy?" Randy Williams welcomed the assembly and led in prayer.

The Convention Choir sang "Saved" and the congregation sang "The Solid Rock," "In The Name Of The Lord," and "It Is Well." Randy Williams introduced the speaker and an offering was received. The Gwartney Family sang "Free To Go Home." Wendell Walley, president of California Christian College, preached on "Helping Resolve Conflict" from Philippians 4:1-3. Randy Williams dismissed the service in prayer.

Wednesday Morning – July 18, 2007

The business session opened with Assistant Moderator William Smith reading Matthew 16:24-26.

Motion carried to have the moderator appoint a committee to evaluate the support plan being proposed by the Board of Directors of the International Missions Department in light of The Together Way Plan and to report back to this body in July, 2008. This committee is to determine if The Together Way Plan, as it now stands, allows for this department to do away with designated giving and also to offer appropriate recommendations.

The committee will consist of the Executive Committee of the Board of International Missions: Danny Williams, Randy Wilson, and Tom McCullough and the General Officers of the National Association: Tim York, William Smith, Randy Bryant, Ernie Lewis, and Keith Burden.

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

Motion carried to require the Free Will Baptist Bible College's financial report and audit be given to convention delegates at registration.

Director Ron Hunter gave the Sunday School and Church Training report. Clarence Lewis gave the financial report. Auditor Terry Hill spoke on the matter of sale units for Sunday School materials. Motion carried to receive the report, adopt the budget, and receive the bookstore contract material as information.

Stanley Seibert from the Sciotodale Free Will Baptist Church in Wheelersburg, Ohio, was recognized as the 2006 Clear Teacher of the Year. The award was presented to Mark Price in Stanley Seibert's absence.

Motion carried to have Ron Hunter meet with state leaders and bookstore operators in one setting to discuss the problem of unit sales and future solutions.

Motion was carried to remove the proposed name change of the Sunday School and Church Training Department from the table. Motion carried to change the name to "Randall House Publications of the National Association of Free Will Baptists, Inc."

Director Larry Powell gave the Home Missions Department report. Motion carried to receive the report and adopt the budget. Matt Upton (CA), Jerry Atwell (MS), and Bobby Shepherd (AR) were elected to the board for the 2013 term.

Captain John Carey and 2nd Lt. Brian Sargent were recognized for their service as Free Will Baptist chaplains. In recognition of his retirement, a plaque was presented to Commander Robert Cooper of the U.S. Navy for his 27 years of service as a Free Will Baptist chaplain.

Richard Adams was presented a plaque in recognition of his work for the Home Missions Department upon his retirement.

Director Ken Akers gave the Master's Men report. Motion carried to receive the report and adopt the budget. Ken Oleson (OK), Jason Vinson (AL), and Rudy Taylor (MI) were elected to the Board for the 2013 terms.

Motion carried to adopt Item 2 of the General Board report.

Wednesday Afternoon – July 18, 2007

The afternoon business session began with Assistant Clerk Ernie Lewis reading from Matthew 7:24-27 and leading in prayer.

Director Ray Lewis gave the Retirement and Insurance Department Report. John Brummitt gave the financial report. Rick Cason (NC), Craig Cook (TN), and Jack Ward (NC) were elected to the board for the 2013 term. Motion carried to receive the report and adopt the budget.

Bobby Bowers was presented a plaque in recognition for his 12 years of service as a board member.

Director Bill Evans gave the Free Will Baptist Foundation report. David Brown gave the financial report. Motion carried to receive the report and adopt the budget. David Brown and Waymon Fields presented a plaque to Bill Evans in recognition of his 18 years of service to the Foundation. Len Blanchard (GA) was elected to serve the unexpired 2009 term of Barry Simpson (TN). Mark Price (OH) was elected to serve the unexpired 2011 term of Roy Harris (TN). Brian Hurst (TN), Donnie Miles (SC), and Wendell Walley (CA) were elected to 2013 terms on the board.

No report was given by the Media Commission. The following were elected to the commission: Mark Ousley (TN) elected to serve the unexpired 2008 term of Sandy Goodfellow (TN), Keith Fletcher (TN) elected to serve unexpired 2009 term of Mike Jones (SC), Kevin Norris (MI) elected to 2012 term on the commission.

Leroy Forlines gave the report of the Commission for Theological Integrity. Motion carried to receive the report and adopt the budget. Leroy Forlines was elected to the 2012 term on the commission.

Motion carried to table Item 7 from the General Board report.

Jack Williams gave the Historical Commission report. Motion carried to receive the report and adopt the budget. Jack Williams (TN) was elected to the commission for the 2012 term.

Chris Truett gave the Music Commission report. Motion carried to receive the report and adopt the budget. Doug Little (TN) was elected to the 2012 term on the commission.

Marjorie Workman gave the WNAC report. Motion carried to receive the report as information.

Ron Hunter gave the NYC report. Motion carried to receive the report as information.

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

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

The clerk read the Obituary Committee report. Motion passed to receive the report. Eugene Workman led in a prayer of remembrance.

The clerk read the Resolutions Committee report. Motion carried to receive the report and act on the resolution by giving the Arkansas State Association a rising vote of thanks.

Motion carried to adopt Item 3 from the General Board report.

Motion carried to adopt Item 4 from the General Board report.

Motion carried to remove Item 5 of the General Board report from the table. Item 5 was adopted.

The clerk read the final Nominating Committee report. The following were elected:

Moderator - Tim York (TN)

Assistant Moderator – William Smith (GA)

Clerk - Randy Bryant (FL)

Assistant Clerk - Ernie Lewis (IL)

Motion carried to adjourn. Ralph Hampton dismissed in prayer.

Wednesday Evening – July 18, 2007

The evening worship service was preceded by a video presentation on "Impact Little Rock." The service began with Truth and Peace singing "Army Of The Lord" directed by Chris Truett. Mark Stripling welcomed the body. The congregation sang "Revive Us Again" and "Jesus Saves" directed by Shane Davison. Pastor Paul Amazee from Cote d'Ivoire brought greetings to the body with Mike Cousineau serving as interpreter. Home and international missionaries were introduced while the Temple Praise Team sang "It Is Finished." James Forlines and Larry Powell led in a commissioning service for new missionaries. Danny Williams, chairman of the International

Missions Board, prayed the commissioning prayer. Following prayer by Mark Stripling, Legacy of Praise sang "Go Reach Your World" while the missions offering was received. Mark Stripling introduced the speaker and Nelson Henderson preached the message on the theme, "Helping Reach the World." His message, "Our Personal Missionary Journey," was taken from Acts 16:6-10. "Wherever He Leads I'll Go" was sung as the invitation. The service concluded with the Convention Choir presenting a "Finale Medley" under the direction of Chris Truett. Mark Stripling dismissed the service in prayer.

Credentials Committee Report

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

- 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, Assoc. of Mexico, Atlantic-Canada, Colorado, Mexico Assoc., Mid-Atlantic, New Jersey, New Mexico, Northeast, and Northwest.
- 3. From the following local churches which are entitled to be represented by one delegate: Hawaii and Wisconsin.
- 4. We recommend that the delegates from the state associations, district associations, and local churches listed above be seated for this session, along with their other delegates who are properly registered.
- 5. We recommend that all lay delegates entitled to represent by virtue of their positions on standing boards be seated if properly registered.

Submitted by your Credentials Committee,

Danny Williams (AL), Chairman Len Blanchard (GA) Fred Hanson (ALT-CAN) Luther Morgan (WV) Keith Woody (TX)

General Board Report

The General Board of the National Association of Free Will Baptists met on July 16, 2007, at the Peabody Hotel, Conway Hall, in Little Rock, Arkansas. As a result of this meeting, we offer the following recommendations:

- 1. We heard the reports of the Executive Office, ONE Magazine, WNAC, International Missions, Free Will Baptist Bible College, Sunday School and Church Training, Home Missions, Master's Men, Board of Retirement and Insurance, Free Will Baptist Foundation, Commission for Theological Integrity, Historical Commission, Music Commission, and Budget Committee. We recommend that their reports be received and budgets adopted.
- 2. We recommend Louisville, Kentucky, for the 2017 convention.
- 3. We recommend the report from the Ridge Church Committee be received and its proposals adopted.
- 4. We recommend that the Executive Committee review the nominating process and bring back recommendations to the 2008 convention.
- Concerning the matter passed to the Executive Committee as to defining "standing delegates" in Part V, Article III of the *Treatise*: It is our understanding that "ordained" applies to ministers, deacons, and missionaries only.

Since "ordained missionaries" are "ordained ministers" or "ordained deacons," Article III could be clarified by changing the wording as follows:

"Voting representation in the National Association, at any session, shall be by delegates from the various organizations which hold membership in the National Association according to the provisions of Article II, and upon the payment of fees described in the by-laws. Delegates are of two kinds: standing delegates, who are the ordained ministers and ordained deacons in good standing with an affiliated organization, the officers of the National Association, and the members of the various boards, commissions and committees of the National Association, and lay delegates who are elected representatives of the various organizations affiliated with the National Association, according to the provisions of the by-laws."

- 6. We recommend the Eastern Iowa Association of Free Will Baptists for membership in the National Association of Free Will Baptists as a district association.
- 7. We recommend the following as an appendix to Chapter IV, Section 1 of the *Treatise*: "Both Scripture and nature as designed by God affirm the lifelong, covenantal union of one man, being male as created by God, and one woman, being female as created by God, in a one-flesh relationship. This one-flesh relationship is emblematic of the union of Christ and His church. It is the sole and beautiful context of the divine plan for the marital relationship of man and woman as image-bearers of God, as well as the foundation for the family as the basic, divinely ordained unit of human society. Violations of this one-flesh union, whether heterosexual or homosexual, premarital or extramarital, contravene the divine plan for the family and for the conception and rearing of children, bringing spiritual despair, guilt, and death to individuals and cultures."

Genesis 1:26-28; Genesis 2:18, 20-25; Exodus 20:14; Deuteronomy 5:18; Matthew 19:4-6; Romans 1:18-32; 1 Corinthians 7:1-5; Ephesians 5:21-33; 1 Thessalonians 4:3-5; Hebrews 13:4.

Nominating Committee Report

	Noninating Comm	ace hepoin
Hom 2013	ne Missions Replacing Jerry Atwell (MS) Replacing Bobby Shepherd (AR) Replacing Matt Upton (CA)	Bobby Shepherd
Mas 2013	ter's Men Replacing Roy Copeland (OK) Replacing Rudy Taylor (MI) Replacing Jason Vinson (AL)	Rudy Taylor
Boa1 2013	r d of Retirement Replacing Bobby Bowers (SC) Replacing Craig Cook (TN) Replacing Jack Ward (NC)	Craig Cook
Boai 2009 2011 2013	rd of Trustees of the FWB Foundation Replacing Barry Simpson (TN). Replacing Roy Harris (TN). Replacing Brian Hurst (MO) Replacing Donnie Miles (SC) Replacing Wendell Walley (CA)	Mark Price (OH) Brian Hurst (TN) Donnie Miles Wendell Walley
Med 2008 2009 2012	lia Commission Replacing Sandy Goodfellow (TN) Replacing Mike Jones (SC) Replacing Kevin Norris (MI)	
Com 2012	mission for Theological Integrity Replacing Leroy Forlines (TN)	Leroy Forlines
Hist 2012	orical Commission Replacing Jack Williams (TN)	Jack Williams
Mus 2012	ic Commission Replacing Doug Little (TN)	Doug Little
Gen	eral Board	
2008	lowa	
	Kentucky (replacing Jim Patton)	
2009	North Carolina (replacing Jim Marcum)	Billy Keith
	Oklahoma (replacing Ernest Harrison, Jr.)	
	South Carolina (replacing Mike Jones)	Glenn Poston
2010	Alabama (replacing Rick Cash)	Rick Cash
	Arizona (replacing Charles Marshall)	Charles Marshall
	Arkansas (replacing Tim Campbell)	Tim Campbell
	Assn. of Mexico (replacing Luis Felipe Tijerina)	Luis Felipe Tijerina
	Atlantic-Canada (replacing Fred Hanson)	Fred Hanson
	California (replacing Millard Sasser)	Millard Sasser
	Colorado (replacing Mark Thomas)	Mark Thomas
	Florida (replacing Paul Smith) Georgia (replacing Len Blanchard)	
	Idaho (replacing Earl Jenkins)	
	Illinois (replacing David Shores)	David Shores

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Executive Committee

2009	Replacing Ernest Harrison, Jr. (OK)	. Mike Wade (OK)
	Replacing Tim Campbell (AR)	
	Replacing Rick Cash (AL)	
	Replacing Fred Hanson (Atlantic-Canada)	Fred Hanson

General Officers

1	Moderator: Replacing Tim York (TN)	Tim York
	Assistant Moderator: Replacing William Smith (GA)	. William Smith
	Clerk: Replacing Randy Bryant (FL)	
	Assistant Clerk: Replacing Ernie Lewis (IL)	

Nominating Committee: Tim Eaton (OK), Chairman

Tim Eaton (OK), Chairm Len Blanchard (GA) Edwin Hayes (OH) Glen Johnson (VA) Terry Pierce (MS) David Taylor (AR) Keith Woody (TX)

Minutes

of the

Seventy-second Annual Session of the Women Nationally Active for Christ Convention

of the

National Association of Free Will Baptists

when convened in **Little Rock, Arkansas** July 16-17, 2007

Women Nationally Active For Christ P.O. Box 5002 Antioch, TN 37011-5002

Executive Committee

President

Rebecca Pugh 298 Andy Drive Drummonds, TN 38023 901-840-2100 rccpugh@yahoo.com

Vice President

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Secretary

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Linda Harvey 19225 N. 30th Place Phoenix, AZ 85050 602-569-6874 nvfwbc@gwest.net

Diana Bryant 2156 54th Avenue Vero Beach, FL 32966 772-567-1956 bryantfwb@bellsouth.net

Jan Clay 8102 Amarillo Drive Indianapolis, IN 46237 okiejan@sbcglobal.net

Executive Secretary-Treasurer Marjorie Workman 1408 Ravenna Court North Antioch, TN 37013 615-366-0573 marjorie@nafwb.org

Theme: Travel Light Scripture: Hebrews 12:1 Music Coordinator: Sue Patton Worship Leader: Suzanne Graham Pianist: Leona Gurley Organist: Jayne Hanna

Proceedings

WNAC Seminar

Monday, July 16

President Debe Taylor presided over the session honoring pastors' wives. Each pastor's wife was presented a gift bag comprised of items from various donors. The attendees enjoyed a concert by 4-GIVEN and Janice McAlister, a pastor's wife from Hot Springs, Arkansas, shared her personal history of God's provision. Citing Psalm 91, she also testified of God's faithfulness during seasons of ministry trials. An open Bible offering was received for 4-GIVEN.

Business Session Tuesday, July 17

Women Nationally Active for Christ met Tuesday morning, July 17, 2007, at 8:30 a.m. in the Statehouse Convention Center, Governor's Halls 1-3, Little Rock, Arkansas. President Debe Taylor presided over the meeting. The session opened with congregational singing. Rebecca Pugh, vice-president, opened the session in prayer. Arkansas WAC State President Lisa Bowden welcomed the convention to the state of Arkansas. A special presentation, "Arkansas Traveler," was given to Executive Secretary-Treasurer Marjorie Workman. The convention enjoyed beautiful music from Central Asia by the group ZAVET (Promise) and Luba Kudratova. Their songs reflected on how to find God and to know Him. Mike Cousineau, missionary to Africa, introduced a special guest to the convention body - Pastor Paul. Pastor Paul is the new director of the Bible Institute in Cote D'Ivoire, West Africa.

Sarah Fletcher, editor of *Together With God* magazine, presented the Creative Arts Awards. The winners were as follows:

Programs

First: Taught By the Bible, Amanda Kilgore, Greeneville, TN Second: Paint Your World, Pamela Hackett, Boiling Springs, SC Third: The Verses of My Life, Sue Winchester, Manchester, MO

Plays/Skits

First: Every Woman Needs WNAC, Sarah Sargent & Kelly Moone, Reynoldsburg, OH Second: Taking Out the Trash, Sandy Forman, Warren, AR Third: Symbols of Christmas, Cheryl Akers, Jacksonville, FL

Photography

First: Psalm 19:1, Sarah Sargent, Reynoldsburg, OH Second: River to Sea, Fay Carrol Reid, Fresno, CA Third: Bay of Refuge, Fay Carrol Reid, Fresno, CA

Art

First: The Potter, Janis Williams, Antioch, TN Second: The Trinity, Patricia A. Tabor, Spiro, OK Third: One Life, Brittany Reid, Fresno, CA

Devotionals

First: Where There is No Vision, Jeannie Barrick, Alma, AR

Second: Determined or Determination, Rosaline Johnston, New Brunswick, Canada

Poetry

First: Church Quilting Bee Quilt, Brenda Shores, Alma, AR Second: Remembering You, Karen Marshall, McRae, AR Third: The Book, Ruth Bivens, Pharr, TX

Articles

First: Mary's Preparation, Glenna Price, LeRoy, WV First: Do You Do Abortions?, Amanda Kilgore, Greeneville, TN Second: A Penny Worth of Seed, Pamela S. Hackett, Boiling Springs, SC Third: A Dose of My Own Teaching, Tammy Powers, Marion, VA Mrs. Fletcher informed the body that a new category, Scrapbooking, has been added to the Creative Arts Contest.

The Credentials Committee, Chairperson Rebecca Pugh, TN; Janie Stone, KY and Pam West, MI, submitted the following report:

The following 19 state conventions submitted reports and paid membership fees: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

The following two districts with no state convention submitted reports and paid membership fees: First Arizona and New Mexico.

The following five local groups with no district or state convention submitted reports and paid membership fees: First Topeka, Kansas; St. Croix, Virgin Islands; Tri-Cities, Washington; Cheyenne, Wyoming; West Valley, Utah.

In addition, there were 27 delegates from local groups in good standing with their representing higher body (district or state) that paid their \$10.00 representation fee.

Motion carried to accept the report and seat the delegates.

Marjorie Workman gave the Executive Secretary-Treasurer's report. She reported that the year had ended in the black. She also reported that a check was sent in the amount of \$41,000 for the Christmas Joy project. This will be an on-going project with the deadline for receiving funds for this year being October 15th. Included in the report was Bobby Bowen's power point presentation of the 2007 Kazakhstan team and the Joy of Christmas project. Mrs. Workman announced her plans to retire on July 22, 2008.

Sarah Fletcher, *Together With God* editor, launched the program plans for 2008 – *Travel Light*. The year will begin (September) with the study, *Baggage Claim*. The second study will be *Road Trip*, the third (January - April) *How Much is too Much*, and the fourth study is *This Little Light of Mine*, dealing with missions. Two book recommendations to accommodate this year's theme are *Travel Light* by Max Lucado and *Over Mountain or Plain or Sea* by Trula Cronk. Sarah also encouraged attendees to purchase the Program and Plan book which includes several promotional items for use in local promotion. Mary Neal, former WNAC president, offered a prayer for the new year.

Motion carried to accept the report and adopt the Budget for 2008.

President Debe Taylor informed the body of the guidelines for submitting nominations for the position of Executive Secretary-Treasurer. These nominations must be submitted by September 30th and can be sent to the WNAC office or to one of the officers.

The Resolutions Committee Report was read. Motion carried to accept the report and vote item by item.

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

1. International Missions Scholarship (\$2,000)

Panama: Four students will be enrolled in the new seminary which will open in 2008 under the leadership of Eddie Bowerman. We recommend that each student receive one fourth of the scholarship, which will amount to \$500.

2. Home Missions Scholarship (\$500)

A \$500 scholarship be awarded to a student(s) enrolled in the ministerial training program at the Gwen

Hendrix Hispanic Seminary in Inman, South Carolina. This scholarship will help provide tuition, room and board.

Motion carried to accept both recommendations. Those serving on this committee were Janie Campbell, AR, chairperson; Ann Brown, VA; Suzanne Lewis, IL; Sherri Woolard, NC; Hope Van Winkle, TX.

The Appreciation Committee Chairperson Debra VanPelt (GA) gave the following report: We, the Appreciation Committee, want to recognize the WNAC Executive Committee and the WNAC staff for their efforts in leading us "Farther Still" this year. One of their greatest achievements was in the renaming and recreation of the *Together With God* magazine. Also, we recognize their efforts in coordinating the 72nd annual session of WNAC. We appreciate our sisters, the Arkansas Women Active for Christ for their year of planning, preparation and prayer for this convention. Thank you for your gracious hospitality. Additionally, we recognize all of our musicians, our presenters and our speakers for the seminar on Monday and our service today. A special thanks to those that donated gifts for the "goody bags" distributed in Monday's seminar. We have been blessed. Therefore, we recommend that all these people be highly commended for their combined efforts in making this year's WNAC convention a tremendous success and that they be given a rising vote of appreciation.

Those serving on the committee were: Debra VanPelt, GA, chairperson; Donna Brewer, KS; Mary Neal, IN. Motion carried to adopt the Appreciation Committee's report.

The Registration Committee Chairperson Reva Baker (MO) gave a partial report as follows: Number of persons registered:

WNAC National Officers (Standing Delegates) - 4

State Presidents (Standing Delegates) - 14

State Field Workers (Standing Delegates) – 8

State Delegates (Elected Delegates) - 130

Local WNAC Delegates (paying \$10 representation fee) - 27

Total Delegates – 183

Non-Voting Attendees:

Visitors - 761

Missionaries (U.S. & International) – 38

Grand Total Registered – 982

Those serving on this committee were Reva Baker, MO, chairperson; Teresa Smith, SC; Lisa Hickle, OH.

Motion carried to accept the partial report of the Registration Committee.

The following report was submitted by the Nominating Committee chairperson, Diana Bryant (FL). President – Rebecca Pugh, TN; Vice-President – Shirley Jackson, MO; Secretary – Phyllis York, TN; Members at Large – Jan Clay, IN; Diana Bryant, FL; Linda Harvey, AZ

Motion carried to accept the report and vote office by office.

President Debe Taylor proceeded with election of officers. Rebecca Pugh's name was placed into nomination. Motion carried to elect Rebecca Pugh as president. Shirley Jackson, MO, nominated for vice-president. Motion carried to elect Shirley Jackson. Phyllis York, TN, nominated for secretary. Motion carried to elect Phyllis York. Linda Harvey, AZ; Diana Bryant, FL; Jan Clay, IN, were all nominated for members at large. Motion carried to elect Linda Harvey, Diana Bryant and Jan Clay as members at large.

Mrs. Workman presented Debe Taylor with a diamond necklace for her 10 years of service. Debe gave closing remarks and presented the gavel to Rebecca Pugh as the new president of WNAC.

10:30 A.M. Missionary Service

Suzanne Graham, WNAC worship leader, called the assembly to worship with congregational singing. Shirley Jackson challenged the attendees to give generously to the morning offering, and then prayed the offertory prayer. The Youth Choir from Huntsville, AR, sang during the offering. Mrs. Workman introduced the Central Asia guests – Luba Kudratova and ZAVET (Promise) – who provided special music for our service. Debe Taylor introduced Tom and Pam Jones and family, home missionaries to PA. Pam began the service by sharing her testimony. Jenna and Mandy Jones sang, "His Wounds Have Paid My Ransom." Tom delivered the message from Matthew 26:36-39 entitled, "Moving toward Nevertheless." He shared the three processes one goes through before reaching "nevertheless" (1) An Awareness (2) An Openness (3) A Willingness – to the will of the Father.

Debe Taylor dismissed the congregation with prayer. The morning offering totaled \$3,258.50. An open Bible offering was received to help ZAVET with their expenses.

Fellowship Luncheon

Tuesday, July 17

12:00 - 2:00

The Fellowship Luncheon was held in the Doubletree Hotel, Salons A, B, C. Luba Kudratova from Kazakhstanshared her testimony of how she came to Christ out of the Muslim religion. She challenged the audience with Ecclesiastes 9:10 – "whatever your hand finds to do (can do), do it with all your might."

State Presidents and Field Workers Reception

A reception for state presidents and field workers was hosted by the WNAC staff in the Doubletree Hotel, Edgehill Room, following the Tuesday evening service of the National Association.

Synopsis of the Minutes of WNAC Executive Committee Meeting Wednesday, December 6, 2006

The Executive Committee of WNAC met in the WNAC Conference Room. Members present were: Marjorie Workman, Debe Taylor, Rebecca Pugh, Phyllis York, Linda Harvey, Carolyn Hendrix and Shirley Jackson.

Plans were finalized for the 2007 Convention and the 2007 Branson Retreat.

The committee approved: (1) Honorarium for Branson Retreat Speaker; (2) Travel Expenses for Executive Committee and Music Coordinator for Branson Retreat (3) Honorariums for the 2007 Convention Speakers; (4) The suggested 2008 WNAC budget and its submission to the WNAC convention; (5) The audit proposal from Bellenfant & Miles, P.C. (6) The WNAC theme for 2015, "The Lord's Delight" Psalms 147:11; 2016, "Eternity's View" II Corinthians 4:18; and 2017, "Shine" Philippians 2:15b.

Synopsis of the Minutes of WNAC Executive Committee Meeting

Sunday, July 15, 2007

The Executive Committee met in the DoubleTree Hotel Board Room in Little Rock, Arkansas. Members present were: Debe Taylor, Rebecca Pugh, Phyllis York, Linda Harvey, Shirley Jackson, Carolyn Hendrix and Marjorie Workman. President Debe Taylor called the meeting to order. Debe Taylor read from II Corinthians 4:7-10 and shared devotional thoughts on "Do Not Lose Heart." An overview of the scheduled events pertaining to the 72nd Annual Session of WNAC was reviewed. Motion carried to send recommendations on to the WNAC convention. Possible retreat changes were discussed: location, workshops. Developing a "family ministry" by combining WNAC, Master's Men and possibly the youth was also discussed. It was reported that \$41,000 was sent for the Christmas Joy project and the Provision Closet continues to do well. The committee approved providing an opportunity to give to 4-GIVEN by having an "Open Bible Offering." Marjorie announced her plans to retire on July 22, 2008, as the executive secretary-treasurer of WNAC. The committee established guidelines for accepting nominations for the position and discussed the process for election of the new executive secretary-treasurer.



2007 WOMEN NATIONALLY ACTIVE FOR CHRIST REPORT

"FARTHER STILL" MATTHEW 26:39

This year's theme champions change. Change that reflects our desire in WNAC to reach across the generations to all women especially the younger generation. These changes will only occur when bathed in prayer, so this year we have called our women to pray.

VISION FOR THE FUTURE

Through a special media presentation at last year's convention, WNAC cast a vision for the future. A future that must touch our younger women. Our vision included:

- · Together with God magazine that debuted in January.
- New ministries booklets defining our work, free for promotion in local churches.
- Changes in WNAC's calendar year.
 - 1. Our program year now runs from September through August,
 - The new year's theme will be launched at the July convention. Our financial calendar will not change.
 - 3. Emphasis Month moved from August to May. Mother's Day is designated as WNAC Emphasis Offering.
- Bible Studies are now the new format for WAC programs. Lorene Miley wrote the first eight studies on prayer, September will begin a new study reflecting our new theme "Travel Light."
- Expanded guidelines for the Missionary Provision Closet to include our Bible Institutes and other International and National Ministries.
- Increasing our Cleo Pursell Foreign Student Scholarships from \$3,000 to \$4,500 to include Bible institutes in Chelyabinsk and Krasnodar, Russia.

A VISION REALIZED

A big hearty thank you to all—women, churches, Sunday school classes, and children—who joined with WNAC to share Christmas Joy with children in Central Asia. Together we sent \$41,165.34 to purchase Christmas gifts for approximately 5000 children. After our deadline, we received almost \$5,000 more for Christmas joy. These funds will be sent this year. A team of nine women and two missionaries traveled to Kazakhstan in January to see first-hand and to participate in the distributions of the gifts. A PowerPoint presentation of the CA Team trip will be shown Tuesday morning at the WNAC general session. You can still send gifts to Christmas Joy.

A VISION FOR GROWTH

A total of 19 states and two districts (with no state organization) plus five local groups (with no district or state organization) reported a total of 5937 members last year. Since January of this year we have had 8 new groups interested in organizing. We had three groups to disband. We invite all women's groups to join with our national organization so that together we can do more to reach the world for Christ. Our purpose continues to be to help our women understand and fulfill the Great Commission through our homes, churches, communities, and around the world.

A VISION FOR PERSONAL ENRICHMENT, ATTEND OUR FOURTH ...

Marriage Enrichment Conference, Branson, Missouri August 24-26, 2007 Speakers: Richard and Sandy Atwood

Bellenfant + Miles, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Executive Committee of the Women Nationally Active for Christ Antioch, Tennessee

We have audited the accompanying statement 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, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Women Nationally Active for Christ as December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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 Women Nationally Active for Christ, as of December 31, 2006, 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.

Bellemant & Miles, A.C.

April 18, 2007

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) STATEMENTS OF FINANCIAL POSITION <u>DECEMBER 31, 2006 and 2005</u>

ASSETS

			2006		2005
ASSETS					
Cash			269,469	\$	244,612
Accounts receivable - Note 1			10,449		11,694
Inventory - Note 1			4,197		5,446
Notes receivable, net of allowar					
doubtful accounts of \$2,628	(\$2,333 in 2005)		5,608		6,263
Accrued interest receivable			2,541		1,951
Property & equipment, at cost					
less accumulated depreciation					
(\$21,369 in 2005) - Notes	1 & 2		5,478		7,012
TOTAL ASSETS		<u> </u>	297,742	\$	276,978
L	IABILITIES AND N	ET ASSE	TS		
the second second second	· · · · · · · · · · · · · · · · · · ·				
LIABILITIES					
Accounts payable and accrued	expenses	\$	36,433	\$	29,268
Deferred revenue - Note 7			37,707		41,014
Total liabilities			74,140		70.282
· · ·				6 -1	;
COMMITMENTS - NOTES 4 &	: 9				
NET ASSETS					
Unrestricted - (deficit)			4,153		(2,785)
Temporarily restricted			199,801		190,613
Permanently restricted		<u></u>	19,648		18,868
Total net assets			223,602	.	206.696
TOTAL LIABILITIES AND N	VET ASSETS		297,742	\$	276,978

The accompanying notes are an integral part of these 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, 2006 and 2005

	2006	2005
UNRESTRICTED		
REVENUE AND OTHER SUPPORT:		
Dues and fees	\$ 82,173	\$ 62,440
Designated contributions	346,126	375,932
Magazine and literature sales	84,261	92,041
Convention and retreat income	16,531	31,541
Gifts and offerings	109,009	72,046
Interest income	8,267	7,326
Rent income	3,629	3,564
Gain (loss) on value of investment	2,830	1,370
Net assets released from restrictions:		
Satisfaction of program restrictions	5,405	6,336
Total revenue	658,231	652,596
EXPENSES		
Salaries and wages	103,395	99,726
Payroll taxes and employee benefits	22,719	23,167
Cost of magazine and literature printing	46,822	37,354
Travel and promotion	3,340	1,896
Conventions and retreats	30,020	34,309
Office expense	9,724	12,898
Postage	5,629	3,622
Rent expense	27,663	27,060
Professional fees	5,170	10,850
Administrative expense		300
Depreciation	1,534	1,556
Bad debts		976
Insurance expense	933	929
Dues and subscriptions	16	52
Special projects	47,538	5,166
Continuing education	566	50
Designated contributions	346,224	376,982
Total expenses	651,293	636,893
Increase (decrease) in unrestricted net assets	6,938	15,703

The accompanying notes are an integral part of these 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, 2006 and 2005

	2006	2005
TEMPORARILY RESTRICTED		
Gifts and offerings	\$ 14,299	\$ 11,922
Interest income	294	231
Net assets released from restrictions:		
Satisfaction of program restrictions	(5,405)	(6.336)
Increase (decrease) in temporarily restricted net assets	9.188	5,817
PERMANENTLY RESTRICTED	•	
Gifts and offerings	780	1,010
Increase in permanently restricted net assets	780	1,010
Total increase in net assets	16,906	22,530
Net assets - beginning of year	206,696	184,166
Net assets - end of year	\$ 223,602	\$ 206,696

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

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	16,906	\$ 22,530
Adjustments to reconcile change in net assets to net		
cash provided (used) by operating activities:		
Deprecation	1,534	1,556
Bad Debts		976
Loss on disposition of property & equipment		62
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,245	(211)
(Increase) decrease in inventory	1,249	458
(Increase) decrease in accrued interest receivable	(295)	(181)
Increase (decrease) in accounts payable	7,165	(10,201)
Increase (decrease) in deferred revenue	(3,307)	(549)
Net Cash Provided (Used) By Operating Activities	24,497	14,440
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on loans receivable	360	631
New note made		(6,000)
Purchases of property and equipment		(2,798)
Net Cash Provided (Used) By Investing Activities	360	(8,167)
INCREASE IN CASH AND CASH EQUIVALENTS	24,857	6,273
Cash and cash equivalents at beginning of years	244,612	238,339
Cash and cash equivalents at end of years	\$ 269,469	\$ 244,612

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

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WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) NOTES TO THE FINANCIAL STATEMENTS <u>DECEMBER 31, 2006 and 2005</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

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 2006 and 2005.

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, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Contributions:

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

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

Property and Equipment and Depreciation:

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

Equipment

5-20 years

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

Investments:

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

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 \$2,628 (\$2,333 in 2005).

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - 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.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

		2	006	2005
Equipment	-	\$	28,381	\$ 28,381
Less: Accumulated depreciation			(22,903)	(21,369)
and the second		\$	5,478	\$ 7,012

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2	006	2	2005
Student Loan	\$	100,938	\$.	99,202
Foreign scholarship		3,448		3,408
Provision Closet		85,778		76,543
Free Will Baptist Bible College Mission		9,637		11,460
	\$	199,801	\$	190,613
Permanently restricted assets are restricted to:	1. A.			
Endowment Trust	\$	19,648	_\$	18,868

4. LEASE

The Organization entered into a year-to-year lease agreement with the National Association of Free Will Baptists, Inc. for office and storage space. The rent expense for the year amounted to \$27,663 (\$27,060 for the year ended December 31, 2005).

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006 and 2005

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 \$4,830 (\$3,815 in 2005). 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.

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, 2006 and 2005, the cash deposits were fully insured.

The Organization also has \$208,529 (\$187,823 in 2005) on deposit with the Free Will Baptist Foundation. These funds are uninsured

7. DEFERRED REVENUE

Deferred revenue resulted from magazine subscriptions received for 2006 issues

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 and payables: The carrying amounts reported in the statements 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, 2006 and 2005.

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) NOTES TO THE FINANCIAL STATEMENTS <u>DECEMBER 31, 2006 and 2005</u>

9. COMMITMENTS

The Organization entered into a lease for office equipment. The lease began on November 1, 2005, and will expire on October 31, 2008. The lease has a fixed monthly payment of \$165. The lease expense for 2006 was \$1,982 (\$330 for 2005).

Future minimum rental payments required are as follows:

Year ended December 31	Amount					
2007	\$	1,982				
2008		1,651				
Total	5	3,633				

2006 TOP TEN CONTRIBUTORS TO WNAC OFFICE SUPPORT

GENERAL FUND

1.	Tennessee	\$ 5,646.22
2.	North Carolina	\$ 4,846.20
з.	Arkansas	\$ 3,481.87
4.	Missouri	\$ 2,957.80
5.	Georgia	\$ 2,324.15
6.	Alabama	\$ 1,817.49
7.	Mississippi	\$ 1,501.80
8.	Oklahoma	\$ 1,393.75
9.	Kentucky	\$ 1,335.50
10	. Ohio	\$ 873.81

EMPHASIS OFFERING

North Carolina	\$ 2,512.65
Tennessee	\$ 2,128.50
Arkansas	\$ 1,576.00
South Carolina	\$ 819.87
Missouri	\$ 745.51
Georgia	\$ 613.00
Alabama'	\$ 575.00
California	\$ 300.00
Oklahoma	\$ 297.06
Illinois	\$ 73.04

PER CAPITA GIVING

Tennessee	\$ 15.90
North Carolina	\$ 12.47
Arizona	\$ 11.16
Mississippi	\$ 9.27
Alabama	\$ 7.92
Arkansas	\$ 7.54
Kansas	\$ 7.29
Kentucky	\$ 6.68
New Mexico	\$ 6.42
Georgia	\$ 6.32

2006 Cash and Non-Cash Gifts to Missions/Missionary Objectives

Cash Gifts Sent Through WNAC	\$ 541,392.77
Sent Direct to International Missions	\$ 97,644.31
Sent Direct to Home Missions	\$ 18,681.31
Provision Closet (Non-Cash)	\$ 23,624.57

TOTAL

\$ 681,342.96

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STATES	General Fund	Dues	Faith Promise	Emphasis	Endow- ment	Provision Closet	International Missions	Home Missions	State Programs	Children's Homes	Colleges	Student Loan Fund	Foreign Student Scholars	Mission Objectives	Rest of Family	Central Asia '07	TOTAL
AK																50.00	50.00
AL	13,817.49	7,145.00	55.00	575.00	60.00		1,138.83	1,849.36	2,495.00	645.73	122.00	185.00	186.00	250.00	125.00	1,680.00	30,329.41
AR	3,481.87	10,230.00	140.00	1,576.00		993.00	4,189.52	8,177.64	18,956.68	2,067.25	65.00	140.00	150.00		25.00	5,163.06	55,355.02
AZ	267.90	360.00					60.00	510.00				_				1,574.24	2,772.14
CA	316.00	1,785.00		300.00	25.00	10.00	6,088.72	3,059.37	1,572.35	420.00	572.00		200.00			542.25	14,890.69
CAN					N												0.00
DE						210.00											210.00
FL	414.00	1,020.00				150.00	2,075.28	1,252.75	6,840.00	155.00						1,395.00	13,302.03
FOREIGN			100.00													90.00	190.00
GA	2,324.15	4,560.00	1,100.00	613.00	75.00	450.00	9,003.54	3,617.95	6,513.82	875.00	714.75	176.73	209.25		50.00	3,440.00	33,723.19
1L	383.24	2,355.00		73.04		20.00	224.75	246.00	100.00	70.00	1. S. 1. S. 1.					1,855.50	5,327.53
IN		395.00					5,600.00	5,250.00								150.00	11,395.00
KS	80.19	135.00				61.24	9.35									61.23	347.01
КY	1,335.50	3,375.00				636.00	27,520.37	8,859.51		4,220.00	36.00					857.66	46,840.04
MD																	0.00
MI	411.00	3,255.00				1,315.65	3,746.05	2,585.00								810.00	12,122.70
MO	2,957.80	6,610.00	172.70	745.51		1,175.00	12,830.73	5,933.63		858.75	422.10	141.03	25.00		50.00	4,430.00	36,352.25
MS	1,501.80	2,785.50				1,150.00	1,345.50	4,213.11	15.00	1,450.00	1,700.00	30.00				230.00	14,420.91
NC	4,846.20	8,925.00	120.00	2,512.65	· · ·	555.00	25,911.11	15,919.56		1,865.00	6,253.21	178.50	152.00			6,333.31	73,571.54
NM	77.00	110.00					802.50	268.61								90.00	1,348.11
он	873.61	2,805.00				450.00	7,916.98	4,153.17		710.00			-1			810.95	17,719.71
ок	1,393.75	11,205.00	100.00	297.06	175.00	958.06	3,286.40	2,536.81		943.04		25.00	215.00			768.95	21,904.07
sc		4,550.00		819.87	250.00	1,354.00	30,391.27	8,479.66	495.00	13,982.94	465.00	308.00	33.00	360.00		1,660.00	63,148.74
TN	5,646.22	5,409.50	995.00	2,128.50	160.00	225.00	11,716.81	7,245.82		755.50	3,685.30	282.04	512.00	1,863.00	199.00	6,040.00	46,863.69
тх	226.70	1,048.00	110.00		25.00	355.00	931.77	1,692.77		90.00						255.00	4,734.24
UT																	0.00
VA	375.05	2,415.00		30.00		243.00	2,808.16	5,079.58		1,636.19	221.20		25.00			510.00	13,343.18
VI				•													0.00
WA																	0.00
wv	20.00	1,590.00					4,651.60	20.00								3,561.20	9,842.80
WY				10.00													10.00
Ret/Conv	2,629.00						2,809.10	1,203.90					1,533.00				8,175.00
Rest Fam	1,010.23		1				1										1,010.23
Toget Way	2,093.54																2,093.54
TOTAL	46,482.24	82,068.00	2,892.70	9,680.63	770.00	10,310.95	165,058.34	92,154.20	36,987.85	30,744.40	14.256.56	1,466.30	3,240.25	2,473.00	449.00	42,358.35	541,392.77

2008 WNAC SALARIES AND BENEFITS BREAKDOWN

F			2007				2008
Executive Secretary-Treasurer Salary Social Security/Medicare Retirement Insurance	A	\$ \$ \$ \$ \$	42,728.00 3,331.55 2,136.40 5,575.00			\$ \$ \$ \$ \$	44,437.00 3,399.00 2,222.00 6,210.00
Travel/Life Hospital Dental Christmas Bonus	\$ 225.00 \$5,000.00 \$ 350.00	\$	821.70	\$ \$ \$	225.00 5,600.00 385.00	\$	855.00
Total Salary and Benefits		\$	54,592.65			\$	57,123.00
Executive Assistant						÷	
Salary		\$	32,310.00			\$	33,602.00
Social Security/Medicare		\$	2,496.30			\$	2,571.00
Retirement		\$ \$	1,615.50			\$ \$	1,680.00
Insurance Life	\$ 175.00	\$	5,525.00	đ	175.00	\$	6,160.00
Hospital	\$5,000.00			\$ \$	5,600.00		
Dental	\$ 350.00			\$	385.00		
Christmas Bonus	φ 350.00	\$	621.35	Ψ	000.00	\$	646.00
Total Salary and Benefits	:	\$	42,568.15			\$	44,659.00
Editor							
Salary		\$	28,389.00			\$	29,525.00
Social Security/Medicare	· · · · · · · · · · · · · · · · · · ·	\$	2,213.52			\$	2,259.00
Retirement		\$	1,419.45			\$	1,476.00
Insurance		ŝ	5,525.00			\$	6,160.00
Life	\$ 175.00	Ψ	0,020.00	\$	175.00	Ψ	0,100.00
Hospital	\$5.000.00			ŝ	5,600.00		
Dental	\$ 350.00			\$	385.00		
Christmas Bonus	• ••••••	\$	545.95	•		\$	568.00
Total Salary and Benefits		\$	38,092.92			\$	39,988.00
Bookkeeper							
Salary		\$	10,400.00			\$	10,400.00
Social Security/Medicare		\$	-				
Retirement		\$	-				
Insurance		\$	•				
Life	\$- \$- \$-						
Hospital	\$-						
Dental	\$-						
Christmas Bonus		\$	200.00			\$	200.00
Total Salary and Benefits		\$	10,600.00			\$	10,600.00
Grand Total of Salaries and Benefits		\$	145 853 72			\$	152 370 00

 Grand Total of Salarles and Benefits
 \$ 145,853.72
 \$ 152,370.00

 NOTE: Editor's hospital insurance (\$5,600) is presently not a WNAC incurred expense.
 \$ 152,370.00

WOMEN NATIONALLY ACTIVE FOR CHRIST 2008 PROPOSED BUDGET

Estimated Income:				2007				2008
General Fund Offering			\$	50,000.00			\$	45,000.00
Convention Offering			\$	3,000.00			\$	3,000.00
Convention Expense Gift			\$	12,000.00			\$	13,000.00
Delegate Fees			\$	200.00			\$	400.00
Dues			\$	80,000.00			\$	80,000.00
Interest Income			\$	4,000.00			\$	4,000.00
Literature Sales			\$	14,500.00			\$	15,000.00
Magazine Subscriptions			\$	80,000.00			\$	85,000.00
Miscellaneous			\$	1,088.00			\$	2,000.00
Rest of the Family Offering			\$	3,000.00			\$	3,000.00
Emphasis Offering			\$	9,500.00			э \$	10,000.00
Postage & Handling			\$	1,000.00			\$	2,000.00
Together Way			\$	2,000.00			Ф \$	•
Endowment Trust Interest			Ф \$				э \$	2,500.00
Convention Luncheon Tickets			ъ \$	1,000.00			\$ \$	1,500.00
Travel Income	1			9,000.00				9,500.00
Travel income		-	\$	1,000.00			\$	1,000.00
Total Income			¢	271,288.00			\$	276,900.00
			Ψ	271,200.00			Ψ	270,000.00
Estimated Expense:								
Salaries			\$	113,827.00			\$	117.964.00
Employee Benefits			\$	31,790.20			Տ	34,406.00
Payroll Tax Expense	\$	8,041.37	φ	51,750.20	\$	8,229.00	Φ	34,400.00
Employee Retirement	\$	4,934.83			Ф \$	5.378.00		
Health, dental, life insurance		4,934.63			э \$	•		
Christmas Bonus	э \$	2,189.00			⊋ S	18,530.00 2,269.00		
Insurance: General & Workers' Comp.	. Ф	2,109.00	٠	1,000.00	Φ	2,209.00	•	800.00
Legal and Professional Services			\$ \$	5,500.00			\$	
Convention Expense			э \$,			\$ \$	6,000.00
Executive Committee Expense			ъ \$	20,000.00				20,000.00
			э 5	5,000.00			\$ \$	5,000.00
CoLaborer Magazine Expense			Ф	36,600.00			\$	39,600.00
Mailing	\$	3,000.00			\$	3,000.00		
Writers	\$	600.00			\$	600.00		
Printing	\$	30,000.00			\$	32,000.00		
Postage	\$	3,000.00			\$	4,000.00		
Miscellaneous Expense			\$	470.80			\$	130.00
Office Rent			\$	28,600.00			\$	28,600.00
Office Supplies and Materials			\$	6,000.00			\$	5,000.00
Phone			\$	3,000.00			\$	2,500.00
Postage			\$	3,500.00			\$ \$	4,500.00
Printing			***	4,000.00			\$	3,500.00
Service Contracts			\$	4,000.00			\$	2,000.00
Subscriptions			\$	200.00			\$ \$	200.00
Travel and Promotion			\$	2,500.00			\$	2,000.00
Continuing Education			\$	1,800.00			\$	1,500.00
Equipment (additions and repairs)			\$	3,000.00			\$	3,000.00
Special Projects			\$	500.00			\$	200.00
			~					7
Total Expenses			\$	271,288.00			\$	276,900.00

National Youth Conference Report

Thanks to the state and people of Arkansas for hosting a tremendous convention. The hospitality and leaders of the state have welcomed the youth of our denomination and paved the way for all the many activities.

There are 3,380 currently registered for the National Youth Convention (NYC).

In the areas of Bible, Music and Art Competition, we have 833 distinct competitors competing in 1,589 different entries.

During the Tuesday evening youth service the teens gave \$5,080 for the "Buck-A-Week" offering for missions. This money will be divided among Home Missions, International Missions, promoting missions, invested immediately in missions and endowments supporting missions.

NYC consists of the competition, seminars, activities, service projects, and services for appropriate age groups. We have provided Sunday School, morning and evening worship for Sunday and evening worship for Monday and Tuesday. This included preschool worship, children's worship, tweener worship, and teen worship.

"Reach That Guy" has been the service and outreach project that teens and adults have participated in for nearly ten years. This year we contributed over 2,400 hours to the community of Little Rock through the help of 62 churches and 620 participants. Twenty-one total projects were accomplished including passing out thousands of tracts. We also hosted a blood drive.

During the Monday evening teen worship service, we presented a plaque of appreciation to honor Malcolm Fry for his years of service and pioneering with the National Youth Conference. He was instrumental in making many of the changes that we benefit from today such as adding the music and arts competition.

We are selling the new guidelines for NYC competition. There are numerous changes and new opportunities and categories. These guidelines go into effect for the 2008 NYC. You may order these from Randall House Publications or pick up a copy at the booth.

The youth conducted themselves in a manner that would be pleasing to our Lord during the 2007 NYC.

Registration Report

National Convention	4	° €	÷	
Board/Commission Member		 		45
Home Missionary		 		61
International Missionary		 		41
Licensed Minister				
Local Church Delegate		 		7
NAFWB Attendee				
Ordained Deacon		 		152
Ordained Minister		 		635
State Delegate		 		
Total		 		. 3699

National Youth Conference

NYC Attendee	 	 	1847
NYC Grades 1-3	 	 	298
NYC Grades 4-6	 	 	357
NYC Grades 7-8	 	 	285
NYC Grades 9-12	 	 	468
NYC Staff	 	 	29
Preschool Worship	 	 	104
Total	 		

Women Nationally Active For Christ

Local WNAC Delegate		
WNAC Attendee		
WNAC Missionary		
WNAC National Officer		4
WNAC Staff		4
WNAC State Delegate		
WNAC State Field Worker		8
WNAC State President		
Total	• • • • • • • • • • • • • • • • • • •	1016

Total Unduplicated Attendance: 6045

BUDGET COMMITTEE REPORT

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2008:

Executive Office (Includes:) Administrative Convention	\$ 402,739.00 331.950.00	\$ 734,689.00
Free Will Baptist Bible College (Includes \$1,300,000.00 in unrestricted gifts)	001,000.00	6,305,675.00
Free Will Baptist Foundation		397,853.00
Home Missions	, ···	5,000,000.00
International Missions		8,200,984.00
Master's Men		145,300.00
Retirement and Insurance		545,000.00
Sunday School and Church Training		4,469,000.00
Commission for Theological Integrity		7,220.00
Historical Commission		3,600.00
Media Commission		3,600.00
Music Commission		6,375.00

TOTAL

\$ 25,819,296.00

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 gifts received through The Together Way Plan be allocated

to the national ministries on the following basis:

 Underwrite the Executive Office Administrative Budget above designated gifts, not to exceed 45% of cooperative gifts.

 Disburse the balance of cooperative gifts to the following national ministries according to these percentages:

Free Will Baptist Bible College				23.0%
International Missions	+ 11			23.0%
Home Missions				18.0%
Retirement and Insurance	`• • •	i the second	1.	14.0%
Master's Men				14.0%
Free Will Baptist Foundation				6.0%
Commission for Theological Integrity			1.1.1.1.1.1	0.5%
Historical Commission				0.5%
Music Commission				0.5%
Media Commission				0.5%
		, i		
TOTAL				100.0%

Respectfully Submitted, Your Servants,

Keith Burden, Executive Secretary Matt Pinson, President of Free Will Baptist Bible College Bill Evans, General Director of Free Will Baptist Foundation Larry Powell, General Director of Home Missions Department James Forlines, General Director of International Missions Department Kenneth Akers, General Director of Master's Men Department D. Ray Lewis, General Director of Retirement and Insurance Department Ron Hunter, General Director of Sunday School and Church Training Department

Obituary Committee Report

The following deaths were reported for the year of 2006:

Alabama C.C. Berryhill, minister Georgia Gerald Brown, minister James Earl Bryant, minister Arthur Smith, minister Illinois Wallace Malone, minister Leon McBride, minister Kansas **Clifford Ball, minister** Kentucky Lawrence Arnett, Jr., minister Jack Skaggs, minister Missouri Truman Huffman, minister Joe Gafford, deacon Finis Simpson, deacon Larry Wallace, deacon

Finis Simpson, deacon South Carolina Richard Conyers, minister Texas Elbert Gibson, deacon Virginia James Baker, minister West Virginia Larry Conn, minister Charles Crum, minister Lester Hunter, minister

Obituary Committee: Eugene Workman (TN), Chairman Milton Worthington (NC) Charles Marshall (AZ) Paul J. Collins (VA) Loyd Locklear (MI)

Resolutions Committee Report

WHEREAS, the Arkansas State Association has provided a wonderful setting for the 71st National Association of Free Will Baptists in the city of Little Rock;

And, as Arkansas Free Will Baptists, along with state and national leaders, have hosted a great convention;

And, as the Executive Office has promoted a much needed emphasis in the theme, "Helping One Another;"

BE IT THEREFORE RESOLVED, that we give a rising vote of thanks to the Free Will Baptists of Arkansas, our Executive Office personnel, and the many workers who planned and carried out the 71st National Association of Free Will Baptists.

Resolutions Committee: Donnie Miles (SC), Chairman Jeff Blair (OK) Mark Price (OH) Chris Sturgill (KY) Randy Williams (CA)

Ridge Church Committee Report

During the 2006 Convention in Birmingham, Alabama, the following recommendation from the General Board was adopted—

"Based on a request from the Northern Quarterly of the Cumberland Association in Tennessee, we recommend a committee of Keith Burden, Tim York, Randy Riggs, David Crowe, and Ken Akers investigate the condition of the facilities and property of the First Free Will Baptist Church of America in New Durham, New Hampshire, and bring back a report with recommendations regarding the National Association's potential role with assistance to the 2007 Convention. We further recommend the National Association authorize the solicitation of funds for immediate repairs."

The committee visited New Durham, New Hampshire, November 27-29, 2006. Accompanied by Rev. Jim Nason and Rev. Joel Nason, the committee inspected the Ridge Church and Randall family cemetery, noting repairs needed. The committee then met with Rev. Jim Nason and the Advisory Committee of the First Free Will Baptist Church.

The Advisory Committee expressed their commitment to maintain ownership of the Ridge Church and agreed to work with the National Association to accomplish needed repairs. As a result of the inspections and meeting with the Advisory Committee, the Ridge Church Committee makes the following recommendations:

(1) We recommend funds be raised to make the following repairs—

 Roof—May include removing existing roof, resetting/replacing sagging rafters, additional framing, replacing decking and shingles.

Steeple—Shoring up/bracing.

• Building exterior—Painting due to age of the building and harsh weather.

Interior—Painting, plaster and ceiling work.

• Wiring—Inspecting and possible replacement.

• Foundation—Some places of granite foundation have shifted and need re-setting, requiring skilled labor/special equipment.

• Carpet—Needs replacing in foyer, aisle, and platform.

• Windows—Need reglazing; some mullions replaced.

• Driveway—Frost conditions have forced stones above ground level.

Cemetery—Re-setting/repairing of toppled gravestones and markers, repainting of perimeter

fence.

Repair costs are estimated at \$26,000.00. Efforts are ongoing (as authorized by the 2006 Convention) to raise funds for repairs. Ken Akers will work with the First Free Will Baptist Church coordinating teams of volunteer workers to make as many repairs as possible. The list of needed repairs will be prioritized and addressed accordingly as funds and volunteers permit.

(2) We recommend a goal of \$50,000.00 be raised and placed in an endowment with the Free Will Baptist Foundation to provide perpetual funding for—

• Future repairs and improvements (i.e., the exterior needs to be painted every five years).

• Mowing and trimming of the Ridge Church and Randall family cemetery.

3) We recommend (i) all funds for the aforementioned projects be channeled through the Executive Office; (ii) official receipts be obtained for all expenditures; and (iii) the Executive Office be sole administrator of the Ridge Church Endowment Fund.

Ridge Church Committee:

Keith Burden, Tim York, Kenneth Akers, David Crowe, Randy Riggs

The Executive Secretary's Report 2006

Ephesians 3:20 tells us God is "able to do exceeding abundantly above all that we ask or think, according to the power that worketh in us." It has been exciting to see God work in the Executive Office during 2006. We placed our hope and trust in Him. Frankly, He exceeded our expectations.

- It was a good year financially. The Auditor's report indicates the Executive
 Office has turned the corner fiscally. In four short years we moved from downsizing staff and slashing budgets to eliminating indebtedness and building healthy
 cash reserves.
- The annual convention continues to make progress. Thanks to good management, strong attendance, and the generosity of host states, resources are now available to meet cash flow demands in advance. The prospects are excellent for this year's convention being one of the best ever!
- ONE Magazine is thriving. A steady stream of new subscribers indicates the publication is being embraced by the denomination. Incredibly, the size of the magazine has expanded without raising the cost to the participating agencies. Eric Thomsen is to be commended for his outstanding leadership as managing editor.
- The national offices building is a credit to Free Will Baptists. Seven of the nine
 national agencies are housed there. Efforts are ongoing to keep rent affordable
 while properly maintaining the aging facility. Future capital expenditures will be
 necessary to upgrade the building's technology.
- We remain committed to serve. The Executive Office provides tools and services to assist the pastors, churches, and national agencies of our denomination. These include:
 - A Treatise of the Faith and Practices of the National Association of Free Will Baptists, Inc.
 - The Free Will Baptist Yearbook
 - The Free Will Baptist Hymn Book: Rejoice
 - o The annual Leadership Conference
 - A disaster relief program (in partnership with Master's Men)
 - "Building Kingdom Stewards" seminars and the "Forward in Faith" capital campaign program
 - o The annual National Convention
 - A website for Free Will Baptist pastors
 - o The distribution of funds given through The Together Way Plan
 - Funding, office space, and staff support for ONE Magazine

I owe a profound debt of gratitude to the Executive Office staff: Roy Harris, Melody Hood, Dari Goodfellow, Debbie Burden, and Steve Pate. Their loyalty, dedication, commitment to excellence, and sacrificial spirit honors God and Free Will Baptists. Thank you for allowing us to serve you.

Keith Burden, CMP Executive Secretary

	Statistical Summary 1992 – 2006									
Year	ear Membership Baptisms Members Totals Added				Net Increase	Ending Membership Totals				
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				
2003	294,237	8,713	10,968	6,904	4,064	298,301				
2004	298,301	8,407	11,084	5,494	5,590	303,891				
2005	303,891	7,779	9,954	5,629	4,325	308,216				
2006	308,216	7,261	10,236	5,008	5,228	313,444				
Totals		132,395	180,373	94,153	86,220					

Tracking The Together Way Totals

	Designated 3,289,076.32 7.26% 82% 3,170,082.84 -3.62% 81% 2,252.722.40 2.64%		Со-о	р	Total		
2000		7.26%	708,470.54	4.80%	3,997,546.86	6.81%	
2001	- , ,	-3.62%	736,040.45 19%	3.89%	3,906,123.29	-2.29%	
2002	3,253,772.40 81%	2.64%	738,744.13 19%	0.37%	3,992,516.53	2.21%	
2003	3,515,300.09 82%	8.04%	770,780.99 18%	4.34%	4,286,081.08	7.35%	
2004	3,631,305.92 82%	3.30%	782,642.76 18%	1.54%	4,413,948.68	2.98%	
2005	3,946,786.84 83%	8.69%	813,333.89 17%	3.92%	4,760,120.73	7.84%	
2006	4,193,622.91 83%	6.25%	832,178.34 17%	2.32%	5,025,801.25	5.58%	

HIL, Harper & Associates Certified Public Accountants

Independent Auditors' Report

Terry A. Hill Ernest R. Harper

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

761 Old Hickory Boulevard Suite 206 Brentwood, TN 37027 TEL: 615/377-3485 FAX: 615/377-3488

We have audited the accompanying statements of financial position of the Executive Office of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2006 and 2005, 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 Executive Office'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 Executive Office of the National Association of Free Will Baptists, Inc. as of December 31, 2006 and 2005, 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.

the Harper's associate

April 20, 2007

Statements of Financial Position

December 31, 2006 and 2005

Assets

ASSCIS			
		<u>2006</u>	2005
Current assets:			
Cash and cash equivalents	\$	261,246	207,845
Funds held by Free Will Baptist Foundation		1,728	-
Receivables:			
Hymnal sales		862	5,846
Other departmental and agency charges		3.557	261
Total receivables		4,419	6,107
Inventory, at lower of cost (first-in, first-out method)	,		Labor of Contention of the state.
or market		4,268	14,545
Prepaid expenses		20,499	14,376
Total current assets		292,160	242,873
Fixed assets:			
Office equipment and furniture		129,687	128,535
Automobile		25,720	8,220
		155,407	136,755
Less accumulated depreciation		135,586	129,781
Net fixed assets		19,821	6,974
	\$	311,981	249,847
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$	1,442	2,186
Convention revenues collected in advance		•	30,000
Funds held for Church on the Ridge building improvements		4,032	
Relief contributions for future disasters		16,368	14,721
Total current liabilities		21,842	46,907
Net assets:			
Unrestricted:			
Executive Office		230,447	220,564
Net investment in equipment		19.821	6,974
Special Projects		72.225	71,927
Convention Fund		(32,354)	(96,525)
		290,139	202,940
	s	311,981	249,847

See accompanying notes to financial statements.

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2006 and 2005

Deriver	Executive Office	Special Projects	Convention Fund	2006 Totals	2005 Totals
Revenues: The Together Way Plan	\$ 5.025.801			5,025,801	4,760,120
Disbursed to agencies	\$ 5,025,801	-	-	3,023,001	4,700,120
and departments	(4,632,270)	_		(4,632,270)	(4,374,875)
Executive Office portion	(4,052,270)			(4,052,270)	(4,374,073)
of Together Way	393,531	_	_	393,531	385,245
of rogener way	575,551			1001	505,245
Building Kingdom Stewards Seminars	17,071		-	17,071	-
Sales of hymnals	-	19,801	-	19,801	29,756
Gifts and offerings	1,148	-	9,090	10,238	10,340
Investment earnings	-	-	544	544	-
Convention fees	•	- ·	304,689	304,689	310,138
Other income	4,898	903	14,484	20,285	31,775
Total revenues	416,648	20,704	328,807	766,159	767,254
Cost of hymnal sales:					
Beginning inventory	-	14,545	-	14,545	28,356
Other costs		9,575	-	9,575	7,834
Total cost of inventory	-	24,120	-	24,120	36,190
Less ending inventory	•	4,268	-	4,268	14,545
Cost of hymnal sales	-	19,852	-	19,852	21,645
Gross profit	416,648	852	328,807	746.307	745,609
Expenses of operations:					
Executive Office	393,918		-	393,918	352,151
Special Projects		554	-	554	4,519
Convention Fund	•	-	264,636	264,636	273,235
Total expenses	393,918	554	264,636	659,108	629,905
Increase in net assets	22,730	298	64,171	87,199	115,704
Net assets, beginning of year	227,538	71,927	(96,525)	202,940	87,236
Net assets, end of year	\$250,268	72,225	(32,354)	290,139	202,940

See accompanying notes to financial statements.

Statements of Functional Expenses

For the years ended December 31, 2006 and 2005

Expenses of operations:		Executive Office	Specia Projec		Convention Fund	2006 Totals	2005 Totals
Salaries	s	105,877			69,297	175,174	145,030
Housing allowance		24,000	-		-	24,000	20,000
Employee fringe benefits		21,000				2 1,000	20,000
and health insurance		24.607	-		899	25,506	27,930
Payroll taxes		19,209	-		2,751	21,960	12,365
Travel		27,780	-		46,946	74,726	53,314
Executive Committee		27,700					00,011
and General Board		2,405	-		5,810	8,215	7,674
Office rental		33,479	-		-	33,479	32,881
Depreciation		5.806	-			5,806	2,968
Legal and audit		2.052	-		1,992	4,044	5,367
Supplies, office expense		9.323	-		8,674	17,997	8,968
Printing and promotion		3.527	-		29.415	32,942	40,499
Postage / mail services		927	-		404	1,331	1,170
Telephone		1,914	-		599	2,513	2,697
Auditorium and other		.,,				_,	_,
convention services		-	-		94,552	94,552	146,475
International Fellowship		240	-		•	240	240
The Together Way Plan		139	-		-	139	147
Copier lease		5,057	-		· -	5,057	9,969
Church directory		-		517	-	517	425
Publications Committee		-	-		1.155	1,155	•
Interest expense		-	-		-	-	2,999
Support to One Magazine		110.407	-		-	110.407	100,000
Building Kingdom Stewards Seminars		17.429	-		-	17,429	3,270
Other	_	(260)		37	2,142	1,919	5,517
Total expenses	\$	393,918		554	264,636	659,108	629,905

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities		
Increase in net assets	\$ 87,199	115.704
Adjustments to reconcile change in net assets to		
net operating activities :		
Depreciation	5,805	2,968
(Increase) decrease in:		
Receivables	1,688	(2,032)
Inventories	10,277	13,811
Prepaid expenses	(6,123)	(1.697)
Increase (decrease) in:		
Convention revenues collected in advance	(30,000)	(19,596)
Funds held for Church on the Ridge building improvements	4,032	-
Relief contributions for future disasters	1,647	14,721
Accounts payable and accruals	 (744)	(15,782)
Net operating activities	73,781	108,097
Cash Flows from Investing Activities		
Purchase of capital assets	(18,652)	(8,220)
Net Investment in funds held by Free Will Baptist Foundation	 (1,728)	1,937
Net investing activities	 (20,380)	(6,283)
Cash Flows from Financing Activities		
Proceeds from debt	-	8,220
Repayments of debt	 	(100,173)
Net financing activities	-	(91,953)
Increase in cash and cash equivalents	53,401	9,861
Cash and cash equivalents, at beginning of year	 207.845	197,984
Cash and cash equivalents, at end of year	\$ 261,246	207,845
Supplemental disclosures:		
Interest paid	\$ 12,583	12,747
•		

See accompanying notes to financial statements.

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

December 31, 2006 and 2005

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 7)

Fixed Assets

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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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.

Accounts Receivable

Accounts receivable are deemed to be fully collectible by management and no reserve is considered necessary.

Changes in Presentation of Financial Statements

Certain amounts as reported in the 2005 financial statements may have been reclassified to conform to current year presentation.

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 impractical 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 the employees.

(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 hymnals. Further, Randall House invoices the customer, collects funds and remits to the Executive Office \$6.32 for each hymnal sold. Randall House warehoused hymnals valued at a cost of \$4,268 and \$10,845 at December 31, 2006 and 2005, respectively.

(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 expense amounted to \$5,720 in 2006 and \$6,181 in 2005. 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 noncancelable lease arrangements relating to a copy machine. Total expenses amounted to \$5,057 in 2006 and \$9,969 for 2005. The minimum annual payments required are are \$4,744 for 2007 and 2008; and \$3,558 for 2009.

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 \$33,479 in 2006 and \$32,881 for 2005.

(5) Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with financial statements for the year ended December 31, 2005, from which the summarized information was derived.

(6) One Magazine of the National Association of Free Will Baptists

The denomination began the publication - One Magazine - in 2004 to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of these agencies and organizations. The Executive Office provided \$110,407 and \$100,000 as their share of the funding requirement during 2006 and 2005, respectively.

(7) Concentration of Credit Risk

The Executive Office serves the Free Will Baptist denomination with respect to convention planning and other administrative services. The Executive Office has an accounting risk of loss to the extent of unsecured accounts receivable. Cash funds in excess of the amount of FDIC insurance of \$100,000 is subject to risk of accounting loss.

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

(8) 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 summarized these transactions for the year ended December 31, 2006 as compared to 2005 totals.

	·		2006		2005
Receipts:		<u>)esignated</u>	Cooperative	Total	Total
Alabama	\$	6,430	2,149	8,579	8,17
Arkansas		656,207	202,460	858,667	750,44
California		310	14,683	14,993	13,88
Florida		556	15,000	15,556	15,57
Georgia		447,450	19,568	467,018	460,37
Illinois		176,779	25,332	202,111	206,37
Indiana		18,152	1,462	19,614	25,76
Kansas		1,755	1,139	2,894	2,40
Kentucky		1,799	15,688	17,487	19,42
Michigan		238,701	23,524	262,225	247,99
Mississippi		787	9,442	10,229	24,81
Missouri		597,443	219,111	816,554	809,65
New Mexico		5,395	619	6,014	3,73
North Carolina		26,472	50,272	76,744	63,38
Ohio		300,518	34,722	335,240	213,19
Oklahoma		679,341	159,187	838,528	828,83
South Carolina		684,181	2,577	686,758	658,80
Tennessee		192,294	25,237	217,531	246,82
Texas		96,278	5,414	101,692	114,35
Virginia		19,434	-	19,434	15,5
West Virginia		7,858	825	8,683	8,4
Canada		35.062	604	35,666	19,41
Contributions totaling \$2,500 or less		421	3,163	3,584	2,63
Total receipts	\$	4,193,623	832,178	5,025,801	4,760,12
lisbursements:			•		
Executive Office	\$	19.051	374,480	393,531	385,24
Free Will Baptist Bible College		266,721	105,271	371,992	384,3
FWB Foundation		2,531	27,462	29,993	29,7
Home Missions		1,024,997	82,386	1,107,383	965,0
International Missions		2,728,402	105,271	2,833,673	2,700,2
Master's Men		9,975	64,078	74,053	76,4
Retirement & Insurance		4,516	64,078	68,594	69,3
Commission for Theological Integrity		810	2,288	3,098	3,2
Historical Commission		522	2,288	2,810	2,9
Media Commission		924	2,288	3,212	3,0
Music Commission		916	2,288	3,204	3,6
Hillsdale Free Will Baptist College		37,803	-	37,803	35,9
Other		96,455	• • • • •	96,455	100,7
Total disbursements	\$	4,193,623	832,178	5,025,801	4,760,12

8.

Executive Office

Budgets

2008 EXECUTIVE OFFICE ADMINISTRATIVE BUDGETS FINANCIAL REPORT

PROJECTED EXPENSES	2006 Budget	2006 Actuals	2007 Budget	2008 Budget
PROJECTED EXPENSES	Buuger	Actuals	Buuget	Duugei
Salaries	\$98,910.62	\$107,223.06	\$156,437.29	\$159,026.31
Housing	20,000.00	24,000.02	40,000.00	40,000.00
Social Security	13,856.04	18,380.61	24,137.06	24,533.18
Retirement	5,495.53	5,720.16	7,821.86	7,951.31
Employees Insurance (Dental/Disability/Health/Life/Travel)	18,667.14	16,662.00	23,732.66	26,069.49
Convention Reimbursements	0.00	0.00	(71,431.57)	* (76,477.83) *
Auditing/Legal	4,000.00	2,052.00	3,500.00	3,500.00
Automobile Lease (1 Car)	5,110.00	0.00	0.00	0.00
Copier Lease	8,500.00	5,056.58	4,800.00	5,000.00
Equipment Maintenance	1,000.00	0.00	500.00	500.00
Computer Supplies	4,000.00	4,976,40	2,500.00	3,000.00
Executive Committee	3,000.00	2,405.00	2,600.00	2,600.00
General Insurance	3,200.00	2,224.74	2,750.00	2,800.00
Int'l, Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Leadership Conference	500.00	0.00	250.00	250.00
Office Rental	33,479.00	33,479.04	33,479.00	34,076.88
(\$1.14 per sq. ft. x 2,491)	00,470.00	00,470.04	00,470.00	04,010.00
Office Supplies/Expense	3,000.00	2,468.94	2,250.00	2,750.00
Other	3,000.00	2.00	1,500.00	1,500.00
Postage	1,700.00	926.83	1,500.00	1,700.00
Printing	2.500.00	1.564.97	2,500.00	
Promotion	1,500.00	1,961.95	1,500.00	2,500.00
Books/Dues/Registrations	2,000.00	1,877.76	1,700.00	2,000.00
Telephone	3,500.00	1,914.08	3,000.00	3,000.00
Tog. Way Plan/Stewardship Education	1.000.00		300.00	300.00
Travel	25,000.00		27,500.00	35.000.00
Christmas Bonus (Extra Week's Salary)	1,325.20		1,516.82	1,516.82
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	1,325.20		1,516.82	1,516.82
One Magazine	110,406.80	110.406.84	110,406.80	110.406.80
Contingency Fund	8.618.07		6.023.53	5.479.70
Totals	\$384.833.60	\$378,828.12	\$392.530.27	\$402.739.48
PROJECTED INCOME				
The Together Way Plan				
Cooperative Gifts			\$368,081.59	\$375,443.22
Designated Gifts	20,469.30			21,296.26
Printing Income	0.00		0.00	0.00
Travel Reimbursement	0.00			2,000.00
Other Income	3.500.00	5,432.41	<u>3,569,99</u>	4,000.00
Totals	\$384,833.60	\$404,894.55	\$392,530.27	\$402,739,48

*Expenses included in Convention Budget consists of the following: Convention Manager Compensation Package and Registration Coordinator.

Executive Office

SALARY BREAKDOWN

Salary Breakdown

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Executive Secretary		2006			2007		2008			
Salary		\$41,000.00	~		\$42,525.00	(2.5%)		\$43,462.88	(1.5%)	
Housing and Utilities		20.000.00			20.000.00	(2.0/0)		20,000.00	(1.576)	
Social Security			(15.30%)			(15.30%)			(15.30%)	
Retirement		2,050.00			2,126.25			2,173.14		
Insurance (Health/Dental/Life	3	5.799.02	(376)		5.518.46	(376)		6,070.31	(576)	
Disability/Travel	-/	439.47			418.90			463.08		
NOTE: Office car furnished.		199.11	*		410.20			403.00		
HOTE. Once car fullished.		78,621.49			80,154.94			81,879.23		
Executive Administrator										
Salary		0.00			35,037,91	(2.5%)		36,689.05	(3.0%)	
Housing and Utilities		0.00			20,000.00	·		20.000.00	(,	
Social Security		0.00			8,420.80	(15.30%)		8.673.43	(15.30%)	
Retirement		0.00			1,751.89			1,834.45		
Insurance (Health/Dental/Life	e)	0.00			5,494.22			6.043.64	(,	
Disability/Travel		0.00			374.72			420.05		
NOTE: Office car furnished.		0.00								
		0.00			71,079.54			73,660.62		
Executive Accountant										
Salary		37,434.35	(2.5%)		42,848.93	(2.5%)		42,848.93		
Social Security		2,918.80			3,340.98			3,340.98	(7.65%)	
Retirement		1,871.72			2,142.45			2,142.45		
Insurance		6.011.04	(5,730.50	(0,0)		6,303.55	(2.0)	
Health/Life	5.399.52	0,01101		5,138.18	0,100.00		5.652.00	0,000.00		
Dental	611.52			592.32			651.55			
Disability		220.86			252.81			252.81		
Christmas Bonus		719.89			824.02			824.02		
		49,176.66			55,139.69			55,712.74		
Yearbook Coordinator/										
Registration Coordinator										
Salary		31,476.27			36,025.45			36,025.45		
Social Security		2,454.24			2,808.95			2,808.95		
Retirement		1,573.81	(5%)		1,801.27	(5%)		1,801.27	(5%)	
Insurance		6,011.04			5,730.50			6,303.55		
Health/Life	5,399.52			5,138.18			5,652.00			
Dental	611.52			592.32			651.55			
Disability		185.71			212.55			212.55		
Christmas Bonus		605.31			692.80			692.80		
		42,306.38			47,271.52			47,844.57		

CONVENTION BUDGETS Financial Report National Association of Free Will Baptists, Inc. July 15-18, 2007 Little Rock, Arkansas

	2006 Budget	2006 Actuals	2007 Budget
PROJECTED RECEIPTS			
Booth Fees	\$29,000.00	\$29,075.00	\$29,000.00
Host State (Arkansas)	30,000.00	30,000.00	30,000.00
Local Church Representation Fees (\$100)	1,000.00	1,000.00	1,000.00
Offerings	8,000.00	9,090.16	8,500.00
Printing Income	6,500.00	9,653.53	10,450.00
Reimbursements	2,500.00	11,560.89	12,500.00
State Representation Fees (\$100 per church)	235,000.00	234,960.07	235,000.00
Truck Reimbursements	1,900.00	1,847.71	3,000.00
Other	5.000.00	1.110.00	2.500.00
TOTALS	318,900.00	328.297.36	331,950.00
PROJECTED EXPENDITURES			
Auditorium	77,700.00	70.663.51	87,450.00
Printing and Promotion	28.350.00	29.479.65	31,160.00
Convention Office	79,241.01	92,490.80	73.029.98
Convention Personnel	10,241.01	02,100.00	10,020.00
Meals	4.036.00	4.036.00	4,228.00
Travel	3,083.70	2.843.11	8,171.17
Lodging	5,922.75	7.426.21	5,589.20
Convention Officials	4,725,10	6.057.50	5,451.70
Volunteer Staff	5.345.25	4.620.63	6,400,34
Honorariums	1,400.00	1,400.00	1,225.00
Decorator Services	8,130.00	10,029.98	10,300.00
Meal Functions	2,764.90	3,503.58	3,220.00
Executive Committee			
Meal and Motel Expenses	3,375.00	3,000.00	3,600.00
Pre-Convention Expenses	17.500.00	13.206.59	17.651.34
Sub-Totals	241,573.71	248,757.56	257,476.73
National Committee Expenses	11,200.00	14,720.88	17,000.00
Surplus Revenue (Operating Capital for Future Conventions)	66.126.29	64.818.92	<u>57.473.27</u>
TOTALS	\$318,900.00	\$328,297.36	\$331,950.00

Budgets

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Convention

CONVENTION BUDGETS Financial Report National Association of Free Will Baptists, Inc. July 15-18, 2007 Little Rock, Arkansas

	2006	2006	2007
	Budget	Actuals	Budget
PROJECTED RECEIPTS			
Booth Fees	\$29,000.00	\$29,075.00	\$29,000.00
Host State (Arkansas)	30,000.00	30,000.00	30,000.00
Local Church Representation Fees (\$100)	1,000.00	1,000.00	1,000.00
Offerings	8,000.00	9,090.16	8,500.00
Printing Income	6,500.00	9,653.53	10,450.00
Reimbursements	2,500.00	11,560.89	12,500.00
State Representation Fees (\$100 per church)	235,000.00	234,960.07	235,000.00
Truck Reimbursements	1,900.00	1,847.71	3,000.00
Other	5.000.00	<u>1.110.00</u>	2.500.00
TOTALS	318,900.00	328,297,36	331,950.00
PROJECTED EXPENDITURES			
Rental	0.00	3,689.05	8,000.00
Flowers	500.00	500.00	500.00
Other			
First Aid Staff	2,500.00	2,650.00	2,750.00
Liability, ASCAP, BMI, CCLI Insurance	1,000.00	256.50	1,000.00
Music/Equipment	7,000.00	6,348.32	7,500.00
Offering Buckets	100.00	0.00	100.00
Signs	1,000.00	1,025.42	2,000.00
Sound System/AV Equipment	50,000.00	42,651.50	50,000.00
Union Personnel	6,000.00	4,673.02	6,000.00
Usher/Other Badges	600.00	0.00	600.00
Police Security/Badge Checkers	9.000.00	8,869.70	9.000.00
TOTALS	77,700.00	70,663.51	87,450.00
PRINTING AND PROMOTION			
Convention Materials			· · · · · · · · · · · · · · · · · · ·
Digest of Reports	8,000.00	8,440.17	8,950.00
Programs	2,250.00	2,180.10	2,510.00
Photos	100.00	64.61	100.00
Pre-Convention Printing/Art	3,000.00	2,233.69	3,000.00
ONE Magazine	15.000.00	16.561.08	<u>16,600,00</u>
TOTALS	28,350.00	29,479.65	31,160.00

Budgets

	2006 Budget	2006 Actuals	2007 Budget
CONVENTION OFFICE			
Audit	\$3,250.00	\$1,991.74	\$3,500.00
Convention Manager	24,482.92	15,944.48	27,043.04
Payroll Taxes Retirement	1,219.76	1,219.76	4,363.79
Executive Office Reimbursement	0.00	898.56	1,352.15
Courtesy Car	18,538.33 100.00	37,391.04 0.00	0.00 100.00
Equipment Rentals	100.00	0.00	100.00
Computers, Printers	600.00	2,145,98	600.00
Copiers (2)/Paper	3,500.00	3,849,68	4,500.00
Tables/Chairs/Trash Cans, etc.	800.00	0.00	300.00
Office Expense/Supplies	2.750.00	2.678.37	3,000.00
Postage	350.00	404.42	450.00
Pre-Registration Salaries	10,100.00	11,994.71	14,000.00
Payroll Taxes	800.00	917.61	1,071.00
Pre-Registration Staff	2,500.00	575.00	2,500.00
Payroll Taxes	200.00	0.00	200.00
Pre-Registration (Supplies, Postage)	5,000.00	7,743.74	5,000.00
Registration (Supplies)	1,000.00	1,482.83	1,000.00
Registration Computers/Printers	2,500.00	1,787.50	2,500.00
Telephone	650.00	599.38	650.00
Two-Way Radios	900.00	866.00	900.00
TOTALS	79,241.01	92,490.80	73,029.98
CONVENTION PERSONNEL MEALS			
Debbie Burden (27 meals @ \$12.00 each)	324.00	324.00	324.00
Keith Burden (36 meals @ \$12.00 each)	396.00	396.00	432.00
Vernon Florence (24 meals @ \$12.00 each)	0.00	0.00	288.00
Dari Goodfellow (27 meals @ \$12.00 each)	324.00	324.00	324.00
Melody Hood (30 meals @ \$12.00 each) Dean Jones	324.00	324.00	360.00
Steve Pate (18 meals @ \$12.00 each)	396.00	396.00	0.00
Eric Thomsen (21 meals @ \$12.00 each)	216.00 252.00	216.00 252.00	216.00
Roy Harris (36 meals @ \$12.00 each)	396.00	396.00	432.00
Convention Interns (8)	1.408.00	1.408.00	1,600.00
TOTALS	4,036.00	4,036.00	4,228.00
	4,000.00	4,000.00	4,220.00
TRAVEL			
Debbie Burden	0.00	0.00	0.00
Keith Burden	169.10	34.50	339.50
Vernon Florence	0.00	0.00	334.17
Dari Goodfellow	169.10	169.10	339.50
Melody Hood	169.10	169.10	339.50
Dean Jones	169.10	169.10	0.00
Steve Pate	169.10	169.10	339.50
Eric Thomsen	169.10	169.10	339.50
Roy Harris	169.10	49.00	339.50
Convention Truck (Fuel/Meals/Trailer Rental)	1,900.00	1,914.11	5,100.00
Staff Expense Money TOTALS	0.00	<u>0.00</u>	700.00
IUIALS	3,083.70	2,843.11	8,171.17
LODGING			
Keith Burden	0.00	151.63	150.00
Vernon Florence (7 nights @ \$94.10)	0.00	0.00	658.70
Dari Goodfellow (8 nights @ \$88.30)	894.00	1.068.80	706.40
Melody Hood (9 nights @ \$88.30)	894.00	894.00	700.40
Dean Jones	0.00	612.83	0.00
Steve Pate (7 nights @ \$94.10)	782.25	861.10	658.70
Eric Thomsen (6 nights @ \$94.10)	670.50	1,002.70	564.60
Roy Harris	1,117.50	1,410.65	150.00
Convention Interns (14 nights @ \$136.15)	1.564.50	1.424.50	1.906.10
TOTALS (Includes applicable tax and parking)	5,922.75	7,426.21	5,589.20
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Budgets

CONVENTION OFFICIALS	2006	2006	2007
Moderator - Tim York	Budget	Actuals	Budget
Travel	\$169.10	\$169.10	\$339.50
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$136.15)	670.50	1,713.20	816.90
Honorarium	400.00	400.00	400.00
Olasta Desita Desirat	1,455.60	2,498.30	1,772.40
Clerk - Randy Bryant Travel	210.00	255.60	285.00
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$127.45)	670.50	806.60	764.70
Honorarium	400.00	400.00	400.00
	1,496.50	1,678.20	1,665.70
Assistant Moderator - William Smith			
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$127.45)	<u>670.50</u> 886.50	<u>778.50</u> 994.50	<u>764.70</u> 980.70
Assistant Clerk - Ernie Lewis	000.00	554.50	500.70
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$136.15)	670.50	670.50	816.90
	886.50	886.50	1,032.90
TOTALS (Includes applicable tax and parking)	4,725.10	6.057.50	5.451.70
to the (moleco spendelo lar and parking)	.,	0,001100	0,101110
VOLUNTEER STAFF			
Music Coordinator - Chris Truett	670.50	610.50	816.90
Lodging (6 nights @ \$136.15)	070.00	010.00	010.00
News Coordinator - Victor Albright	558.75	613.23	665.52
Lodging (6 nights @ \$110.92)			
Ormaniat Daama Armatrany	FE0 76	500 75	
Organist - Deena Armstrong Lodging (5 nights @ \$136.15)	558.75	508.75	680.75
Ebuging (5 mgna @ \$150.15)		,	
Photographer - Travis Penn	540.00	288.00	665.52
Lodging (6 nights @ \$110.92)			
Pianist - Brian Floyd	558.75	558.75	680.75
Lodging (5 nights @ \$136.15)			
Taping - Mike Anderson	782.25	670.50	892.15
Lodging (7 nights @ \$127.45)	/01120	0.0.00	
Usher Coordinator - Billy Walker	558.75	558.75	637.25
Lodging (5 nights @ \$127.45)			
Translator Rooms	1 117 50	010.15	1.361.50
Lodging (10 nights @ \$136.15)	1.117.50	812.15	1,301.50
Ebuging (To highla & \$100,10)			
TOTALS (Includes applicable tax and parking)	5,345.25	4,620.63	6,400.34
HONOBARIUMS			
Mark Paschall	175.00	175.00	175.00
Roy Harris	175.00	175.00	0.00
Joe Grizzle	175.00	175.00	175.00
Eddie Moody	175.00	175.00	175.00
Wendell Walley	175.00	175.00	175.00
Nelson Henderson	175.00	175.00	175.00
Paul Smith	175.00	175.00	175.00
David Crowe	175.00	175.00	<u>175.00</u>
TOTALS	1,400.00	1,400.00	1,225.00
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Budgets

	2006 Budget	2006 Actuals	2007 Budget
DECORATOR SERVICES Booth (80) Installation/Draped Tables/Union Exhibitor Badges	\$2,880.00 300.00	\$5,184.23 66.00	\$5,000.00 300.00
Registration	000.00	00.00	000.00
Chairs, Counters, Skirted Tables, Carpet	3,000.00	3,087.72	3,000.00
Electricity/Masking Drape	350.00	480.00	500.00
Stage			
Carpet Risers	1,000.00 0.00	888.03 0.00	800.00 ° 0.00
Skirted Tables/Chairs	100.00	194.40	200.00
Skirting/Draping/Stage Set-Up	500.00	129.60	500.00
		<u></u>	
TOTALS	8,130.00	10,029.98	10,300.00
MEAL FUNCTIONS			
Executive Committee			
Dinner (30 people @ \$36.66)	1,096.80	1,096.76	1,100.00
General Board Breakfast (55 people @ \$20.00)	863.50	1,665.18	1,100.00
State Leaders Breakfast	003.30	1,005.18	1,100.00
(45 people @ \$20.00)	706.50	643.54	900.00
Presidents' Breakfast			
(6 people @ \$20.00)	<u>98.10</u>	<u>98.10</u>	120.00
TOTALS	2,764.90	3,503.58	3,220.00
EXECUTIVE COMMITTEE MEAL AND MOTEL EXPENSES (For the Executive Committee Meeting prior to the Gene Norris Gary Fry Rick Cash	e 2007 National Conventio 375.00 375.00 375.00 375.00	n) 375.00 0.00 375.00	400.00 400.00 400.00
Glen Johnson	375.00	375.00	400.00
Tim Campbell	375.00	375.00	400.00
Keith Woody	375.00	375.00	400.00
J.L. Gore	375.00	375.00	400.00
Ernest Harrison, Jr. Fred Hanson	375.00	375.00	400.00
Fred Hanson	375.00	375.00	400.00
TOTALS	3,375.00	3,000.00	3,600.00
PRE-CONVENTION EXPENSES			
Data Entry-Resolutions Data Base	0.00	0.00	1,033.34
Impact Little Rock	2,500.00	1,155.28	1,618.00
Pre-Convention Meetings/Site Inspections	15,000.00	12,051.31	15,000.00
TOTALS	17,500.00	13,206.59	17,651.34
NATIONAL COMMITTEE EXPENSES			
Executive Committee	10,700.00	11,872.95	12,500.00
Nominating Committee	500.00	0.00	500.00
"Church on the Ridge" Committee	0.00	2.847.93	4.000.00
TOTALS	11,200.00	14,720.88	17,000.00
SURPLUS REVENUE			
(Operating Capital for Future Conventions)	66,126,29	<u>64,818.92</u>	<u>57.473.27</u>
GRAND TOTALS	\$318,900.00	\$328,297,36	\$331,950.00

2006	5.7									
The Together Way Plan Gifts/Executive	e Office									
Cooperative										

									Year To Date				
r	January	February	March	April	Мау	June	July	August	September	October	November	December	Totals
Alabama	\$57.96	\$87.84	\$72.58	\$71.33	\$94.23	\$82.76	\$76.31	\$89.15	\$87.47	\$67.95	\$102.49	\$76.87	\$966.94
Arizona	18.00	0.00	26.55	45.00	0.00	71.73	0.00	0.00	73.08	0.00	0.00	0.00	234.36
Arkansas	10,835.27	5,820.31	5,250.70	10,602.01	6,456.40	6,712.94	10,284.97	5,862.02	6,269.38	6,332.66	11,226.78	5,453.64	91,107.08
California	459.89	533.63	513.78	334.49	664.24	456.26	459.79	1,535.99	408.86	414.94	410.93	414.36	6,607.16
Canada	22,85	24.39	. 19.38	23.00	25.07	16.11	23.36	26.24	18.96	22.27	27.55	22.62	271.80
Florida	0.00	0.00	1,687.50	0.00	1,687.50	0.00	0.00	0.00	0.00	1,687.50	0.00	1,687.50	6,750.00
Georgia	662.70	858.63	876.48	734.48	983.46	552.26	784.44	767.30	749.57	671.23	714.66	450.52	8,805.73
Illinois	884.29	860.61	866.34	1,063.60	982.62	966.84	1,173.52	856.35	979.92	1,098.90	1,076.99	589.48	11,399.46
Indiana	0.00	0.00	182.70	0.00	105.30	67.50	69.30	14.40	67.50	0.00	47.70	103.50	657,90
lowa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kansas	0.00	0.00	0.00	0.00	231.45	0.00	109.52	36.03	33.86	0.00	46.67	54.88	512.41
Kentucky	514.93	319.85	175.06	1,280.57	179.23	1,190.07	135.00	1,300.94	228.63	275.32	332.07	1,128.07	7,059.74
Louisiana	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
Maryland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	1,248.30	1,331.28	1,273.37	436.10	874.56	449.21	480.35	1,413.59	1,020.03	397.84	995.57	665.54	10,585.74
Mississippi	0.00	694.66	525.86	0.00	447.02	769.03	287.60	437.97	0.00	335.51	370.72	380.69	4,249.06
Missouri	7,565.67	8,271.67	9,129.79	6,831.90	9,416.05	8,283.24	7,587.41	11,013.51	7,176.22	7,671.26	8,838.63	6,814.49	98,599.84
New Mexico	36.00	23.39	18.00	61.57	21.18	0.00	26.82	26.96	14.08	36.96	13.37	0.00	278.33
North Carolina	2,383.73	1,638.05	1,724.89	1,678.31	2,163.21	1,553.07	3,256.29	1,090.77	402.30	1,541.06	3,031.46	2,159.06	22,622.20
Northeast Assoc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Northwest Assoc.	0.00	11.25	0.00	11.25	11.25	0.00	11.25	11.25	0.00	22.50	0.00	0.00	78.75
Ohio	723.85	1,941.80	1,204.65	903.88	1,905.57	1,344.06	747.57	2,297.54	726.92	936.89	2,197.50	694.54	15,624.77
Oklahoma	4,891.74	6,977.03	6,534.71	6,873.32	6,770.13	6,583.57	4,706.47	6,271.69	5,253.13	6,130.34	6,097.15	4,545.00	71,634.28
South Carolina	9.00	17.27	16.02	18.46	18.03	7.32	16.39	75.25	15,53	57,38	9.87	899.34	1,159.86
Tennessee	1,832.02	982.29	0.00	1,492.48	81.00	1,447.41	1,219.80	808.93	771.44	2,034.50	536.86	150.08	11,356.81
Texas	368,18	0.00	37.29	0.00	374.67	162.75	282.34	215.38	133.28	519.59	342.61	0.00	2,436.09
Utah	54.00	54.00	54.00	54.00	54.00	0.00	132.75	99.00	89.33	0.00	226.58	0.00	817.66
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
West Virginia	20.48	32.85	34.87	14.63	0.00	54.23	34.51	0.00	82.46	35.57	11.46	50.64	371.70
Virgin Islands	45.00	22.50	0.00	<u>45.00</u>	22.50	0.00	45.00	22.50	22.50	22.50	0.00	<u>45.00</u>	292.50
TOTALS	\$32,633.86	\$30,503.30	\$30,224.52	\$32,575.38	\$33,568.67	\$30,770.36	\$31,950.76	\$34,272.76	\$24,624.45	\$30,312.67	\$36,657.62	\$26,385.82	\$374,480.17

	2006
	The Together Way Plan Gifts/Executive Office
	Designated

													Year To Date
	January	February	March	April	Мау	June	July	August	September	October	November	December	Totals
Alabama	\$267.81	\$264.41	\$268.66	\$340.59	\$252.39	\$194.31	\$261.23	\$234.74	\$293.10	\$236.68	\$212.12	\$166.24	\$2,992.28
Arizona	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
Arkansas	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
California	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
Canada	6.43	6.45	6.36	6.44	6.61	6.64	6.48	6.68	6.62	6.55	6.47	12.82	84.55
Delaware	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
Florida	0.00	0.00	120.00	0.00	0.00	121.52	0.00	0.00	0.00	0.00	0.00	0.00	241.52
Georgia	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indiana	0.00	336.05	0.00	65.00	88.01	71.00	97.16	76.07	120.11	0.00	97.33	104.72	1,055.45
lowa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kansas	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
Kentucky	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
Louisiana	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
Maryland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	200.00	0.00	. 0.00	100.00	0.00	100.00	0.00	0.00	100.00	0.00	0.00	100.00	600.00
Mississippi	0.00	116.00	104.16	0.00	52.08	104.16	52.08	52.08	0.00	0.00	52.08	104.16	636.80
Missouri	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Mexico	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
North Carolina	277.00	117.50	207.50	174.00	318.50	173.50	305.00	165.50	85.00	574.73	0.00	238.50	2,636.73
Northeast Assoc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Northwest Assoc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ohio	35.00	10.00	0.00	45.00	10.00	160.00	35.00	10.00	10.00	10.00	20.00	0.00	345.00
Oklahoma	87.09	0.00	103.13	27.30	0.00	55.52	26.80	34.97	24.25	0.00	71.57	0.00	430.63
South Carolina	122.14	755.23	525.48	183.18	607.82	344.27	238.00	652.45	321.35	320.90	635.30	644.92	5,351.04
Tennessee	133.51	173.12	617.21	177.61	180.00	328.25	68.96	96.24	401.83	299.46	163.73	382.78	3,022.70
Texas	221.80	0.00	0.00	0.00	95.32	89.08	71.72	32.35	0.00	29.60	69.66	0.00	609.53
Virginia	103.29	0.00	122.12	0.00	131.19	0.00	111.25	0.00	120.85	0.00	0.00	0.00	588.70
West Virginia	0.00	0.00	<u>76.50</u>	0.00	<u>107.33</u>	31.84	50.60	34.99	<u>29.35</u>	37.68	34.06	53.69	<u>456.04</u>
TOTALS	\$1,454.07	\$1,778.76	\$2,151.12	\$1,119.12	\$1,849.25	\$1,780.09	\$1,324.28	\$1,396.07	\$1,512.46	\$1,515.60	\$1,362.32	\$1,807.83	\$19,050.97

2006 Gifts to National Ministrles

Stoles	Executive	FWBBC	FWB Foundation	Home Missions	International Missions	Master's Men	Retirement & Insurance	WNAC	Commission for Theo. Integrily	Historical Commission	Media Commission	Music Commission	Totale
Alabama	\$3,959.22	\$70.567.25	\$399.91	\$436.444.58	\$465,355.26	\$2,504.51	\$291.10	\$21,604.60	\$48,15	\$47.86	\$48.05	\$47.99	\$1.001,318.48
Alaska	0.00	0.00	0.00	7.500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,500.00
Arizona	234.36	593.33	17.19	70,584.63	30,850.75	40.09	40.09	627.90	1.44	1.44	1.44	1.44	102,994.10
Arkansas	91,107.08	58,630.15	6.681.18	293,248.95	582,386.26	15,758.44	15,648.25	15,427.87	557.28	557.15	557.24	557.22	1,081,115.07
California	6,607.16	6,956.27	484.53	125,506.20	121,104 86	1,130.55	1,130.55	2,426.00	40.38	40.38	40.35	40.38	265,507.64
Canada	356.35	1.182.75	19.93	19.218.79	13.137.60	46.50	67.21	0.00	1.85	1.60	1.84	. 1.83	34,036.65
Colorado	0.00	100.00	0.00	45.472.12	6,568.84 6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	52,140.96 0.00
Connecticut District of Columbia	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
Delaware	0.00	3.300.00	0.00	0.00	21,273.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.573.88
Florida	6.991.52	47,141.00	495.00	77.752.13	269.018.32	1,155 00	1,185.41	1,434.00	41.51	41.44	41.48	41.47	405.338.28
Georgia	8.805.73	92.657.32	645.77	96,995,48	369.057.22	3,570.90	1.640.19	8,473.35	54.98	54.67	254 87	54 B2	582,265.30
Hawaii	0.00	0.00	0.00	2,939,14	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.034.14
Idaho	0.00	880.00	0.00	8,298,15	4,013.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,191.75
Blinois	11,399.46	26.558.70	835.97	101.685.22	231,149.54	2,260.54	1,955,34	2,811.28	69.69	69.68	69.69	69.69	379,134.80
Indiana	1,713.35	3.256.22	239.12	38,975.11	59.953 54	381.94	362.94	395.00	194,88	194.88	4.01	4.01	105.675.00
lowa	0.00	300.00	0.00	750.00	1,575.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.625.00
Kansas	512.41	1.716.58	37.56	14.248.65	5,486.83	87.67	87.67	135.00	3.14	3.14	3.14	3.14	22,324.93
Kentucky	7,059.74	17,405.73	616.41	90,535.70	132,487.70	1,438.29	1,466.89	4,710.50	51.62	51.55	51.60	51.59	255,927.32
Louisiana	0.00	600.00	0.00	12,117.03	2,172.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,889.63
Maine	0.00	0.00	0.00	4,306.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,306.85
Maryland	0.00	150.00	0.00	0.00	14.317 66	0.00	0.00	. 0.00	0.00	0.00	0.00	0.00	14,467.66
Massachusetts	0.00	0.00	0.00	2.290.00	0.00	0.00	1.849.47	. 0.00	0.00	0.00	0.00 65.00	0.00	2.290.00 343.376.26
Michigan	11,185.74	22.647.15	776.28	129.392.53	169,387.79 0.00	4,211.33	1,649.47	3,666.00	0.00	0.00	0.00	0.00	26.111.53
Mid-Atlantic Association Minnesota	0.00	0.00	0.00	26,111.53 0.00	0.00	0.00	0.00	0.00	0.00	. 0.00	0.00	0.00	20,111.53
Mississippi	4.865.86	34,350,93	311.60	162.041.16	103.347.58	877.05	727.05	4,287.30	25.98	25.98	25.98	25.98	310.932.45
Missouri	98,599.64	46,535.78	7,230.68	221.467.34	563.015.42	16,994,59	16,890,58	10,486.01	602.70	602.65	602.68	602.67	983,630,94
Montana	0.00	0.00	0.00	1,135.00	425.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.560.00
Nebraska	0.00	50.00	0.00	0.00	11.675.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,725.00
New Hamoshire	0.00	0.00	0.00	5,550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.550.00
New Jorsey	0.00	0.00	0.00	1,175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,175.00
New Mexico	278.33	247.47	20.41	3,818.73	2.352.82	47.63	64.80	187.00	1.85	1.81	1.84	1.83	7,024.52
New York	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
North Carolina	25,258.93	158.718.18	1,658.96	500.993.67	957,116.81	4,138.92	4,210.28	16,403.85	147.27	146.49	147.01	746.88	1,669,687.25
Northeast Association	0.00	0.00	0.00	0.00	2,014.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,014.91
Northwest Association	78.75	0.00	0.00	0.00	7,986.55	0.00	0.00	0.00	0.49	0.49	0.49	0.49	8,067.26
Ohio	15,969.77	25,894.46	1,145.81	223,402.09	277,855.17	3,208.57	2,716.48	3,678.61	95.85	95.76	95.82	95.81	554,254.20
Oklahoma	72,064.91	32,323.20	5,253.17	311.237.50	659,067.32	12.957.41	12,305.09	13,170.81	438.17	438.06 0.00	438.13 0.00	438,11	1,120,131.88
Oregon	0.00	155.29	5.80 0.00	4.912.60	0.00 11.810.00	13.50 0.00	13.50	0.00	0.00	0.00	0.00	0.00	5,100.69 42,496.92
Pennsylvania South Carolina	0.00 6.510.90	92,956,63	85.05	29.676.92 212.639.01	453,330,04	910.44	379,50	5.619.87	8.13	7.86	173.04	8.00	772,628.47
South Daketa	6,510.90	92,956.63 50.00	0.00	0.00	453,350.04	D.00	0,00	0.00	0.00	0.00	0.00	0.00	50.00
Tennessee	14,379.51	208,497.92	2,725.49	657,848.76	1.360.190.83	9.834.33	5.605.26	14,104,32	692.39	326.55	326.73	311.69	2,274,843,78
Texas	3.045.62	12,707.66	196.11	139.495.04	101,129.46	465.55	721.97	1,409.70	36.60	36.02	36.41	36.32	259.318.46
Utah	817.66	245.03	59.97	773.89	0.00	139.91	139.91	0.00	5.00	5.00	5.00	5.00	2,196.37
Virginia	588.70	23.302.01	0.00	200.051.49	153.247.50	0.00	469.85	2,820,05	0.17	0.12	0.15	0.14	380,480.18
Washington	0.00	1,372.84	0.00	2.562.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,935.05
West Virginia	827.74	7,068.53	27.28	115,939.99	151,087.53	183.60	582.37	1,590.00	230.88	2.68	230.81	2.75	277,774.12
Wisconsin	0.00	0.00	0.00	15,483.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,483.47
Wyoming	0.00	0.00	0.00	611.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	611.00
Puerto Rico	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
Virgin Islands	292.50	675.93	21.45	50,232.04	1,600.00	50.05	50.05	0.00	1.82	1.82	1.82	1.82	52,929.30
Foreign Countries	0.00	0.00	0.00	0.00	B40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	840.00
Other	0.00	13,250.00 *	1,360.62	314,433.56	209,840.29	0.00	0.00	3,256.96	0.00	0.00	0.00	0.00	542,141.43
Foundation	0.00	0.00	0.00	13.445.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,445.00
WNAC	0.00	8,243,24	0.00	91,674.81	0.00	0.00	0.00	0.00	0.00	0.00		0.00	99,918.05
TOTALS	\$393,531.14	\$1,022,297.55	\$31,353.23	\$4,885,171.07	\$7,527,324.68	\$82,407.31	\$70,601.80	\$138,725.98	\$3,417.23	\$2,820.23	\$3,224.65	\$3,216.06	\$14,164,090.93

*FW88C-Other includes matching giffs.

TYVBG-Other includes matching gifts. Troundation-Other includes interest: mixedianeous sources and states. TH-M-Other includes interest: mixedianeous sources and states. TM-Other includes include dues sources, states and hieres? income. All amounts exclude "Exchange" gifts, "Marter Mem-Iotal dates into include dues, sales, DRT, Conference or Tournament fees, or restricted Endowment contributions. "MURC-Total dates into include dues, sales, DRT, Conference or Tournament fees, or restricted Endowment contributions.

Hill, Harper & Associates Certified Public Accountants

Independent Auditors' Report

Terry A. Hill Ernest R. Harper

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

761 Old Hickory Boulevard Suite 206 Brentwood, TN 37027 TEL: 615/377-3485 FAX: 615/377-3488

We have audited the accompanying statements of financial position of the Building Services Fund of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2006 and 2005, 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, 2006 and 2005, 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.

Hee Harper & association

April 20, 2007

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

Statements of Financial Position

December 31, 2006 and 2005

Assets

2133113			
		2006	2005
Current assets:			
Cash and interest bearing deposits	\$	108,464	128,337
Accounts receivable	-	27,182	2,281
Total current assets		135,646	130,618
Property, plant and equipment:			
Land and land improvements		214,296	214,296
Building		1,519,574	1,479,813
Building services equipment		103,304	94,422
Departmental workstations		77,228	77,228
		1,914,402	1,865,759
Less accumulated depreciation		1,105,958	1,023,483
		.,105,750	1,020,100
Net property, plant and equipment		808,444	842,276
	\$_	944,090	972,894
Liabilities and Net Assets			
Liabilities:		·· •	
Accounts payable	\$	8,112	19,634
Notes payable and long-term debt		3,753	10,703
Total liabilities		11,865	
Net assets:			
Operations		127,534	110,984
Net investment in property, plant and equipment	-	804,691	831,573
Total net assets	-	932,225	942,557
	\$	944,090	972,894

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, 2006 and 2005

	2006				
		Services for			
_	9	Operations	Departments	<u>Totals</u>	2005
Revenues:					
Building rental	\$	273,222	-	273,222	268,343
Reimbursement from departments		-	447,128	447,128	452,754
Interest income		1,556	• .	1,556	
Other		355	•	355	1,926
Net assets released from			(117 120)		
departmental reimbursements		447,128	(447,128)	•	-
Net revenues		722,261	-	722,261	723,023
Expenses:					
Expenses incurred for departments:					
Employee benefits		268,666	-	268,666	286,339
Stewardship office expense		3.650	-	3,650	5,305
Leadership Conference		22,812	-	22,812	23,325
Property and liability insurance		43,572	-	43,572	43,406
Telephone		18,825	-	18,825	22,406
Mailroom and other		84,099		84,099	68,392
		441,624	-	441,624	449,173
Building operating expenses:					
Salaries		60,962	-	60,962	59,606
Payroli taxes		5,503	-	5,503	4,637
Employee benefits		22,004	-	22,004	21,275
Janitorial services		29,180	-	29,180	28,321
Depreciation		82,475	-	82,475	79,751
Audit and legal		4,252	-	4,252	3,943
General insurance		18,515	-	18,515	17,784
Supplies and office expense		11,264	-	11,264	9,538
Utilities / telephone		31,984	-	31,984	28,808
Repairs and maintenance		11,422	-	11,422	13,578
Interest expense		1,055	-	1,055	1,963
Mailroom and other	-	12,353	•	12,353	12,876
		290,969	-	290,969	282,080
Total expenses		732,593	-	732,593	731,253
Decrease in net assets		(10,332)	•	(10,332)	(8,230)
Net assets at beginning of year		942,557	•	942,557	950,787
Net assets at end of year	\$	932,225		932,225	942,557

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, 2006 and 2005

		2006	2005
Cash Flows from Operating Activities Decrease in net assets	\$	(10,332)	- (8,230)
Adjustments to reconcile decrease in net assets to net operating activities:	.,	(10,552)	(0,250)
Depreciation	1966 - S	82,475	79,752
(Increase) decrease in:			
Receivables		(24,901)	12,967
Prepaid expenses		-	1,830
Increase (decrease) in accounts payable and accruals		(11,522)	975
Net operating activities		35,720	87,294
Cash Flows from Investing Activities			
Purchase of property and equipment		(48,643)	(2,225)
Net investing activities		(48,643)	(2,225)
Cash Flows from Financing Activities			
Repayment of debt		(6,950)	(15,748)
Net financing activities		(6,950)	(15,748)
Increase (decrease) in cash and cash equivalents		(19,873)	69,321
Cash and cash equivalents, at beginning of year		128,337	59,016
Cash and cash equivalents, at end of year	s	108,464	128,337
Supplemental disclosures:			
Interest paid	S	1,055	1,963
A second s			

See accompanying notes to financial statements.

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

December 31, 2006 and 2005

The Fund operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by a management committee 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 adheres to the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any. In addition, the Fund is required to present a statement of cash flows.

Property, Plant and Equipment

Property, plant and equipment and furniture are stated at cost. Depreciation is provided over the estimated useful life of the assets 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 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.

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 impractical 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.

Accounts Receivable

Accounts receivable are deemed to be fully collectible by management and no reserve is considered necessary.

Changes in Presentation of Financial Statements

Certain amounts as reported in the 2005 financial statements may have been reclassified to conform to current year presentation.

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

(2) Notes Payable and Long-term Debt

Summary of notes payable and long-term debt payable to Free Will Baptist Foundation is as follows:

		2006	2005
Free Will Baptist Foundation:			
6.5% installment note secured by truck, which requires monthly payments of \$282 including principal and interest which was repaid in			
March 2006	\$	•	2,203
Equipment provider:			
14.5% installment note secured by phone system and voice mail upgrade,			
which requires monthly payments of \$442 including principal and interest			
with final payment due September 2007.		3,753	8,500
		3,753	10,703
Less current portion of notes payable and long-term debt		3,753	6,558
Long-term debt	\$	-	4,145
Jotes noushle and long term dabt is fully ratired in 2007			

Notes payable and long-term debt is fully retired in 2007.

(3) Pension

The Fund 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 expense amounted to \$2,735 in 2006 and \$2,669 in 2005. 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 Fund has entered into noncancelable lease arrangements relating to mailing equipment. Total rent expense amounted to \$5,358 for 2006 and \$5,688 for 2005. The minimum payments required are: \$5,028 in 2007; \$5,028 in 2008; and \$2,514 in 2009.

(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 \$273,222 in 2006 and \$268,343 for 2005.

(6) Concentration of Credit Risk

The Fund holds real property which is used to house certain departments and agencies of the National Association of Free Will Baptists. Further, the Fund provides group benefit and other services which is billed to the respective departments at the appropriate costs. Certain receivables remain from year to year relating to these aforementioned services. The Fund has an accounting risk of loss to the extent of the balances of these unsecured accounts receivable. Cash funds in excess of the amount of FDIC insurance of \$100,000 is subject to risk of accounting loss.

Budgets

2008 BUILDING SERVICES BUDGETS FINANCIAL REPORT

PROJECTED INCOME	2006 Budget	2006 Actuals	2007 Budget	2008 Budget
Square Footage (20,470 @ \$1.14 = \$23,335.80 mo.)	<u>\$273,221.76</u>	<u>\$273,221.76</u>	<u>\$273,221.76</u>	<u>\$280.029.60</u>
Total Income	<u>\$273,221,76</u>	<u>\$273,221.76</u>	<u>\$273,221.76</u>	<u>\$280,029.60</u>

PROJECTED EXPENSES

Audit & Legal	\$6,500.00	\$4,251.75	\$6,500.00	\$6,500.00
Replacement Reserve	0.00	0.00	0.00	6,000.00
General Supplies	4,500.00	4,231.85	4,500.00	5,000.00
Insurance (Employee)	20,595.29	19,268.94	22,630.62	25,000.00
Insurance (Plant)	22,000.00	18,514.99	24,200.00	26,750.00
Janitorial Services	32,000.00	29,179.81	35,000.00	38,500.00
Janitorial Supplies	3,500.00	2,119.22	3,500.00	3,500.00
Mail Room	11,000.00	8,685.57	12,500.00	12,500.00
Mail Truck	4,755.82	2,623.31	2,000.00	4,000.00
General Maintenance/Contingency Fund	55,650.91	47,846.72	40,078.12	29,306.67
Network Expense	7,500.00	4,629.69	7,500.00	7,500.00
Payroll Taxes (Employer's S.S.)	4,760.17	4,768.81	4,869.96	5,016.05
Postage Meter/UPS	500.00	1,683.41	500.00	500.00
Retirement	2,735.17	2,735.28	2,803.55	2,887.66
Salaries	61,050.36	59,788.14	62,581.15	64,458.58
Telephone	3,000.00	4,381.73	5,000.00	6,000.00
Telephone Voice Mail Lease	0.00	5,837.43	3,980.07	0.00
Utilities	30,000.00	27,513.61	32,000.00	34,500.00
Christmas Bonus/Extra Week's Salary	1,174.04	1,174.04	1,078.29	1,110.64
Other	2,000.00	<u>119.40</u>	2.000.00	1,000.00
Total Expenses	<u>\$273,221.76</u>	\$249.353.70	<u>\$273,221.76</u>	\$280,029.60

Building Services

BUILDING SERVICES SALARY BREAKDOWN

Salary Breakdown

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Sector Sector

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Maintenance Superintendent/	2006		2007			2008	
Mail Room Supervisor							
Salary	\$28,726.90	(0 69/)	\$29,445.07	(0 En/)		***	10.000
Social Security	2,239.87		\$29,443.07			\$30,328.42	
Insurance (Health/Dental/Life)	14.000.00	(7.05%)	15,400.00			2,364.74	(7.65%)
Disability	169.49		173.73			16,940.00 178,94	
Retirement	1,436.34	159/1					(50)
Christmas Bonus	552.44	(0%)	1,472.25			1,516.42	(5%)
Ciniatilas Donta	332.44		566.25			583.24	
	47,125.04		49,353.17			51,911.76	
Receptionist/Phone System							
Administrator/Assistant Bookkeej Salary					+		
	25,976.66		26,626.08			27,424.86	
Social Security Insurance	2,025.43	(7.65%)	2,076.07			2,138.35	(7.65%)
Dental	6,272.54 344.56		6.899.80			7,589.78	
Health/Life	5.927.98		379.02		416.92		
Disability	5,927.98 153.26		6,520.78		7,172.86		
Betirement	1,298.83	(50()	157.09			161.81	
Christmas Bonus	499.55	(5%)	1,331.30 512.04			1,371.24	(5%)
Christinas Donos	499.55		512.04			<u>527.40</u>	
	36,226.27		37,602.38			39,213.44	
Part-time Worker		75 days		75 days			75 days
Salary	6.346.80	(2.5%/10.58 hr.	6.510.00	(2.5%/10.85 hr.)		6 705.30	(3.0%/11.18 hr.)
Social Security		(7.65%)		(7.65%)			(7.65%)
Christmas Bonus	122.05		0.00			0.00	(,
	6,963.72		7,008.02			7,218.26	

Hill, Harper & Associates Certified Public Accountants

Independent Auditors' Report

Terry A. Hill Ernest R. Harper

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

761 Old Hickory Boulevard Suite 206 Brentwood, TN 37027 TEL: 615/377-3485 FAX: 615/377-3488

We have audited the accompanying statements of financial position of One Magazine of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2006 and, 2005, 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 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 One Magazine of the National Association of Free Will Baptists, Inc. as of December 31, 2006 and 2005, 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.

Hey Super i associates

April 20, 2007

ONE MAGAZINE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

Statements of Financial Position

December 31, 2006 and 2005

Assets

Assets		
	2006	2005
Current assets:		
Cash and interest bearing deposits	\$ 113,131	79,622
Funds held by Free Will Baptist Foundation	24,110	22,291
Accounts receivable	 22,631	-
Total current assets	 159,872	101,913
Fixed assets:		
Furniture and equipment	8,457	6,688
Less accumulated depreciation	 (2,141)	(669)
Net fixed assets	 6,316	6,019
	\$ 166,188	107,932
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 3,706	36.292
Total liabilities	 3,706	36,292
Net assets:		
Unrestricted - operations	141,482	50,640
Permanently restricted - endowment funds	21,000	21,000
Total net assets	 162,482	71,640
	\$ 166,188	107,932

See accompanying notes to financial statements.

ONE MAGAZINE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2006 and 2005

			2006		
	U	nrestricted	Endowment		
n.	C)perations	Funds	Total	2005
Revenues:					
Assessments to publish One Magazine from		÷			
Free Will Baptist departments and agencies	\$	419,657	•	419,657	366,450
Revenues from additional pages printed		14,166	-	14,166	-
Contributions		494	· -	494	10,000
Endowment earnings		2,896	-	2,896	1,837
Other		-	-	-	491
Total revenues		437,213	-	437,213	378,778
Expenses:		······			510,110
Direct cost of publication:				· ·	
Printing		163,626		163,626	139.369
Postage and mailing services		76,899	-	76,899	86,800
Design		26,605	-	26,605	26,334
Graphics expense		1,298		1,298	1,961
Writer's fees		1,632	-	1,632	971
Total direct cost of publication		270,060		270,060	255,435
Employee compensation:				270,000	233,435
Salary		53,309		53,309	51,963
Payroll Taxes		4,432		4,432	3,975
Retirement		2,615	•	2,615	2,549
Other employee benefits		5,813	-	5,813	6,223
Total employee compensation		66,169	•	66,169	64,710
Operating expenses:					
Supplies and other office expense		6,227	-	6,227	4,421
Travel		2,443	-	2,443	2,903
Depreciation		1,472	-	1,472	669
Total operating expenses		10,142	-	10,142	7,993
Total expenses		346,371		346,371	328,138
Increase in net assets		90,842	-	90,842	50,640
Net assets at beginning of year		50,640	21,000	71,640	21,000
Net assets at end of year	\$	141,482	21,000	162,482	71,640

See accompanying notes to financial statements.

ONE MAGAZINE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities		
Increase in net assets	\$ 90,842	50,640
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation	1,472	669
Earnings credited to Funds Held by Free Will Baptist Foundation	(1,819)	(1,291)
Increase in accounts receivable	(22,631)	•
Increase (decrease) in:		
Accounts payable	(32,586)	36,292
Deferred revenue		(10,000)
Net operating activities	 35,278	76,310
Cash Flows from Investing Activities		
Purchase of fixed assets	 (1,769)	(6,688)
Net investing activities	(1,769)	(6,688)
Increase in cash and cash equivalents	33,509	69,622
Cash and cash equivalents, at beginning of year	 79,622	10,000
Cash and cash equivalents, at end of year	\$ 113,131	79,622

See accompanying notes to financial statements.

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ONE MAGAZINE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.

Notes to Financial Statements

December 31, 2006 and 2005

One Magazine operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by an oversight committee chaired by the Executive Secretary of the National Association of Free Will Baptists, Inc. The oversight committee is composed of the directors of the Departments which participate in One Magazine.

One Magazine was formed as follows:

At the 2004 convention of the National Association of Free Will Baptists, Inc., approval was given to cease publication of Contact Magazine (the official publication of the Executive Office of the National Association of Free Will Baptists, Inc.) effective December 2004. Further, approval was given to begin One Magazine to provide information for the denomination regarding the activities of the various ministries of Free Will Baptists.

Further, effective December 31, 2004, the Executive Office of the National Association of Free Will Baptists, Contact Magazine division, transferred funds amounting to \$21,000 held by Free Will Baptist Foundation which were designated as Endowment funds.

One Magazine is funded by monthly assessments to the various Free Will Baptist organizations as indicated at note 2.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

One Magazine adheres to the provisions of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any. In addition, a statement of cash flows is required.

Fixed Assets

Furniture and equipment are stated at cost. Depreciation is provided over the estimated useful file of the assets 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

One Magazine 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, all cash funds, cash bank accounts and highly liquid debt instruments purchased with an original maturity of three months or less are considered 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.

Compensated Absences

Employees of One Magazine are entitled to paid vacation, 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 Fund's policy is to recognize the cost of compensated absences when actually paid to employees.

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

(2) Assessments to publish One Magazine from Free Will Baptist departments and agencies

The following assessments were made:

-	2006	2005
Executive Office of the National Association of		
Free Will Baptists:		
Administrative budget	\$ 110,407	100,000
Convention budget	16,561	15,000
Free Will Baptist Foundation	44,163	40,000
Free Will Baptist Bible College	49,021	40,700
Board of Home Missions of the National Association of		
Free Will Baptists	67,348	61,000
International Missions of the National Association of		
Free Will Baptists	57,964	43,750
Master's Men	7,949	6,000
Sunday School and Church Training Board		
and Randall House Publications	44,163	40,000
Board of Retirement and Insurance of the National		
Association of Free Will Baptists	 22.081	20,000
	\$ 419,657	366,450

(3) Related Party Transactions

The Executive Office of the National Association of Free Will Baptists, Inc. provided office space and certain administrative services to One Magazine at no cost.

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$209,222 in 2006 and \$157,259 in 2005.

(4) Pension

The Fund 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 expense amounted to \$2,615 in 2006 and \$2,549 in 2005. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

(5) Concentration of Credit Risk

One Magazine has an accounting risk of loss relating to the amount of funds held by Free Will Baptist Foundation and accounts receivable from various Free Will Baptist departments. Further, cash balances in excess of the amount of FDIC insurance of \$100,000 is subject to risk of accounting loss.

ONE MAGAZINE

Budgets

2008 ONE MAGAZINE BUDGETS FINANCIAL REPORT

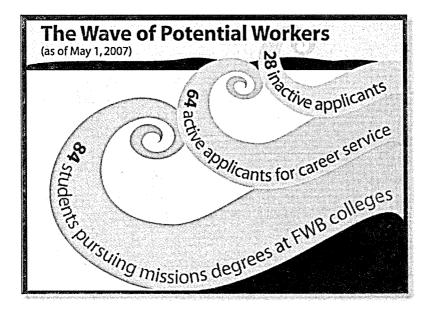
REVENUE	2006 Budget	2006 Actuals	2007 Budget	2008 Budget
Convention	\$16,561.02	\$16,561.08	\$16,561.02	\$16,561.02
Executive Office	110,406.80	110,406.84	110,406.80	110,406.80
Free Will Baptist Bible College	49,020.62	49,020.60	49,020.62	49,020.62
Free Will Baptist Foundation	44,162.72	44,162.76	44,162.72	44,162.72
Home Missions	67,348.15	67,348.20	67,348.15	67,348.15
International Missions	57,963.57	57,963.60	57,963.57	57,963.57
Master's Men	7,949.29	7,949.28	7,949.29	7,949.29
Randall House Publications	44,162.72	44,162.76	44,162.72	44,162.72
Retirement & Insurance	22,081.36	22,081.36	22,081.36	22,081.36
Endowment	500.00	1,075.97	500.00	500.00
Graphics	3,000.00	14,204.19	3,000.00	3,000.00
Postage	0.00	20,342.02	0.00	0.00
Subscription Revenue	0.00	493.75	0.00	0.00
Total Revenue	\$423,156.25	\$455,772.41	\$423,156.25	\$423,156,25 *
EXPENSES				
Salary & Benefits	\$65,600.00	\$65,815.19	\$67,240.00	\$69,257.21
Auto Allowance	0.00	0.00	4,000.00	4,120.00
Audit & Legal	0.00	0.00	0.00	3,250.00
Computer Services	0.00	1,322.69	500.00	1,500.00
Design	33,000.00	26,604.61	34,320.00	38,000.00
Graphics	5,000.00	1,298.28	5,000.00	5,000.00
Mail Services	8,250.00		10,000.00	
Mailing List Maintenance	2,000.00	0.00	1,500.00	
Miscellaneous	1,320.25		2,646.25	
Postage	139,986.00			
Postal Returns	6,000.00		4,500.00	
Printing	154,000.00		169,400.00	
Promotion	0.00		400.00	
Supplies	2,500.00		2,500.00	'
Telephone	0.00			
Travel	2,500.00			
Writer's Fees	3,000.00	1.631.81	3.000.00	3,000.00
Total Expenses	\$423,156.25	\$362,614.36	<u>\$423.156.25</u>	<u>\$444.000.00</u>

*Additional funds in the amount of \$20,843.75 will be provided by accumulated surplus revenue.



They're Coming. . . Like We've Never Seen Before

The future of Free Will Baptist ministry around the world not only looks bright, it appears expansive. A wave of candidates, unlike any in the history of the Mission, is swelling the ranks seeking to facilitate Church Planting Movements and carry the gospel to unreached people groups. Compare the current missionary force of 93 career and short-term personnel with the 64 active applicants who have potential for career appointment by December 2011. In addition, it is possible 28 inactive applicants will resume the application process by December 2011. Ripples on the horizon, 83 students in Free Will Baptist colleges are pursuing missions degrees. Even more young adults, studying in other colleges and universities, intend to serve with Free Will Baptist International Missions. The number of second career personnel God will call into the process is an exciting unknown.



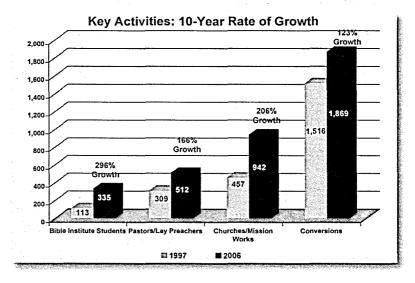


A DECADE OF GROWTH

Free Will Baptist International Missions continues to see rising numbers of national churches and mission works, conversions, and pastors and lay preachers. Over the last 10 years, God has blessed our denomination globally, as more and more unreached peoples come to faith in Christ. The scope of Church Planting Movements continues to broaden as well. In 2006 we opened yet another field—the country of Bulgaria. Reports from missionaries and national workers give the following totals for 2006:

> 942 churches and mission works 35,070 total average church attendance 512 pastors and lay preachers 335 Bible institute students 2,306 conversions

Not only were new annual milestones reached in 2006, but the growth rate of the last 10 years continues to improve as detailed in the following chart:

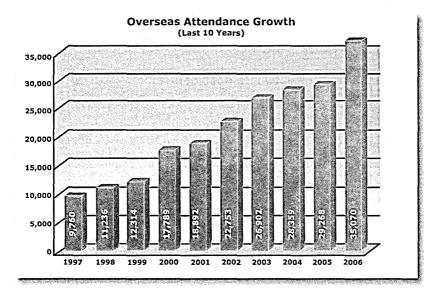


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The seeds planted today provide for years of harvests for God's kingdom. Seeds sown in years past have grown and multiplied.

The following chart shows the tremendous attendance increase for 2006:



Seven new missionaries were appointed in 2006. Career missionaries appointed were Mick and Rachel Donahue (Spain); David and Angie Outlaw (Creative Access Countries); and Tim and Lydia Awtrey (Bulgaria). In addition to these, Heath Hubbard was approved for a short-term assignment to Creative Access Countries.

Our E-TEAM and College Missions Programs are also expanding. Nine locations were served by 78 E-TEAM students in the summer of 2006. Five fields received 11 Overseas Apprentices, and 22 other college students experienced overseas ministry during the year.



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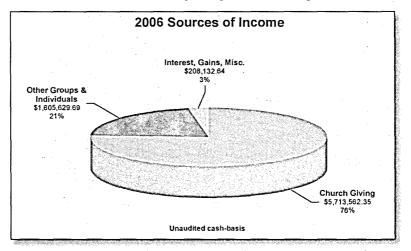
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FINANCIAL SUMMARY

Financially, 2006 was an outstanding year for the Mission. Total income grew by more than seven percent—from \$6.8 million to \$7.3 million (per the audit). Free Will Baptists enthusiastically adopted the "Change the World" coin banks and the expanded vision of the World Missions Offering. The 2006 WMO increased by 80% over the 2005 offering amount (from \$176,783.08 to \$317,476.35).

Our people's faithulness resulted in an overall surplus of \$67,616.00 in the general fund (unrestricted net assets). We rejoice in the way the Lord has provided for every need and we look to the future with hope for significant continued growth.



We are thankful for the 97 churches that gave \$10,000 or more.

Donelson FWB Church	Nashville	TN	\$137,304.20
Faith FWB Church	Goldsboro	NC	\$129,985.95
Wesconnett FWB Church	Jacksonville	FL	\$92,000.00
Horse Branch FWB Church	Turbeville	SC	\$72,551.82
Circleville FWB Church	Circleville	OH	\$69,000.00
Unity FWB Church	Greenville	NC	\$68,177.74
Bethany FWB Church	Broken Arrow	OK	\$66,274.52
First FWB Church	Russellville	AR	\$64,851.51
Limestone FWB Church	Limestone	TN	\$54,984.46

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	FREE WILL BAPTIST	
田田	INTERNATIONAL	
	MISSIONS	
10	Macedonia FWB Church	Purdy
11	Eastside FWB Church	Elizabethton
12	Heads FWB Church	Cedar Hill
13	Cofer's Chapel FWB Church	Nashville
14	Parker's Chapel FWB Church	Greenville
15	Discovery FŴB Church	Stockton
16	Cross Timbers FWB Church	Nashville
17	First FWB Church	· Washington
18	Ina FWB Church	Ina
19	First FWB Church	Albany
20	Central FWB Church	Royal Oak
21	Peace FWB Church	Wilson
22	Peace FWB Church	Florence
23	New Hope FWB Church	Joelton
24	Bethel FWB Church	Kinston
25	Calvary Fellowship FWB Ch	Fenton
26		New Bern
27	Grace FWB Church	Arnold
28	Pleasant Acres FWB Church	New Bern
29	Westside FWB Church	Johnsonville
30	Union Chapel FWB Church	Chocowinit
31	First FWB Church	Star City
32	Union Grove FWB Church	Atkins E. II. to a
33	Philadelphia FWB Church	Folkston Mountain C
34	First FWB Church	Bristol
35	Piney Grove FWB Church	Liberal
36	Hannon FWB Church	N. Little Ro
37	First FWB Church	Red Bay
38	Red Bay FWB Church First FWB Church	Florence
39 40	First FWB Church	Gastonia
40 41	Fellowship FWB Church	Kingsport
41	Zephyr Hills FWB Church	Asheville
42	Piney Grove FWB Church	Guin
43	Winfield First FWB Church	Winfield
45	Allen Chapel FWB Church	Batesville
46	First FWB Church	Beaufort
40	Townsend FWB Church	Townsend
48	Garner FWB Church	Garner
49	Sand Hill FWB Church	Coward
50	Hindman Park FWB Church	Austin
51	CrossPointe FWB Church	Norman
52	Grace FWB Church	Lake City
20	State Line States	

lizabethton	TN	\$50,476.75
Cedar Hill	TN	\$49,999.50
lashville	TN	\$46,184.78
reenville	NC .	\$45,822.05
tockton	CA	\$44,807.76
lashville	TN	\$38,422.10
Vashington	NC	\$37,112.92
na	IL	\$37,001.00
lbany	GA	\$31,992.91
loyal Oak	MI	\$31,009.42
Vilson	NC	\$27,602.46
lorence	SC	\$27,445.35
pelton	TN	\$26,047.94
Linston	NC	\$25,914.59
enton	MO	\$24,474.66
lew Bern	NC	\$23,251.18
rnold	MO	\$23,027.71
Jew Bern	NC	\$22,896.88
ohnsonville	SC	\$22,445.12
Chocowinity	NC	\$21,966.00
tar City	AR	\$21,307.57
tkins (AR	\$21,299.37
olkston	GA	\$21,294.14
Jountain Grove	МО	\$20,950.00
ristol	GA	\$20,837.87
iberal	MO	\$20,534.18
J. Little Rock	AR	\$19,965.16
led Bay	AL	\$19,914.47
lorence	SC	\$19,818.90
Gastonia	NC	\$19,817.50
Cingsport	TN	\$19,217.92
sheville	NC	\$18,901.99
Guin	AL	\$18,878.20
Winfield	AL	\$18,338.83
Batesville	AR	\$17,297.80
Beaufort	NC	\$17,237.78
Townsend	DE	\$17,138.88
Garner	NC	\$16,962.00
Coward	SC	\$16,802.26
Austin	AR	\$16,786.41
Norman	ОК	\$16,728.38
lake City	SC	\$16,271.64
•		

MO

\$50,493.34



FREE WILL BAPTIST

MISSIONS

- 53 New Hope FWB Church
- 54 Verdella FWB Church
- 55 Hillsboro FWB Church
- 56 Fellowship FWB Church
- 57 Ruth's Chapel FWB Church
- 58 Hilltop FWB Church
- 59 Tippett's Chapel FWB Church
- 60 First FWB Church
- 61 Cavanaugh FWB Church
- 62 Bethany FWB Church
- 63 Temple FWB Church
- 64 Bethlehem FWB Church
- 65 Tupelo FWB Church
- 66 Blue Point FWB Church
- 67 Gilead FWB Church
- 68 South Valley Christian Church
- 69 Good Springs FWB Church
- 70 Cramerton FWB Church
- 71 First FWB Church
- 72 Mt Olive FWB Church
- 73 Heritage FWB Church
- 74 Fellowship FWB Church
- 75 Temple FWB Church
- 76 First FWB Church
- 77 First Bible FWB Church
- 78 Meadowbrook FWB Church
- 79 Mt. Harmony FWB Church
- 80 Gospel Light FWB Church
- 81 West Tulsa FWB Church
- 82 Lebanon FWB Church
- 83 Oak Grove FWB Church
- 84 First FWB Church
- 85 Bellview FWB Church
- 86 Woodbine FWB Church
- 87 First FWB Church
- 88 Trinity FWB Church
- 89 First FWB Church
- 90 Good News FWB Church
- 91 Ebenezer FWB Church
- 92 Goshen FWB Church
- 93 New Liberty FWB Church
- 94 Porter FWB Church
- 95 Sutton FWB Church

Ina	IL	\$16,110.00
Liberal	МО	\$16,000.44
Hillsboro	OH	\$15,379.80
Bryan	TX	\$15,049.63
New Bern	NC	\$14,870.08
Fuquay Varina	NC	\$14,651.00
Clayton	NC	\$14,283.07
Northport	AL	\$14,180.01
Fort Smith	AR	\$14,176.06
Timmonsville	SC	\$14,156.00
Greenville	NC	\$13,873.50
Ashland City	TN	\$13,853.35
Tupelo	MS	\$13,822.29
Cisne	IL	\$13,775.45
Scranton	SC	\$13,726.07
San Jose	CA	\$13,704.74
Pleasant View	TN	\$13,592.14
	NC	••
Cramerton		\$13,585.00
Fayette	AL	\$13,584.02
Guin	AL	\$12,936.40
Gilbert	AZ	\$12,500.00
Park Hills	MO	\$12,434.21
Darlington	SC	\$12,370.82
Tuckerman	AR	\$12,264.47
New Castle	IN	\$12,166.85
Black Mountain	NC	\$11,925.94
Vernon	AL	\$11,854.58
Bonne Terre	MO	\$11,700.00
Tulsa	OK	\$11,650.00
Effingham	SC	\$11,613.15
Greeneville	TN	\$11,306.23
Reform	AL	\$11,287.00
Colquitt	GA	\$11,264.20
Nashville	TN	\$11,031.42
O'Fallon	MO	\$10,753.40
Darlington	MD	\$10,640.52
Sylacauga	AL	\$10,608.28
Chesterfield	VA	\$10,539.36
Glennville	GA	\$10,291.21
Mt. Holly	NC	\$10,212.76
Bankston	AL	\$10,136.50
Portsmouth	OH	\$10,114.71
Pocahontas	AR	\$10,054.02

	FREE WILL BAPTIST		
ØØ	INTERNATIONAL M 1 S S I O N S		
96 97	Black River FWB Church Cornerstone FWB Church	Andrews Whiteville	SC NC

We also gratefully acknowledge the following top 10 states in gifts to Free Will

Baptist International Missions.

Tennessee \$1,359,215.83 North Carolina \$956,516.81 Oklahoma \$658,551.55 Arkansas \$582,810.04 Missouri \$563,005.42 Alabama \$465,305.26 South Carolina \$453,930.04 Georgia \$369,057.22 Ohio \$277,855.17 Florida \$268,663.32

CHURCHES GIVING OVER \$1,000 TO THE WORLD MISSIONS OFFERING

April is designated International Missions Emphasis Month. In 2006, International Missions broke new ground by underwriting four Bible institutes with the World Missions Offering. Through your sacrificial giving, the WMO nearly doubled to allow full funding of those four Bible institutes.

Below is a list of churches that gave \$1,000 or more to the WMO.

1	Unity FWB Church	Greenville	NC	\$9,691.80
2	Cookeville FWB Church	Cookeville	TN	\$5,033.78
3	Ina FWB Church	Ina	IL	\$5,000.00
4	Bethel FWB Church	Kinston	NC	\$5,000.00
5	Zephyr Hills FWB Church	Asheville	· NC .	\$4,405.25
6	Hillsboro FWB Church	Hillsboro	OH	\$4,295.60
7	Piney Grove FWB Church	Guin	AL	\$4,000.00
8 .	Good News FWB Church	Chesterfield	VA	\$3,960.38
9	Peace FWB Church	Florence	SC	\$3,362.91
10	Cofer's Chapel FWB Church	Nashville	TN	\$3,348.60
11	Sherwood Forest FWB Church	New Bern	NC	\$3,303.06
12	Prospect Freewill Baptist Church	Dunn	NC	\$3,263.37
13	Louisa FWB Church	Louisa	KY	\$3,165.20
14	First FWB Church	Fayette	AL	\$3,051.82

\$10,014.79

\$10,000.00

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FREE WILL BAPTIST

INTERNATIONAL M I S S I O N S

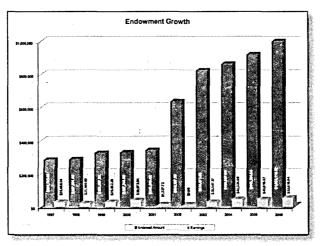
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15	First FWB Church	Winfield	AL	\$3,025.00
16	Calvary Fellowship FWB Church	Fenton	MO	\$3,017.72
17	Harmony FWB Church	Ada	OK	\$3,000.00
18	Bethlehem FWB Church	Ashland City	TN	\$2,754.85
19	Horse Branch FWB Church	Turbeville	SC	\$2,548.00
20	First FWB Church	Hubert	NC	\$2,528.99
21	Macedonia FWB Church	Purdy	MO	\$2,500.00
22	Wyandotte FWB Church	Mansfield	OH	\$2,500.00
23	Bethany FWB Church	Broken Arrow	ОК	\$2,350.00
24	Fellowship FWB Church	Bryan	TX	\$2,292.06
25	Heritage FWB Church	Columbus	ОН	\$2,243.97
26	First FWB Church	Bakersfield	CA	\$2,238.94
27	Red Bay FWB Church	Red Bay	AL	\$2,182.78
28	Trinity FWB Church	Darlington	MD	\$2,142.75
29	Blue Point FWB Church	Cisne	IL	\$2,075.87
30	Harper Road FWB Church	Joelton	TN	\$2,050.95
31	Union Ridge FWB Church	Sulligent	AL	\$2,000.00
32	Sand Hill FWB Church	Coward	SC	\$1,810.00
33	Virginia Beach FWB Church	Virginia Beach	VA	\$1,748.00
34	Woodbine FWB Church	Nashville	TN	\$1,732.99
35	Rocky Pass FWB Church	Marion	NC	\$1,660.00
36	Ryanwood Fellowship FWB Ch	Vero Beach	FL	\$1,638.00
37	Cleveland FWB Church	Cleveland	OH	\$1,631.02
38	Fellowship FWB Church	Kingsport	TN	\$1,624.53
39	Fort Gibson FWB Church	Fort Ĝibson	OK	\$1,567.30
40	Allen Chapel FWB Church	Batesville	AR	\$1,557.02
41	Ambassador FWB Church	Cincinnati	OH	\$1,550.00
42	New Hope FWB Church	Joelton	TN	\$1,526.73
43	Porter FWB Church	Portsmouth	OH	\$1,522.40
44	New Oak Grove FWB Church	Nauvoo	AL	\$1,515.72
45	First FWB Church	Haskell	OK	\$1,500.00
46	Knight's Chapel FWB Church	Cookeville	TN	\$1,487.01
47	First FWB Church	Dickson	TN	\$1,429.00
48	Southgate FWB Church	Southgate	MI	\$1,421.03
49	Salem Freewill Baptist Church	Alford	FL	\$1,414.48
50	First FWB Church	Ypsilanti	MI	\$1,414.00
51	First FWB Church	Stanley	NC	\$1,400.00
52	New Hope FWB Church	Lake Tapps	WA	\$1,332.35
53	Cooper FWB Church	Detroit	AL	\$1,261.25
54	Harmony FWB Church	Lake Butler	FL	\$1,260.06
55	Tippett's Chapel FWB Church	Clayton	NC	\$1,259.72
56	First FWB Church	Mountain Grove	MO	\$1,240.00
57	First FWB Church	Bristol	VA	\$1,228.00

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	FREE WILL BAPTIST INTERNATIONAL M I S S I O N S			
58	First FWB Church	Blakely	GA	\$1,210.00
59	Harrison FWB Church	Minford	OH	\$1,205.50
60	Good Hope FWB Church	Henderson	TX	\$1,203.84
61	Trinity FWB Church	La Grange	NC	\$1,200.00
62	Free Will Baptist Church	Christiansted	VI	\$1,200.00
63	Cross Timbers FWB Church	Nashville	TN	\$1,165.66
64	First FWB Church	Brunswick	GA	\$1,131.29
65	Rinnie Baptist Church	Crossville	TN	\$1,128.91
66	Harmony FWB Church	Flint	MI	\$1,080.00
67	First FWB Church	Greenville	SC	\$1,058.75
68	Thomaston Community Church	Thomaston	TX	\$1,050.00
69	First FWB Church	Springfield	MO	\$1,044.97
70	First FWB Church	Melbourne	FL	\$1,004.50
71	First FWB Church	Dothan	AL	\$1,000.00
72	Madison FWB Church	Madison	AL	\$1,000.00
73	Belk FWB Church	Belk	AL	\$1,000.00
74	First FWB Church	Owensboro	KY	\$1,000.00
75	Crosspoint FWB Church	West Jordan	UT	\$1,000.00
76	Madison FWB Church	Madison	AL	\$1,000.00

ENDOWMENT REPORT

Because the future will demand expanded funding to do our part to reach the world, IM is comitted to growing our endowment funds. We will continue to challenge faithful Free Will Baptists to remember world evangelism in their financial and estate planning. The table at right details the growth of the endowment with the Free Will Baptist Foundation.





TRIBUTE TO OUR MISSIONARIES AND STAFF

We are thrilled and humbled to report the good things God is doing through our denomination to fulfill the Great Commission. The hard-working team at International Missions serves the world's finest missionary force, supported by some of God's most outstanding churches and people. We are thankful to be part of such a team!

Our dedicated home office team deserves a commmendation for a job well-done in 2006. Many long hours and much extra effort produced great results. We were blessed with the addition of some outstanding new staff members in 2006. We're thankful for Joni Thomas in the position of mobilization assistant, Christina Douglas in the position of accounting clerk, Kiley Hawkins in the position of executive assistant to the general director, and Beth Franks as intern for communications.

Typically, new employees are hired because we said good-bye to others. Alicia Bunch left the mobilization department to serve a short-term assignment in Bolivia. Nancy Jones, a long-time volunteer and part-time accounting clerk, retired in April 2006. Geneva Walker retired in May after serving faithfully for six and a half years in financial operations. We are thankful for their diligence and heart for missions.

We also gratefully acknowledge Dr. Milton Worthington's completion of 12 years of service on the Board of FWB International Missions. His last three years he faithfully served as chairman.

BOARD MEETINGS AND ACTIONS

National Association Meeting-July 19, 2006

The Board met at the Sheraton Hotel in Birmingham, AL. Members present were: Milton Worthington, Bill Van Winkle, Tom McCullough, Sherwood Lee, Jerry Norris, David Williford, Randy Wilson, Jeff Manning, and Danny Williams.

The Board approved Tim and Lydia Awtrey as career missionaries to Bulgaria.

The Board approved Heath Hubbard for a two year assignment in Central Asia.

The following missionaries were approved for another term of service: David and Annette Aycock (Brazil) and Carlisle Hanna (India).

Clint Morgan was approved as the Regional Director for Africa, the Middle East, and Central Asia. Jeff Turnbough was approved as the Regional Director for Europe. The Board commended Milton Worthington for his 12 years of service on the Board, and for his service as Chairman.

E-mail Ballot – October 16, 2007

The Board approved David Beltz to serve the unexpired term as a Trustee of the subsidiary.

E-mail Ballot – October 25, 2007

The Board approved \$15,000 from the Unanticipated Opportunities budget to be directed toward transportation needs for India.

Semi-Annual Meeting – December 6-7, 2006

The Board met at the International Missions Office in Antioch, TN. Members present were: Danny Williams, Randy Wilson, Tom McCullough, Sherwood Lee, Bill Van Winkle, Jeff Manning, Jerry Norris, and David Williford.

The Board elected David Beltz and Van Stewart to three-year terms as Trustees of the subsidiary.

The General Director gave a report of the meeting with the Executive Committee concerning the 2010 celebration.

Mirial Gainer was reappointed for another term in Japan.

The Board approved the election of Robert Bryan as Field Chairman of France.

The Board approved Mick and Rachel Donahue to a career working with Muslim peoples in Spain.

The Board approved the General Director's nomination of Barry Simpson as the Director of Development.

The 2007 World Missions Offering disbursement plan was approved.

The Board met with Clint Morgan and Sean Warren in a consultation regarding Muslim contextualization.



E-mail Ballot – March 28, 2007

The Board approved the assignment of the M Team to the subsidiary of the Mission.

Annual Meeting – April 23-25, 2007

The Board met at the International Missions Office in Antioch, TN. Members present were: Danny Williams, Randy Wilson, Tom McCullough, Nelson Henderson, Jeff Manning, Jerry Norris, Bill Van Winkle, and David Williford. Sherwood Lee was absent from the entire meeting due to recuperation from back surgery. Jeff manning was absent on Wednesday, April 25, due to a funeral.

The Board approved Joshua and Alicia Crowe as career missionaries to Japan.

The Board approved Kimberly Johnson as a career missionary to Brazil.

The Board approved Rusty and Brenda Carney as career missionaries to Japan.

The Board approved Rosanna Miller to serve a two-year term in Bulgaria.

The Board approved Paige Autry to serve a two-year term in Brazil

The Board approved Cindy Hall to serve a two-year term in Brazil.

The Board approved the direction of the plan to restructure the funding system, including the dates and the budget, and instructed the General Director to proceed.

The Board approved the 2010 Celebration plan and budget, with the understanding that the plan not operate in the deficit.

The Board retained the present officers for the upcoming year (Danny Williams, Chairman; Randy Wilson, Vice-Chairman; Tom McCullough, Secretary).

The auditor's report from Blankenship CPA group was accepted.

Dennis and Carol Teague were reappointed for another term in France.

Sean and Jill Warren were granted a one-year leave of absence.

Steve and Donna Olson's resignation from France was accepted.

Dennis and Trena Owen's resignation from Uruguay was accepted, effective



August 1, 2007. The Board communicated an appreciation for their 28 years of service to our Lord and to Free Will Baptist Foreign/International Missions.

Bobby and Sue Aycock's retirement from Brazil was accepted, effective July 1, 2007. The Board communicated an appreciation for their nearly 40 years of service to our Lord and to Free Will Baptist Foreign/International Missions.

The Board approved a C-3.5 contextualization level for Free Will Baptist International Missions, and the Subsidiary, when working among Muslim peoples. This includes a monogram Muslim Contextualization Parameters (April 25, 2007) as a document to help clarify the meaning of the C-3.5 level.

The Board approved a Board Members Code of Ethics and included it in the Mission's handbook.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Board of International Missions of the National Association of Free Will Baptists and Subsidiary

We have audited the accompanying consolidated statement of financial position of the Board of International Missions of the National Association of Free Will Baptists and Subsidiary (the "Organization") as of December 31, 2006, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of the Organization as of December 31, 2005, were audited by other auditors whose report is dated March 31, 2006, expressed an unqualified opinion on those statements.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Board of International Missions of the National Association of Free Will Baptists and Subsidiary as of December 31, 2006, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic 2006 consolidated financial statements taken as a whole. The accompanying supplemental schedules, on pages 12 and 13, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Blankenship CPA Shoup, PLLC

April 4, 2007

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BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2006 AND 2005

ASSETS		
	2006	2005
Cash and cash equivalents	\$ 821,156	\$ 966.785
Investments in trusts	2,188,304	2,056,116
Investments	11,200	5,740
Prepaid expenses	22,805	
Receivables from employees and missionaries	356,703	288,809
Note receivable	72,054	84,036
Property and equipment, net	247,757	140,590
Total assets	\$ 3,719,979	\$ 3,542,076
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 179,794	\$ 289,021
Supplemental retirement insurance obligation	521,527	488,012
Accrued severance payable	160,538	149,234
Total liabilities	861,859	926,267
Net assets:		
Unrestricted (deficit)	(39,820)	(107,436)
Temporarily restricted	2,871,699	2,697,004
Permanently restricted	26,241	26,241
Total net assets	2,858,120	2,615,809
Total liabilities and net assets	\$ 3,719,979	\$ 3,542,076

The accompanying notes are an integral part of these consolidated financial statements.

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BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2006 AND 2005

2006

2005

Unrestricted:		
Revenue:		
Contributions	\$ 1,381,084	\$ 1,166,307
Investment income	136,562	43,556
Other income	54,088	68,736
Gain (loss) on disposal of property and equipment	(3,671)	10,978
Net assets released from restrictions:		
Restrictions satisfied by payments	5,778,140	5,573,185
Total revenue	7,346,203	6,862,762
Expenses:		
General fund	1,465,612	1,430,118
Missionaries	5,183,148	5,285,880
VISION campaign	629,827	237,530
Total expenses	7,278,587	6,953,528
, etai espeñole		
Increase (decrease) in unrestricted net assets	67,616	(90,766)
Temporarily restricted:		
Revenue:		
Contributions	5,781,327	5,270,446
Contributions - subsidiary	171,508	79,888
Net assets released from restrictions:		
Restrictions satisfied by payments	(5,778,140)	(5,573,185)
Increase (decrease) in temporarily restriced net assets	174,695	(222,851)
Total increase (decrease) in net assets	242,311	(313,617)
Net assets, beginning of year	2,615,809	2,929,426
Hor assore, beginning of year	2,010,009	2,020,420
Net assets, end of year	\$ 2,858,120	\$ 2,615,809

The accompanying notes are an integral part of these consolidated financial statements.

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BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 242,311	\$ (313,617)
Adjustments to reconcile increase (decrease) in net assets to		
net cash provided (used) by operating activities:		
Depreciation	63,100	59,195
Unrealized gain on investments	(136,562)	(41,202)
(Gain) loss on disposal of property and equipment	3,671	(10,978)
Increase in receivables from employees and missionaries	(67,894)	(116,700)
Increase in prepaid expenses	(22,805)	-
Increase (decrease) in accounts payable and accrued expenses	(109,227)	80,208
Increase in supplemental retirement insurance payable	33,515	36,080
Increase (decrease) in severance payable	11,304	(2,163)
		· · · · · · · · · · · · · · · · · · ·
Net cash provided (used) by operating activites	17,413	(309,177)
Cash flows from investing activities:		
Purchases of equipment	(363,748)	(147,745)
Proceeds from sale of equipment	189,812	82,583
Purchases of investments	(34,790)	(642,408)
Proceeds from sale of investments	33,702	300,000
Collection on note receivable	11,982	11,982
Net cash used by investing activities	(163,042)	(395,588)
	(4.45.000)	(704 705)
Decrease in cash and cash equivalents	(145,629)	(704,765)
Cash and cash equivalents, beginning of year	966,785	1,671,550
outri and outri officeral pogening of your		
Cash and cash equivalents, end of year	\$ 821,156	\$ 966,785
· · ·		

The accompanying notes are an integral part of these consolidated financial statements.

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NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Board of International Missions of the National Association of Free Will Baptists (formerly the Board of Foreign Missions of the National Association of Free Will Baptists) is a not-for-profit organization (the "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 has established a not-for-profit subsidiary (the "subsidiary") to meet the physical and spiritual needs of hurting people around the world.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies used are as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Board of International Missions of the National Association of Free Will Baptists and its subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to be comparative with the current year.

Income Taxes

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. The Subsidiary is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under an advance ruling. In addition the Organization and subsidiary have 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 2006 and 2005.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted revenue and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all cash on deposit, money market funds and highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments in Trusts

Investments in trusts are composed of five 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 fair market value. The remaining trusts are invested in government securities and valued at cost, which approximates fair market value.

Investments

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

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000 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 Office furniture and equipment 3 years 3 – 10 years

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplemental Retirement Insurance Obligation

The Organization provides a monthly cash supplement to employees that retire with fifteen years of service (of which the last five was with the Organization). This supplement is intended to assist retirees with purchasing supplemental health insurance. The obligation is calculated as the present value of the expected future payments attributed to the employees' years of service.

NOTE 3 - INVESTMENTS IN TRUSTS

Investments are carried at quoted fair market values. The Organization's trusts at December 31, consisted of the following:

	2000	2000
Foundation Trust	\$1,181,656	\$1,108,942
Benevolent Health Trust	902,615	855,215
Support Services Endowment	98,728	86,991
St. Sebastien Trust	3,073	3,001
Scholarship Endowment	2,232	1,967
1 A.	\$ 2,188,304	\$2.056.116

The total investment income for 2006 was \$131,102 and 2005 was \$44,596 consisting of unrealized gains.

NOTE 4 - INVESTMENTS

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2006 and 2005 consisted of equity securities. Unrealized gains (losses) were \$5,460 and (\$1,040) for 2006 and 2005, respectively. There were no realized gains or losses.

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NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES

Included in receivables from missionaries and employees is \$274,426 and \$266,101 in 2006 and 2005, respectively in advance funds from missionaries. When a missionary goes to the field they are given funds to establish their missionary work. The Organization's policy is that these funds remain the property of the Organization and are due back from the missionary when the missionary resigns or retires. It has been the practice of the Organization to expense these funds when a missionary goes to the field. The Organization is now going through the process of reclassifying these funds as a receivable to properly comply with the Organization's policy. The funds advanced to all new missionaries are now recorded as a receivable when the funds are paid. As missionaries that are already on the field come home on furlough, the missionaries' accounts are reconciled and the advance funds are recorded at that time based on the reconciliation.

NOTE 6 - NOTE RECEIVABLE

NOTE 7 -

Note receivable consists of an obligation from a related party as follows:

	2006	2005
8% mortgage note receivable due with a maturity date of January 1, 2008. Annual installments of \$24,000 are scheduled for January 1, 2007 and 2008. The related party is behind on payments and the terms of the note have not been modified to adjust for the additional \$24,054 that is due at maturity. The note is secured by land owned by the		
Free Will Baptist Mission of Korea.	<u>\$ 72,054</u>	<u>\$ 84,036</u>
PROPERTY AND EQUIPMENT		
A summary of property and equipment is as follows:		
	2006	2005
Office furniture and equipment Cameras and projectors Automobiles Computer equipment	\$ 24,990 84,387 174,459 <u>76,710</u> 360,546	\$50,342 95,626 129,772 <u>109,248</u> 384,988
Less accumulated depreciation	(112,789)	(244,398)
Total	<u>\$_247,757</u>	<u>\$_140,590</u>

Depreciation expense amounted to \$63,100 and \$59,195 for 2006 and 2005, respectively. -8-

NOTE 8 - SUPPLEMENTAL RETIREMENT INSURANCE OBLIGATION

Using a measurement date of December 31, the calculation of the accumulated benefit obligation of \$521,527 was based on a discount rate of 5%. The assumed increase in the level of benefits was based on the Organization's intention of capping the increases at 5% a year. The expense and employer contributions associated with this supplement were \$45,037 and \$41,456 for 2006 and 2005, respectively. Benefits paid to retirees were \$8,152 and \$6,328 for 2006 and 2005, respectively. The Organization expects payouts in the future to be similar to those of the current year. Investments in the Benevolent Health Trust in the amount of \$902,615 have been designated, but not restricted, by the Organization to fund this liability.

NOTE 9 - ACCRUED SEVERANCE PAYABLE

The Organization provides a lump sum payment to missionaries at the time of separation to assist with their transition back to the United States. This amount is based on the number of years of service multiplied by an amount set by the Organization and provides for immediate vesting.

NOTE 10 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2006	2005
Missionaries	\$ 2,439,462	\$ 2,328,071
VISION campaign	326,672	356,039
Subsidiary	105,565	12,894
	\$ 2.871.699	\$ 2.697.004

These net assets are restricted due to donor restrictions.

Permanently restricted assets are restricted to:

	2006	2005
Support Services Endowment MK Scholarship Endowment	\$ 25,031 1,210	\$ 25,031 1,210
	<u>\$ 26,241</u>	<u>\$ 26,241</u>

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NOTE 11 - GENERAL FUND ALLOCATION

The Organization charges a fee against the ministry and project accounts to reimburse the unrestricted net assets for support services expenses. These fees are presented as transfers from the temporarily restricted net assets to the unrestricted net assets and are included in the unrestricted contributions on the consolidated statements of activities.

NOTE 12 - 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 Organization 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 \$124,295 and \$121,471 for 2006 and 2005 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.

NOTE 13 - LEASE

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$87,511 and \$82,762 for 2006 and 2005, respectively.

The Organization entered into a lease for the use of office equipment. The lease started on May 4, 2005, expires April 4, 2010 and has a fixed monthly payment of \$233.

Future minimum rental payments required are as follows:

Year Ending December 31,	Amount
2007	\$2,801
2008	2,801
2009	2,801
2010	933
•	

\$9,336

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NOTE 14 - COMMITMENTS

The Organization 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 Organization's AmSouth Bank account by the Board of International Missions' Cote d'Ivoire Mission employees up to \$20,000 per check. In exchange, the Organization 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.

The Organization entered into an agreement with the Free Will Baptist Foundation, Inc. to guarantee a loan that the Foundation made to the Japanese Field Council for the purchase of a building in Hokkaido Japan. The original amount of the loan was \$155,000.

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its sole bank account with AmSouth Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation to a maximum of \$100,000. At December 31, 2006, the Organization had deposits of \$541,601 in excess of the insured amount.

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
General fund:		
Salaries	\$ 525,539	\$ 542,322
Housing	115,333	101,033
Hospitalization	112,210	105,326
Office rent	87,511	82,762
Publicity and promotion	80,338	73,058
Employer payroll taxes	72,273	70,257
Depreciation	62,385	59,195
One publication	57,964	43,849
Retirement	37,955	35,416
Department travel	32,029	34,792
Department auto	31,618	35,366
Convention	20,236	14,205
Board members	15,871	13,245
Impulse video magazine	15,138	12,028
Postage	13,986	24,827
Telephone	13,224	13,454
Office supplies	11,670	18,306
Video and audio visual	10,892	25,834
Donor development	10,331	23,002
Legal and professional	9,335	15,650
Recruiting and candidate	8,226	5,084
Computer software	7,589	9,160
Department insurance	7,408	5,059
Maintenance of office equipment	6,100	6,772
Office equipment	5,145	14,288
2010 consultation	4,800	4,825
Seminars, training and retreats	4,482	6,676
World prayer summit	4,476	-
Miscellaneous office	4,397	6.694
Visitor meals, entertainment and lodging	3,936	4,060
Advisory council	3,493	4,943
Copier and supplies	3,110	3,787
Fees and service charges	2,779	1,725
Together Way Program	2,597	3,330
Staff recognition	1,111	4,690
COLA indexes	-	5,098
India Bible Institute	18,000	-
Russia Bible Institute	18,000	-
Ivory Coast Bible Institute	15,000	-
Cuba Bible Institute	5,000	-
Other field ministry	4,125	-
	 -,,20	
Total general fund	\$ 1,465,612	\$ 1,430,118

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BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Missionary expenses:		
France	\$ 1,236,727	\$ 1,211,023
Japan	833,571	800,741
Spain	549,650	686,425
Brazil	533,444	587,049
Panama	381,937	308,655
Ivory Coast	364,847	526,475
Uruguay	287,519	283,444
Overseas Apprentices	279,501	236,568
India	233,210	259,296
Other projects	153,802	170,546
Unreached people	146,242	79,772
Russia	107,265	105,305
Subsidiary	78,837	54,220
Bulgaria	14,947	
Tekmerion	199	1,136
Korea	-	3,995
Missionary medical	(18,550)	(28,770)
Total missionary expenses	5,183,148	5,285,880
VISION campaign expenses:		$(x_{i}) \in \{x_{i}\}_{i \in \mathbb{N}}$
Project expenses	629,827	237,530
Total functional expenses	\$ 7,278,587	\$ 6,953,528

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Home Office Personnel Compensation Detail							
	Proposed 2006	Actual 2006	Proposed 2007	Actual 2007	Proposed 2008		
General Director					.*		
Salary	34,722	35,397	37,269	35,397	36,459		
Housing and Utilities	27,675	27,000	27,000	27,000	27,810		
Social Security	10,062	10,062	10,364	10,062	10,364		
Retirement	3,120	3,120	3,213	3,120	3,213		
Insurance Total Cost of Employment	13,250 88,829	13,250 88,829	13.250 91,096	13,250 88,829	13,500 91,346		
Director of Field Operations							
Salary	28,986	25,486	26,971	27,486	28,311		
Housing and Utilities	20,500	24,000	24,000	22,000	22,660		
Social Security	7,980	7,980	8,220	7,980	8,220		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance	9,400	9,400	9,400	9,400	9,700		
Total Cost of Employment	69,340	69.341	71,139	69,341	71,439		
	00,010	00,001					
Director of Development							
Salary	29,806	21,486	22,971	35,073	36,125		
Housing and Utilities	19,680	28,000	28,000	14,413	14,845		
Social Security	7,980	7,980	8,220	7,980	8,220		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance	5,783	5,783	5,783	5,783	13,500		
Total Cost of Employment	65,724	65,724	67,522	65,724	75,239		
Director of Member Care							
Salary	49,486	49,486	50,971	49,486	50,971		
Social Security	7,885	7,885	8,122	7,885	8,122		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance	5,783	5,783	5,783	5,783	6,000		
Total Cost of Employment	65,629	65,629	67.424	65,629	67,641		
Director of Financial Operations							
Salary	49,486	49,486	50,971	49,486	50,971		
Social Security	7,885	7,885	8,122	7,885	8,122		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance Insurance	13.250	13,250	13,250	13,250	13,500		
Total Cost of Employment	73,095	73,095	74,891	73,095	75,141		
Director of Mobilization							
Salary	31,036	29,486	30,970	29,486	30,370		
Housing and Utilities	18,450	20,000	20,000	20,000	20,600		
Social Security	7,980	7,980	8,219	7,980	8,219		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance	5,783	5,783	5.783	5,783	6,000		
Total Cost of Employment	65,724	65,724	67,522	65,724	67,738		
Director of Communications							
Salary	49,486	21,486	22.971	21,486	22,131		
Housing and Utilities		28,000	28,000	28,000	28,840		
Social Security	7,980	7,980	8,220	7,980	8,220		
Retirement	2,474	2,474	2,549	2,474	2,549		
Insurance	13,250	13,250	13,250	13,250	13,500		
Total Cost of Employment	73,190	73,191	74,989	73,191	75,239		

Free Will Baptist International Missions

2008 Operational Budget Summary

Category	2006 Budget		2006 Actual	2007 Budget		2008 Budget
Field Ministries & Projects	\$ 1,779,659.54	\$	1,760,932.03	\$ 1,692,940.62	\$	2,068,352.28
Missionary Compensation & Benefits	\$ 3,715,614.52	\$	3,269,322.46	\$ 3,840,126.77	\$	3,833,906.61
Missionary Travel/Transportation	\$ 752,613.55	\$	803,686.00	\$ 727,930.00	\$	832,282,18
Mobilization & Development	\$ 479,916.42	Ś	621,134.94	\$ 397,494.00	Ś	382,519.00
Administration	\$ 976,617.84	\$	920,741.11	\$ 939,549.93	\$	1,083,924.00
Grand Totals	\$ 7,704,421.87	\$	7,375,816.54	\$ 7,598,041.32	Ş	8,200,984.07

Does not include. Non-Governmenter Organization, VISION, Teknishon and other "Potential" Budgets approved by the Board of Internetional Massaria

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President's Report

The 2006-2007 academic year at Free Will Baptist Bible College ended with a shout as 78 students from 17 states and four foreign countries received their degrees—the largest graduating class in 23 years. Enrollment set a 22-year record with 420 students. This represents a 37 percent increase in overall enrollment and a 25 percent increase in dormitory occupancy since 2001. Even with our large graduating class of almost 80 students, we anticipate a strong fall enrollment—with one of the largest freshmen classes in some time. We project that next year we will set a 23-year record, with a 40 percent increase in overall enrollment and a 30 percent increase in dormitory occupancy since 2001.

Balanced Budget

The financial picture looks encouraging, and we anticipate a balanced budget this year. The good news is that we are close to a record year in gifts. Utilizing new fundraising techniques from development consulting firm Dickerson and Associates, we hope to top the \$1.13 million mark. Net revenues have increased 43 percent since the 2001-2002 fiscal year.

Board Orientation

We welcomed three new board members this past fall with our first-ever board orientation retreat: Bob Bass, Ken Simpson, and Mark Stripling. Dr. Clark Dickerson (Dickerson and Associates) led the retreat workshops and met with high praise from our new board members and our chairman, Gene Outland.

Academic Leadership

We have a great academic leadership team in place, spearheaded by Dr. Greg Ketteman, who stepped into his role as provost with marked excellence. Dr. Ketteman is the right man to lead us in the fulfillment of our academic mission. The faculty has given him positive reviews, not only regarding his personal relationship with them, but also for his outstanding management skills, which are grounded in a commitment to academic excellence, a Christian worldview, the spiritual disciplines, integrity, and service.

New Employees

We added several faculty and staff members throughout the year. Let me introduce three of them to you.

Kathy Murphy, a faculty member in teacher education, distinguished herself in her first year as one of our students' favorite teachers and was named Academic Advisor of the Year. She combines refined

Free Will Baptist Bible College

The President's Report

deportment with a winsome personality, a solid mastery of her field, and a firm commitment to Christian education.

We are delighted to have Ian Hawkins on board teaching science and advising us on the development of our science and nursing programs. His excellent science credentials, intellectual curiosity, and commitment to Christian scholarship make him a great fit for the college faculty. Ian will direct our new degree programs in biology.

Comptroller Craig Mahler is a trained accountant and Free Will Baptist minister who came to FWBBC when we needed him most. Craig's skills allow Tom Sass, our vice president for financial affairs, to devote needed time to areas relating to relocation and accreditation. We feel fortunate to have the financial expertise of this professional on staff.

New Generation Faculty Sets High Marks

Our creative and dedicated faculty continue to receive high marks from their students, not only for their academic excellence and personal touch, but also for their commitment to God and to the mission of the college. We are blessed to have faculty who distinguish themselves in their fields through teaching, research, and service, yet see their teaching careers as divine calling and mission.

The FWBBC faculty win accolades in professional organizations and in the academic community through accomplishments such as:

- Leadership roles in regional and national accrediting agencies: Association for Biblical Higher Education (ABHE) and Southern Association of Colleges and Schools (SACS).
- Publication in professional journals such as *The Journal of the Evangelical Theological Society* (JETS) and *The Journal for the Study of the Old Testament* (JSOT).
- · Publication of five books in two years, with more scheduled for publication this year.
- Citations for professional expertise by the American Society of Composers, Authors, and Publishers (ASCAP).
- Publication of columns and articles for ONE Magazine, Christian Today, and other publications.
- Numerous presentations at professional conferences.

Free Will Baptist Bible College is a gathering place for biblical preachers and expositors, for biblical scholars, researchers, and writers. We fully expect the next generation of Free Will Baptist scholars and authors to arise from the FWBBC campus and classrooms.

Free Will Baptist Bible College

'A Night to Remember'

One of the biggest events of the year was "A Night to Remember," an alumni gathering that attracted more than 600 people from across the nation in November 2006. The gathering was sponsored by alumnus and board member Bob Bass and became a wonderful night of relationships, remembering, and reconnecting. While it was great to see older generations of alumni reminiscing, what caught my eye was when the largest group of alumni turned out to be more recent graduates. This was a tremendously successful and important event for Free Will Baptist Bible College. We hope to do this again in the near future.

Ministry Enrollment Rising

While all of our students see life as ministry, we are increasingly committed to educating leaders for full-time church and missions vocations. Our ministry enrollment has increased 40 percent since 1999, with 128 students enrolled in ministry degree programs. *This means that the number of ministry students is increasing at a greater rate than the number of non-ministry students.* Next year, we hope to enroll more than 144 ministry students and set a 23-year record.

Beyond the Classroom

At Free Will Baptist Bible College, we have long believed that education is more than classroom lectures. What takes place outside the classroom is important in shaping Christian minds, hearts, and hands. This understanding is confirmed by recent efforts of the National Survey of Student Engagement, which argues that student engagement outside the classroom is vital to the educational process. Our students experience this engagement in daily chapel, weekly Christian Service experiences, student government, required artistic events, intramural and intercollegiate athletics, and events such as Bible Conference, Missions Conference, and the Forlines Lectures. Numbers of students have expressed gratitude for what we are trying to do by encouraging Christian thought and life both inside and outside the classroom.

National Basketball Champions

The Lady Flames Basketball team brought an added degree of pride to the campus this year when they won the Association of Christian College Athletics (ACCA) Division II national championship. This is the first time any FWBBC team has won a national championship. While we stress that our intercollegiate athletic program is about spiritual formation, discipline, team work, and other classical virtues not just about winning—we were proud of our young ladies for their accomplishment.

Saying Goodbye

This was a year of unusual grief for our campus community. In late June 2006, Mrs. Ruth Johnson, widow of Dr. L. C. Johnson, the college's founding president, died at age 90. She served 36 years at FWBBC in a number of roles, including First Lady, as an outstanding hostess, and as a friend and ally to the students. She was revered by the entire college family for her loving, generous, and compassionate spirit.

Free Will Baptist Bible College

The President's Report

On Thanksgiving Day 2006, Gerald Turner, student body president from last year, died while playing touch football. This was painful for our community. Scores of students, faculty, and staff attended the funeral in Tupelo, Mississippi.

We had not gotten over that tragedy when Zachary Yoho, a much-loved freshman, died in his dorm room from complications surrounding diabetes and epilepsy. Numerous members of our college family boarded a charter bus and traveled to Ohio to attend Zach's funeral. God used the two tragedies—chiefly because of the character and spiritual vitality of these two young men—to affect us deeply and to shape us as a community of faith.

We were also grieved by the loss of one of our most faithful servants, Dr. Charles Hampton, who served this institution in faculty and senior administrative posts for a quarter of a century. His love and loyalty to this college was unparalleled, and we thank God for the life and ministry of Dr. Charles Hampton.

New Programs, New Degrees

The next five years will be heady days at Free Will Baptist Bible College. As much as we look forward to relocating the campus, the fact remains that the next five years are going to be groundbreaking, even if we had not planned to relocate. There's a new excitement in the air as we prepare to launch B.S. degree programs in Biology Education (fall 2007) and Biology (fall 2009). These programs will not only give students a high school science teaching field, but will also prepare students in pre-med, pre-dental, and other pre-health sciences areas. The Associate of Science degree in Biology will be offered this fall as a precursor to awarding the B.S. degree in Nursing. The elements for a 2+2 agreement with Belmont University will be in place by the fall of 2007, whereby our students can earn the A.S. degree from FWBBC and go on to complete the B.S. in Nursing at Belmont. Pending Tennessee Board of Nursing and accreditation approvals, FWBBC plans to offer the B.S. degree in Nursing through the Partners in Nursing Consortium beginning in the fall of 2009.

But there is more—new ideas and degree programs are filling the academic landscape here at FWBBC. For example, this fall we will offer the B.A. degree in International Studies. We also plan to begin actively marketing an online associate's degree in Ministry, as another means to accommodate adult learning and to encourage bi-vocational pastors. We project that by the fall of 2009 we will have the personnel and budget in place to implement the long-awaited M.A. degree in Theology and Ministry, as well as the M.A. degree in Education. When that happens, our current students and our alumni can earn regionally and nationally accredited master's degrees at FWBBC.

Last fall, in keeping with the concept of groundbreaking programs, FWBBC initiated a 10-week, first-ofits-kind seminar led by Mrs. Melinda Pinson, entitled "Equipping 21st Century Pastors' Wives." The seminar was funded by a grant from a Christian foundation and was provided at no cost to the 36 women who participated. Veteran Free Will Baptist pastors' wives led the weekly two-hour sessions covering a range of subjects from children and the pastor's home to the emotional needs of the pastor's wife to finances and time management. One participant's testimonial about the seminar's value

Free Will Baptist Bible College

captured the effectiveness of the 10-week experiment: "I wish I'd had something like this before I got married. A pastor's wife needs to know that she's not alone."

Relocation Moves Forward

This fiscal year started with excitement over the board's vote to move forward as soon as possible with the relocation of the campus. We were disappointed in mid-March when the proposed buyer dropped out of the December 2006 contract to purchase our current campus. However, less than 24 hours after the contract cancelled, we stepped back into negotiations to market the West End campus. We are encouraged that 27 buyers have expressed interest in our campus. Some of them have mentioned preliminary figures higher than the original offer.

We have narrowed the search for a piece of property on which to build a new campus and are continuing with due diligence research on that site. The college relocation team is in place with Hastings Architectural Associates on board to lead the design and planning process as well as the highly-respected firm of Clark Dickerson and Associates to consult and design the capital campaign. Dr. Melvin Worthington, executive secretary emeritus of the National Association of Free Will Baptists, has agreed to lead a future capital campaign. Former FWBBC presidents Dr. Charles Thigpen and Dr. Tom Malone will assist in raising funds for the relocation effort.

We remain undaunted in the relocation of the college. The next interested buyer may be the one to purchase the campus. We believe it's a matter of *when* and *who*, not *if*. The college's current facilities satisfy our near-term needs and provide for limited growth. Yet future growth needs in student population and in undergraduate and strategically-planned graduate programs will require relocation to a larger campus.

Time to Pray

The mission for FWBBC is clear. The vision has been cast. The strategic initiatives and action plans have been set for the next wave of growth for Free Will Baptist Bible College.

Although FWBBC has a professional and dedicated faculty and staff, and although our students are eager to learn and move forward, that is not enough to get the job done. *We need your prayers!*

What FWBBC is doing takes more than a great faculty, staff, and students, more than an excellent library and spiritually uplifting chapel services, more than a successful Christian Service Department reaching out to the local churches and community. Simply put, we must have the power of God through answered prayer to get it all done. That's why we're counting on you to partner with us, to pray with and for us, asking God to pour out His blessings on us.

Like Jacob of old, we're holding onto God until He blesses us! We believe He is leading us, and we will continue moving forward with the dream of relocation. We invite you to lock arms with us in this great endeavor.

Financial Aid Report 2006-2007

Amount of Aid

Total Financial Aid Administered, 2006-2007 \$3,794,295.77

Welch Library Report

Accession Count	Collection Statistics from Athena
General Collection 67,198	Reference
Curriculum Lab6,063	General Collection 54,087
Historical Collection 2,012	Curriculum Lab 1,683
Sound Recordings	Audiovisuals777
Music Collection 5,792	Remainder 1,554
Electronic Books 18,254	Music Collection 345
ERIC Microfiche 74,630	E-books 18,254
Microfiche books 426	ERIC Microfiche
 March 1997 And Annual Annua Annual Annual A Annual Annual Annua 	Historical Collection
and the second	
Total Accession Count 177,638	Total Athena Count 155,971

Annual Registration Report: 2006-07

Enrollment 420

Enrollment Breakdowns by:

States

Alabama	15	
Alaska		
Arkansas		
California		
Florida		
Georgia		
Illinois	18	
Indiana	9	÷
Kansas		
·	5	

Kentucky	
Maryland	
Michigan	
Missouri	18
Mississippi	9
North Carolina	
Ohio	
Oklahoma	
Oregon	

South Carolina 13	3
Tennessee 127	7
Texas	5
Virginia 2	5
Washington	
West Virginia	
International	5

The student body represents 24 states (USA) and 5 other countries (Bahamas, Canada, Korea, Mongolia, Russia)

Classification:

Freshman	
Sophomore	
Junior	
Senior	
Special	
Non-degree seeking part-time	
0	•

Other Categories:

Full-time Part-time	
Male Female	
Single	

Dorm Commuter	
ADP Lifetime Learning	
Free Will Baptist	

New	79
Continuing2	40
Readmits	
Special	4
Transfer	23
Non-Degree seeking part time.	48

Vocational: *

Pastoral	
YM/CE	
Missions	
Ministry Emphasis	
Business	
English	15

Exercise Science	13
General Studies	
History	6
Music	19
Psychology	25
Special	

Teacher Education**	81
Undeclared	18
Non-degree seeking part-time .	48
***Post-bac TE11	

*There are some pastoral students listed

"There are some pastoral students listed in other majors. ""Pacher Education includes these areas: Bible Early Childhood, Elementary, English, History, Musis, and Physical Education. ""Post-bac includes any student with a bachelor's degree from a regionally accredited college with a major and number of required hours in a major.

Report prepared by the Registrar's Office

Salary Breakdown

President*	2005-2006	2006-2007	2007-2008
Salary	\$63,654	\$65,564	\$67,531
Social Security	4,870	5,016	5,166
Retirement	5,729	6,229	7,091
Medical Insurance	13,261	11,638	11,167
Life Insurance	240	192	225
	\$87,754	\$88,639	\$91,180
Provost			
Salary	\$51,649	\$53,198	\$54,794
Social Security	3,951	4,070	4,192
Retirement	4,648	5,054	5,753
Medical Insurance**	8,699	4,314	0
Life Insurance	240	192	225
	\$69,187	\$66,828	\$64,964
Vice President for Institutional Advancement			
Salary	\$46,017	\$47,398	\$48,820
Social Security	3,520	3,626	3,735
Retirement	4,142	4,503	5,126
Medical Insurance	8,699	8,826	8,711
Life Insurance	240	192	225
	\$62,618	\$64,545	\$66,617
Vice President for Financial Affairs			
Salary	\$50,032	\$51,533	\$53,079
Social Security	3,827	3,942	4,061
Retirement	4,503	4,896	5,573
Medical Insurance	5,624	4,314	4,255
Life Insurance	240	192	225
	\$64,226	\$64,877	\$67,193

*Campus housing provided (with Social Security variation). Vehicle provided. **Voluntarily declined. Free Will Baptist Bible College

Synopsis of Board Minutes

Synopsis of Minutes Board of Trustees

June 29-30, 2006

The Board unanimously approved a motion to proceed immediately with plans for the college's relocation, pending the sale of the West End campus and purchase of a suitable new site in the Nashville area.

The Board also voted to approve the proposed FWBBC operational budget for the upcoming fiscal year, including a 3% salary increase for FWBBC personnel.

The Board elected Gene Outland to replace outgoing Chairman Gary Fry. Archie Ratliff was elected as Vice Chairman.

December 6-7, 2006

The Board elected Mark Stripling secretary.

The Board approved a contract with Monument Property for the sale of the West End property.

The Board considered options for the purchase of a future campus site in the Nashville area.

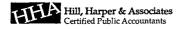
May 1-2, 2007

In consideration of the withdrawal of Monument Property from the purchase of the West End campus, the Board voted unanimously to aggressively pursue the marketing and sale of the West End campus and the purchase of a suitable new site in the Nashville area.

The Board approved a measure to begin banking relationships with Pinnacle National Bank and National City Bank.

The Board approved new degree programs in international studies, biology, and biology education and approved the hiring of Ian Hawkins as full-time faculty member in science.

The Board also voted to approve the proposed FWBBC operational budget for the upcoming fiscal year, including a 3% salary increase for FWBBC personnel.



Independent Auditors' Report

Terry A. Hill Ernest R. Harper

The Board of Trustees Free Will Baptist Bible College:

761 Old Hickory Boulevard Suite 206 Brentwood, TN 37027 TEL: 615/377-3485 FAX: 615/377-3488

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2007 and 2006, 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, 2007 and 2006, 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.

As discussed in Note 11 to the financial statements, the College adopted provisions of Financial Accounting Standards Board Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations.

Hel Harper i associater

July 6, 2007

Statements of Financial Position

May 31, 2007 and 2006

May 51, 2007 and 2000		2007	2006
Assets		2007	2000
Current assets:	\$	1,567,085	1,063,429
Cash and cash equivalents Investments in marketable securities, at market value	4	34.871	23,022
Accounts receivable, net of allowance for doubtful accounts of		2 1,07 1	
\$45,000 in 2007 and \$30,000 in 2006		401,564	429,793
		13.394	4,611
Prepaid expenses Total current assets		2.016.914	1,520,855
Non current assets: Cash:			
Cash: Restricted for endowments		834,731	444,616
Restricted for student loans		349,080	383,317
Investments in marketable securities, at market value:		,	
Restricted for endowments		243.083	540,580
Held under life income agreements		5,262	4.164
•		85,000	20,000
Campaign pledges Loans to students, less allowance for doubtful loans			
of \$43,000 in 2007 and \$17,000 in 2006		157,869	162,678
		200,000	-
Note receivable - related party		-	49.033
Deferred relocation expenses Joelton property held for sale		-	854,192
Total non current assets		1.875.025	2,458,580
	-		
Property, plant and equipment:		8,676,894	8,112,305
Investment in property, plant and equipment		3,886,701	3,645,873
Accumulated depreciation	-	4,790,193	4,466,432
Net property, plant and equipment			an an an add an ann an
Total assets	\$	8,682,132	8,445,867
Liabilities and Net Assets			
Current liabilities:		220,574	193,628
Accounts payable and accrued expenses	\$	7,067	6,239
Current portion of long-term debt		89,241	1,540,129
Notes payable		133,178	161,785
Student deposits and agency funds			138,568
Accrued salaries		149,133	68,381
Deferred revenues - summer school and other		54,866	2,108,730
Total current liabilities		654,059	2,108,750
Other liabilities:		1 157 9//	75 765
Long-term debt		1,457,866	25,755 176,627
Asset retirement obligation		188,550	and the second sec
Total liabilities		2,300,475	2,311,112
Net assets:			4 317 697
Unrestricted funds		4.556,684	4,317,687
Temporarily restricted funds		266,244	322,413
Permanently restricted funds		1,558,729	1,494,655
Total net assets		6,381,657	6,134,755
Total liabilities and net assets	\$	8,682,132	8,445,867

See accompanying notes to financial statements.

Statements of Activities and Changes in Net Assets

For the years ended May 31, 2007 and 2006

	2007					
D	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2007	Total 2006	
Revenues: Tuition and fees	* 2012210			3,012,240	2,917,444	
Federal grants and contracts	\$ 3,012,240	- 40,906	-	3,012,240	2,917,444	
	1,266,258	154,226	-			
Private gifts Endowment income	1,200,258		61,714	1,482,198	1,485,656 2,761	
		26,353	- 0.110	35,401		
Investment income	81.687	22,241	9,110	113,038	56,398	
Gain on investment transactions	(9,853)	1,786	28,653	20,586	42,558	
Gain on sale of College property	120		-	120	1,000	
Revenues of auxiliary enterprises	1,143,952	-	-	1,143,952	1,146,629	
Other sources	13,392	an an an air an	(35,403)	(22,011)	4,840	
	5,516,844	245,512	64,074	5,826,430	5,695,668	
Net assets released from restrictions	301,681	(301,681)	-		-	
Total revenues	5,818,525	(56,169)	64,074	5,826,430	5,695,668	
Expenditures:						
Educational and general:						
Instruction	1,631,086	-	-	1,631,086	1,636,466	
Academic support	432,861	-	-	432.861	422,606	
Student services	770,206	-	-	770,206	629,506	
Institutional support	1,715,443		-	1,715,443	1,740,792	
Total educational and genera			······			
expenditures	4,549,596	-	· .	4,549,596	4,429,370	
Auxiliary enterprises:	(1017,070	······································	alle ange With 1999 1	1,017,070		
Dormitories	500,598	-		500,598	509,850	
Dining hall	514,019		-	514,019	511,933	
Bookstore	7.222	_		7.222	8,738	
Snackshop	8.093	_	-	8,093	8,729	
Total auxiliary enterprises	0.077			0,075	0,725	
expenditures	1,029,932	•	•	1,029,932	1,039,250	
Total expenditures	5,579,528	-	-	5,579,528	5,468,620	
Increase in net assets	238,997	(56,169)	64,074	246,902	227,048	
Cumulative effect of a change in accounting principle	-		•	-	(136,832)	
Net assets at beginning of year	4,317,687	322,413	1,494,655	6,134,755	6,044,539	
Net assets at end of year	\$ <u>4,556,684</u>	266,244	1,558,729	6,381,657	6,134,755	

See accompanying notes to financial statements.

Statements of Cash Flows

For the years ended May 31, 2007 and 2006

	2007					
А.		Temporarily	Permanently			
	Unrestricted	Restricted	Restricted	Total	Total	
	Funds	Funds	Funds	2007	2006	
Cash flows from operating activities						
Cash collected from students	\$ 4,143,827	-	-	4,143,827	4,063,903	
Federal grants	-	39,927	-	39,927	19,275	
Federal Pell grants considered to be agency	y					
fund transactions	295,592	-		295,592	317,424	
Private gifts and grants	1,220,154	58,684		1,278,838	1,136,599	
Endowment income	9,048	26,353	-	35,401	2,761	
Investment income	61,782	19,943		81,725	51,616	
Other revenues	13,392	-	-	13,392	9,948	
Cash paid for scholarships, to vendors						
and for payroll	(4,931,167)	(301,681)	-	(5,232,848)	(5,081,252)	
Cash paid for Federal Pell grants	(295,592)	-	-	(295,592)	(317,424)	
Net operating activities cash flows	517,036	(156,774)	-	360.262	202,850	
Cash flows from investing activities						
Marketable securities purchased	-	-	(346,488)	(346,488)	(244,358)	
Proceeds from sale of marketable securitie		-	667,726	667,726	304,791	
Proceeds from sale of plant assets	779,284	-	•	779,284	1,000	
Expended for plant assets	(440,528)	-	-	(440,528)	(367,256)	
Relocation expenses - deferred	-	-	-		(49,033)	
Note receivable advances	(200.000)		-	(200,000)	-	
Student notes receivable, net change	-	-	(31,991)	(31,991)	(10,155)	
Maata and a statistic and form	120 754		200 247	438.003	(165 011)	
Net investing activities cash flows	138,756	•	289,247	428,003	(365.011)	
Cash flows from capital activities					2 (20	
Campaign pledges receivable collected	•	-	-	-	3,620	
Gifts received for:			56.016		70.400	
Endowments and student loans	-	-	56,816	56,816	70,409	
Proposed new campus	•	18,042	-	18,042	91,866	
Other student loan transactions:					•	
Interest income on student loans	-	-	6,302	6,302	10,775	
Investment income	-	-	9,110	9,110	5,092	
Collection costs and other transactions		-	4,905	4,905	(15.883)	
Net capital activities cash flows	-	18.042	77,133	95,175	165,879	
Cash flows from financing activities		10,042			100,017	
Proceeds from notes payable advances	_	_	-	-	74,451	
Repayment of debt	(17,725)	-		(17,725)	(105,542)	
Interfund activities	(134,411)	138,732	(4,321)	(17,723)	(105,542)	
Notes payable for student loans, net	(134,411)	1.00,7.0%	(6,181)	(6,181)	(2,548)	
Notes payable for student toalis, net		-	(0,181)	(0,101)	(2,340)	
Net financing activities cash flows	(152,136)	138,732	(10,502)	(23,906)	(33,639)	
Net increase (decrease) in cash					·	
and cash equivalents	503.656	-	355,878	859,534	(29,921)	
Cash and cash equivalents at						
beginning of year	1,063,429	-	827,933	1,891,362	1,921,283	
Cash and cash equivalents at						
at end of year	\$ 1,567,085	-	1,183,811	2,750,896	1,891,362	
-			Contraction and the second second second second			

Statements of Cash Flows, continued

For the years ended May 31, 2007 and 2006

		2007				
		restricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2007	Total 2006
Cash and cash equivalents consist of the	e follov	ving:				
Current assets Non current assets:		1,567,085	-	-	1,567,085	1,063,429
Cash restricted for endowments Cash restricted for student loans		-	:	834,731 349,080	834,731 349,080	444.616 383,317
Total cash and cash equivalents	\$	1,567,085	•	1,183,811	2,750,896	1,891,362
Reconciliation of increase in net assets net operating activities cash flows	to					
Increase in net assets	\$	238,997	(56,169)	64,074	246,902	227,048
Transactions considered to be capital addi	itions:					
Gifts for endowments and student loan	IS	-	-	(56,816)	(56,816)	(70,409
Proposed new campus		-	(83,042)	•	(83,042)	(91,866
Net other transactions from						
student loan funds		-	-	26,293	26,293	16
Depreciation		240,828	-	-	240,828	229,488
Accretion of asset retirement obligation		11,923	-	-	11,923	11,16
Impairment of Joelton property		-	-	-	· -	153,540
Gain (losses) on investments and college						
property and other transactions		39,474	(16,584)	(33,551)	(10,661)	(72,47)
(Increase) decrease in current assets:						
Accounts receivable:						
Student accounts		29,757	-	-	29,757	(30,55
Employee and other		30,929	-	-	30,929	(6,40
Bequest		(16,179)	-	-	(16,179)	(145,00
Federal student financial aid funds		-	(979)	-	(979)	(19,10
Accrued interest		(13,689)	-	-	(13,689)	15,91
Pledges receivable		(16,610)	-	-	(16,610)	2,49
Less allowance for doubtful accour	nts	(15,000)	-	-	(15,000)	-
Inventories		•	-	-	-	29,430
Prepaid expenses		(8,783)	-	-	(8,783)	1,66-
Increase (decrease) in current liabilities:						
Accounts payable and accrued expense	es	26,946	-	-	26,946	(71,76
Student deposits and agency funds		(28,607)	-	-	(28,607)	40,59
Accrued salaries		10,565	-	-	10,565	8,97
Deferred revenues		(13.515)	-	-	(13,515)	(9,90
Net operating activities cash flows	\$	517,036	(156,774)	-	360,262	202,850
Supplemental disclosures:						
Interest expense				\$	95,232	62,36
Interest capitalized					-	18,700
Interest paid				5	95,232	81,067
See accompanying notes to financial sta	temen	ts.			and the second s	

Notes to Financial Statements

For the years ended May 31, 2007 and 2006

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 donorimposed 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.

Unconditional Promises to Give - 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.

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for income taxes has been made in the accompanying financial statements.

Investments

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

Estimates

The preparation of financial statements 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 sinancial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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 impractical 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 or an asset if the contribution meets the requirements prescribed by accounting principles generally accepted in the United States of America. In kind contributions have been reflected in the financial statements as follows:

	2007	2006
Capitalized potential relocation costs	\$ 2,500	-
Common stock investments	32,602	28,915
Business office salaries	13,315	15,358
	\$ 48,417	44,273

Asset Retirement Obligations

The College adopted Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), "Accounting for conditional Asset Retirement Obligations, an Interpretation of Statement of Financial Accounting Standards (SFAS) 143. Upon acquisition, and when reasonably estimable, the College recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

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 may 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.

Summarized Financial Information

The financial statements include certain prior year financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended May 31, 2006, from which the summarized information was derived.

Notes to Financial Statements, continued

(2) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection effects are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of May 31, 2007 and 2006 amounted to \$45,000 and \$30,000, respectively. Changes in the valuation account have not been material to the financial statements.

Accounts receivable included in current assets is as follows:		2007	2006
Student accounts	5	117,967	147,724
Employee and other		28,379	59,308
Bequest		161,179	145,000
Federal student financial aid funds		20,086	19,107
Accrued interest		29,599	15,910
Pledges receivable		89.354	72,744
-	**	446,564	459,793
Allowance for doubtful accounts		45,000	30,000
	\$	401,564	429,793

(3) 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.

				Excess of	Unrealized	Unrealized
		Cost or	Market	Market Over	Cumulative	Cumulative
		Basis	<u>Value</u>	<u>(Under) Cost</u>	<u>Gains</u>	Losses
Balance May 31, 2007						
Permanently Restricted Funds:						
Common stock	\$	32,666	55,123	22,457	22,457	-
Variable annuity contracts		180.637	187,960	7,323	7,323	· -
Temporarily Restricted Funds:						
Variable annuity contracts		9,606	9,995	389	389	-
Unrestricted Funds:			01.047	(5.07()		5.076
Common stock		26,323	21,247	(5,076)	-	5,076
Variable annuity contracts		8,543	8,890	347	347	
Balance May 31, 2007	\$	257,776	283,216	25,440	30,516	5,076
Balance May 31, 2006	\$	525,726	567,766	42,040	57,677	(15,637)
				2007	2006	
Current assets				\$ 34,871	23,022	
Non current assets:						
Restricted for endowments				243,083	540,580	
Held under life income agreem	ents			5,262	4,164	
				\$ 283,216	567,766	
Reconciliation of gain on investr		transactions:				
Realized gain on sale of securit				s 37,186	13,007	
Unrealized gain due to change		e cumulative				
change in market value poo	ls			(16,600)	29,551	
Gain on inve	stme	nt transactions		\$ 20,586	42,558	
The Free Will Baptist Foundation	n ho	lds funds for the	benefit of t	he College as fol	lows:	
Endowments from which the C	olleg	e receives income	e	\$ 954,893	884,181	
Gifts to pass to the College at s	ome	future date		\$ 588,214		

Notes to Financial Statements, continued

(4) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:	
Private scholarships	\$ 31,410
Federal Supplemental Educational Opportunity Grant	22,224
Federal Work Study Program	18,682
Other instructional and institutional	34,799
Renovation expenditures	2,598
Potential relocation	 191,968
Net assets released from restrictions	\$ 301,681

Federal Pell grants to students amounting to \$295,592 and \$317,424 for 2007 and 2006, respectively, are not included in expenditures or net assets released from restrictions. Federal Pell grants are considered to be agency transactions in that the student payments are entitlements and the funds are not under the control of the College.

(5) Remaining Net Assets of Temporarily Restricted Funds

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

	2007	2006
Proposed new campus	s -	97,677
Scholarships	209,159	154,062
Life income funds	4,987	3,889
Other instructional and institutional	52,098	66,785
	\$ 266.244	322,413

(6) Net Assets

Net assets of the College consist of the following as of May 31, 2007 and 2006:

2007					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2007	Total 2006
\$	3,502,827	•		3,502,827	3,567,449
	274,693	-	-	274,693	750,238
	779,164	-	-	779,164	•
	· -	4,987	-	4,987	3,889
r:					
	-	261,257	•	261,257	220,847
	-	-	-	-	97,677
	-	-	535,332	535,332	557,497
	-		137.387	137,387	134,220
	-	-	886,010	886,010	802,938
\$	4,556,684	266,244	1,558,729	6,381,657	6,134,755
	\$ T: \$	s 3,502,827 274,693 779,164 r: - -	Unrestricted Temporarily Restricted \$ 3,502,827 274,693 - 779,164 - - 4,987 r: - - 261,257 - - - - - - - - - - - - - - - -	Unrestricted Restricted Restricted \$ 3,502,827 274,693 779,164 - 4,987 - - 261,257 - - 535,332 - 137,387 - 886,010	Temporarily Unrestricted Termanently Restricted Total 2007 \$ 3,502,827 274,693 - - 3,502,827 274,693 779,164 - - 274,693 - 4,987 - 4,987 - 261,257 - 261,257 - - 535,332 535,332 - - 535,332 535,332 - - 137,387 137,387 - - 886,010 886,010

(7) Related Party Transactions

Notes Receivable

Subsequent to the end of the May 31, 2006 year, the College loaned \$200,000 to a long term friend of and donor to the College. At the 2006 Annual Convention of The National Association of Free Will Baptists, this person was nominated from the floor and elected to become a member of the College's Board of Trustees. This loan bears interest at 4.75%, which has been paid through May 31, 2007 and is secured by collateral of deed of trust on real property. The note matures on August 31, 2007.

Randall House Publications

During the year ended May 31, 2006, the operation of the College's bookstore, campus store and snackshop were assumed by Randall House Publications. Expenses incurred relating to occupancy costs amounted to \$15,315 and \$17,467 for the years ended May 31, 2007 and 2006, respectively.

Notes to Financial Statements, continued

(7) Related Party Transactions

Executive Office of the National Association of Free Will Baptists

The denomination began a publication (One Magazine) during the year ended May 31, 2006 to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of the agencies and organizations. The College provided \$49,020 and \$45,940 as their share of the funding requirement for the year ended May 31, 2007 and 2006, respectively.

(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 were discounted to their present values of future cash flows using an 6% interest factor.

	2007	2006
The following summarizes pledges receivable:		
Post dated check books and bank draft agreements	\$ 72,504	72,744
Remaining Joelton property relocation	-	128,000
Proposed future campus relocation	127,500	-
Pledges for operations	 16,850	-
	216,854	200,744
Less allowance for potential uncollectible pledges	(25,500)	(108,000)
Less discount for collection of future cash flows	 (17,000)	-
Total pledges receivable	\$ 174,354	92,744
Pledges are recorded in the statement of financial position as follows:		
Pledges for unrestricted operations	\$ 89,354	72,744
Campaign pledges for future campus relocation	 85,000	20,000
	\$ 174,354	92,744

Pledges are expected to be collected during years ended May 31, as follows:

2008 \$	94,154
2009	34,994
2010	41,062
2011	4,144
S	174,354

(9) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

		2007	2006
Land	\$	496,871	496,871
Proposed campus architectural and other costs		445,635	-
Buildings		5,130,592	5,130,592
Equipment		1,856,923	1,784,050
Library books		736,562	700,792
		8,666,583	8,112,305
Loan costs net of accumulated amortization of \$430		10,311	•
		8,676,894	8,112,305
Accumulated depreciation and amortization		3,886,701	3,645,873
Net investment in plant	s	4,790,193	4,466,432
Depreciation and amortization charged to expenditures	\$_	240,828	229,488

Notes to Financial Statements, continued

(10)	Notes Payable and Long-Term Debt		2007	2006
	Notes payable:			
	Permanently Restricted Funds - Student Loan Funds			
	5% unsecured demand notes payable to individuals	\$	89,241	104,937
	Unrestricted Funds - Notes Payable			
	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 interest rate at May 31, 2006 was 6.32%. The loan matured			
	December 31, 2006.		-	1,435,192
		S	89,241	1,540,129
	Unrestricted Funds - Long-Term Debt			
	10.99% installment obligation, with monthly payments of \$787, including interest and principal, maturing September 2010, secured by a grand	s	25 012	21.004
	piano.	\$	25.813	31,994
	Unsecured bank debt on the existing campus. The note bears interest at 1.25% above the LIBOR rate, which at May 31, 2007 amounted			
	to 6.75%. The note matures on June 1, 2009.		1,439,120	-
			1,464,933	31,994
	Loss surrent portion of long term dabt		7,067	6,239
	Less current portion of long-term debt	¢.		
	Long-term debt	ి :	1,457,866	25,755

Principal maturities of long-term debt are as follows: 2008 - \$7,067; 2009 - \$7,768; 2010 - \$1,447,783 and 2011 - \$2,315.

(11) Asset Retirement Obligation - Asbestos Removal/

Change in Accounting Principle Relating to Plant Facilities

The College adopted Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), "Accounting for conditional Asset Retirement Obligations, an Interpretation of Statement of Financial Accounting Standards (SFAS) 143. Management determined that the provisions of FIN 47 should have been implemented effective May 31, 2006, accordingly the financial statements then issued have been restated to record the liability, the asset and the resulting decrease in net assets. The liability recorded relates to the future removal of asbestos.

The cumulative effect of this change in accounting principles resulted in a decrease of \$136,832 to net assets as of May 31, 2006. Further, a liability has been recorded as of May 31, 2007 amounting to \$188,550 and a depreciable asset recorded amounting to \$47,830 in the statement of financial position. The liability will increase annually until the asbestos is removed to account for the cost of inflation and imputed interest costs.

(12) 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 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 \$2,430,000 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.

Notes to Financial Statements, continued

(13) 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:

position:			
Reconciliation of benefit obligations:		2007	2006
Benefit obligation at beginning of year	\$	3,208,893	3,013,793
Service cost		79,155	77,638
Interest cost		246,841	229,514
Participant contributions		-	-
Plan amendments		-	-
(Gain) loss due to actuarial experience		42,554	26,898
Gain due to changes in actuarial assumptions		-	-
Benefits paid to plan participants		(163,074)	(138,950)
Benefit obligation at end of year	\$	3,414,369	3,208,893
Reconciliation of asset value:			
Plan assets at beginning of year	\$	2,283,272	2,208,072
Actual return of plan assets		312,018	90,111
Employer contributions		140,695	124,039
Benefits paid to plan participants		(163,074)	(138,950)
Plan assets at end of year	\$	2,572,911	2,283,272
Reconciliation of funded status:			
Funded status at end of year (liability)	\$	(841,458)	(925,621)
Unrecognized net transition obligation asset		-	-
Unrecognized prior service cost		-	-
Unrecognized net loss		745,403	870,321
Amount included in accrued expense	\$	(96,055)	(55,300)
Accumulated benefit obligation at end of year	\$	3,113,495	2,899,352
Vested benefit obligation at end of year	\$	3,045,117	2,874,274
Reconciliation of unrecognized net loss:			
Unrecognized loss at beginning of year	\$	870,321	784,597
Amount of loss recognized during the year		(48,830)	(38,614)
(Gain) loss due to actuarial experience		42,554	26,898
(Gain) loss due to changes in actuarial assumptions		- '	-
(Gain) loss due to assets		(118,642)	97,440
Unrecognized loss at end of year	\$	745,403	870,321
Development of Other Comprehensive Income:			
Intangible asset	\$	-	-
Accrued pension benefit cost		(116,251)	67,504
• · · · ·	\$	(116,251)	67,504
	Υ.,		

Notes to Financial Statements, continued

(13)	Pension Plan, continued			
	 A second s		2007	2006
	Net periodic benefit cost:			
	Service cost at end of year	\$	79,155	77,638
	Interest cost on projected benefit obligation		246,841	229,514
	Expected return on plan assets		(193,376)	(187,551)
	Amortization of transition obligation		•	-
	Amortization of prior service costs		-	-
	Amortization of net loss		48,830	38,614
	Net periodic benefit cost	\$	181,450	158,215
	Expected Future Benefit Payments:			
	The expected benefit payments for the next ten fiscal years ended May 31, are			
	as follows:			
	2008	\$	182,571	
	2009		204,645	
	2010		203,034	
	2011		219,169	
	2012		225,945	
	2013 through 2017		1,293,871	
	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	I	Projected	Projected
		τ	Jnit 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	I	Projected	Projected
			Jnit Credit	Unit Credit

(14) Group Health Benefits

The College provided group health benefit coverage for participating employees through its membership in the TICUA Benefit Consortium. Effective April 30, 2006, the College withdrew from participation in the TICUA Benefit Consortium. Claims through date of withdrawal had exceeded member contributions. As of May 31, 2006 a recorded liability remained of \$61,108. No claims have been filed since that date. Management of the Consortium has determined that no material future claims are anticipated, accordingly, the remaining liability has been taken against operations as reflected in the May 31, 2007 statement of activities.

(15) Fund Raising Costs

For fiscal years ended May 31, 2007 and 2006, expenses totaling \$364,316 and \$291,032, respectively, were related to expenses associated with fund raising and are classified in the statements of activities under institutional support.

(16) Commitments and Contingencies

Revolving Credit Note

The College has an available revolving credit note with its primary lender of \$500,000 bearing interest at 1.25% above the LIBOR rate. No amounts were owed on this note as of May 31, 2007.

Notes to Financial Statements, continued

(16) Commitments and Contingencies, continued

Term Loan Commitment

The College has a commitment from it's primary lender to borrow up to \$2,300,000 for the purchase of suitable property for relocation (see note 17). This commitment expires on October 31, 2007 if the term loan is not requested by the College.

Litigation

The College, in the normal course of operations, may be a defendant in lawsuits. Management is not aware of any pending asserted or unasserted claims against the College.

(17) Potential Relocation of Campus

The Board of Trustees of the College at its June 2006 meeting unanimously approved the following action: That FWBBC proceed with campus relocation immediately pending:

- a. Sale of current campus for an amount in excess of \$16 million, and determination of the monthly lease amount to be paid to the buyers during the construction of the new campus.
- b. Purchase of a new site within the boundaries of the project budget.

The following further discusses the conditions and other pertinent information regarding the relocation of the campus.

As disclosed in the notes to the financial statements as of May 31, 2006, the College had received a contract to purchase the existing campus. The contract contained provisions to void the contract if not executed by certain date. The proposed buyer elected to void the contract prior to close.

Subsequently, the College has aggressively marketed the campus to potential buyers. The College has received several offers to purchase the campus, none of which have been accepted at the date of the auditors' report.

Additionally, the College continues its search for a site for the new campus relocation. The top prospect has been identified and endorsed by the College Board of Trustees. Negotiations are advancing on the contract for purchase.

Design of the campus has advanced with substantial completion of both the Programming and Schematic Design phase under the assumption that the aforementioned property would be acquired. If this property is not purchased approximately \$40,000 of the cost for this design could not be used on another site and would be required to be expensed.

As discussed in note 16, the College has a commitment from its primary lender to borrow up to \$2,300,000 for the purchase of suitable property for relocation. Further, the College has available \$779,164 from sale of the Joelton property which has been designed to be used to purchase the relocation site (note 6).

(THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT)

SUMMARY OF FINANCIAL INFORMATION

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

Statements of Financial Position (Balance Sheet) Remains Strong

Total net assets grew \$246,902 to \$6,381,657, after deducting total liabilities of \$2,300,475 from total assets of \$8,682,132.

Asset to Debt Ratio

Total assets amount to \$8,682,132. Our long-term liabilities (listed in "Financial Obligations" below) total \$1,646,416, giving a 5.27 to 1 asset to debt ratio. Adding all other liabilities total \$2,300,475 and gives a 3.77 to 1 asset to debt ratio.

Unrestricted Funds Revenues and Expenditures

Total Unrestricted Funds Revenues for the year ending May 31, 2007, amounted to \$5,818,525. Total Unrestricted Funds Expenditures were \$5,579,528, providing a \$238,997 increase in net assets (or surplus) at the end of the fiscal year. Embedded in the \$238,997 increase in net assets lays the foundation of support for relocation in the form of cash gifts and pledges. This foundation amounts to \$191,968 dedicated toward the total relocation effort.

Unrestricted Giving

Private gifts provided \$1,266,258 in Unrestricted Funds Revenues. Of that amount, \$1,096,113 was provided from General Fund gifts, \$20,102 from gifts of stock, \$111,310 from estate gifts, \$25,418 from special gifts, and \$13,315 from gifts in kind (non-cash gifts of professional labor).

The college is deeply indebted to our many supporters, as gifts continue to represent a sizable portion of FWBBC's revenue stream – your impact is felt by all at FWBBC as demonstrated in the next paragraph.

General Fund Giving in 2006-07 Supports a Full-Time FWBBC Student \$3,390 in Tuition Costs

Because of above-mentioned General Fund gifts, tuition paid by FWBBC students was subsidized \$113 for each semester hour taken in 2005-2007. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$349, instead of \$462. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$3,390 this past academic year. Without gifts, many of our students would be unable to attend FWBBC.

Cash Flow Statement

The combined cash flows of the College's operating, investing, capital, and financing activities report cash and cash equivalents increasing \$503,656 in Unrestricted Funds and \$355,878 in Permanently Restricted Funds for a cumulative cash increase of \$859,534. The largest impact to positive cash flow was the sale of the Joelton property (\$779,284) dedicated to the acquisition of the relocation site, and the liquidation of the Trustco Capital Management investments (\$395,750) which is restricted for endowments and is now invested in the Free Will Baptist Foundation.

Cash and Cash Equivalents Increases Significantly

Total cash on hand leaped ahead of the previous fiscal year. Last year's total was \$1,891,362 against this year's \$2,750,896, which consists of \$1,567,085 in unrestricted current assets, \$834,731 in restricted endowments, and \$349,080 in student loan funds.

(THIS INFORMATION IS NOT PART OF THE AUDITOR'S REPORT) SUMMARY OF FINANCIAL INFORMATION (continued)

FWBBC Makes Historic Change in Banking Relationships

For the first time in its history, FWBBC changed its primary banking from Regions Bank (originally known as First American National Bank; bought out by AmSouth Bank and finally by Regions Bank) to Pinnacle National Bank and National City Bank. Pinnacle is also known as Pinnacle Financial Partners, and has positioned itself as the premier locally-owned bank in the greater Nashville area. National City Bank is home-based in Cleveland, Ohio, and is the 8th largest bank holding company in the nation. Pinnacle has been primarily retained for daily operations while National City Bank has been primarily retained in anticipation of relocation funding. The combined advantage of two primary banks lends itself to the best of both worlds in local and national banking arenas.

National City Bank and Pinnacle National Bank Poised to Assist in Relocation

FWBBC's new banking partners came forward with adequate funding for the future relocation of the campus. While the original bank commitments were not engaged due to the inability of the buyer to close on the contract, both banks have indicated the high probability of new commitments when the timing is right.

Financial Obligations

The College's notes payable and long-term debt decreased \$17,949. Notes Payable to Individuals amount to (A) \$89,241 in interest-bearing notes permanently restricted for student loans. FWBBC also has a (B) \$1,439,120 bank note originally designed to fund the acquisition of property and the renovation of various buildings on campus. Lastly, the College has a (C) \$25,813 balance for a grand piano, making the total notes payable and long-term debt \$1,554,174 as of May 31, 2007.

(A) The College has sufficient cash and savings to liquidate the interest bearing notes permanently restricted for student loans, but chooses to retain the \$89,241 for student loans.

(B) Included in the \$1,439,120 bank debt is the 2003-04 purchase a house and lot for \$650,000. (Campus property values from these renovation activities in previous years are conservatively estimated to have increased at least \$2 for every \$1 spent.)

(C) The \$25,813 grand piano note balance is scheduled for maturity by September 2010.

New Liability for Asbestos Remediation

The Environmental Protection Agency's policy, along with the change in accounting principles regarding the potential future cost to remove asbestos from campus buildings has resulted in a new liability. An onsite inspection did not indicate any safety need for remediation/removal of asbestos in its current state. However, the current liability in the event of total asbestos removal has been recorded in the Statement of Financial Position at \$188,550. A charge to operations for this obligation amounted to \$12,990. Also, the 2005-06 net assets were reduced by \$136,832, while the increase in net assets was reduced by \$12,235.

Randall House Operating on Campus

The College entered into an agreement and partnered with Randall House Publications for the operation of its campus book store and snack shop beginning the fall semester of 2005. This collaborative venture has met with great success for both Randall House and FWBBC and provides another link to strengthen our national ministries. As an aside, this undertaking is much like our collaborative agreement with Free Will Baptist International Missions with our joint Missionary In Residence (MIR) project.

FREE WILL BAPTIST BIBLE COLLEGE Budgets for the years ending May 31, 2007-2009 Unaudited - Not Part of Audit

	Budget <u>May 31, 2007</u>	Actual' <u>May 31, 2007</u>	Proposed Budget May 31, 2008	Strategic Budget <u>May 31, 2009</u>
Revenues				
Tuition and fees	3,284,314	3,012,240	3,318,400	3,710,000
Private Gifts:				
Together Way/Unrestricted General Fund	1,300,000	1,096,113	1,200,000	1,275,000
Plodges and Gifts			130,000	1,230,000
Estates and miscellaneous	50,000	111,310	95,000	45,000
Grants and Foundations	40,000		20,000	20,000
Endowment income	15,000	9,048	15,000	15,000
Investment income	63,000	71,834	40,000	142,000
Gain on sale of property	-	120		
Sales and services of auxiliary enterprises Other sources:	1,321,050	1,143,952	1,257,275	1,308,000
Gift in kind, stocks, special gifts, ect.	20,000	72,227		
Net assests released from restrictions	80,000	301,681	230,000	80,000
Total Revenues	6,173,364	5,818,525	6,305,675	7,825,000
Expenditures				
Educational and general:			1 1	
Instruction	1,837,829	1,631,086	1,889,578	1,958,057
Academic support	505,540	432,861	493,440	574,216
Student services	869,490	770,206	814,273	899,964
Operation and maintenance of plant				
Institutional support	1,877,865	1,715,443	2,003,954	2,484,948 •
Total educational and general expenditures	5,090,724	4,549,596	5,201,245	5,917,185
Auxiliary enterprises:				
Expenditures	1,082,640	1,029,932	1,104,430	1,184,448
Total Expenditures	6,173,364	5,579,528	6,305,675	7,101,633

*Assumes Capital Campaign Income & Expenses

2007-2008 State Gift Goals

State

Goal

Alabama\$80,000
Arizona 1,000
Arkansas 80,000
California 12,000
Colorado 1,000
Delaware
Florida
Georgia 120,000
Idaho
Illinois 40,000
Indiana
Iowa 1,000
Kansas
Kentucky 25,000
Louisiana 1,000
Maryland 1,000
Michigan
Mississippi
Missouri
Nebraska 1,000
New Mexico 1,000
North Carolina 190,000
Ohio 40,000
Oklahoma 41,000
Oregon 1,000
Pennsylvania 2,000
South Carolina 115,000
Tennessee
Texas 15,000
Utah 1,000
Virgin Islands 1,000
Virginia
Washington 5,000
West Virginia 15,000
WNAC 10,000
Canada 2,000
Matching Gifts 15,000
Other
Grand Total \$1,300,000



Randall House Publications Sunday School and Church Training Department Executive Director's Report

Introduction

When you look at the history of Randall House Publications, it causes one to recognize the power of God. I have completed five years with Randall House, and it is amazing to see the growth we have gone through in such a short time. All leaders must be reminded that change takes time. Looking back to the year 2000, Randall House had two million in total sales. Compare that to 2006 where we closed our books approximately four million dollar in sales. Five years ago, we averaged releasing only two or three books a year; now we release around seven or eight books per year with plans to begin releasing ten to fifteen a year, starting in 2008.

We release 172 pieces of printed curriculum a year, and are expanding into digital (curriculum on demand) downloads. Over the next two years, we plan to load on the web site some sixty studies, ranging in length from four to thirteen weeks. Printed curriculum, along with digital curriculum, will help meet the weekly needs of our local churches and various small group settings.

Part of the growth is from improved systems and policies of how we handle the work. We have the very best people doing their best with both talents and hearts committed to those tasks. Having the right people performing within the structure makes all the difference. I must emphasize that there are two internal contributing factors to growth.

One component has to occur with hiring the right people. The second component is to trust them to do their job without looking over their shoulder at every detail. If I knew everything about every item we produced, then we would still have sales hovering around two million. There is a risk to trust, but the risk is diminished with accountability. It is only within the system I have described that we can ever begin to attain ten million dollars in sales in the next five to six years.

FOCUS Group/Vision Mapping

We began our vision mapping back in January to work on our strengths and weaknesses and, ultimately, finished with an updated 5-year plan. After finishing phase one, with each employee contributing worksheets, we took a group of our most creative team members to an off-site location to work through some of our challenges. I also invited six pastors from our denomination to conduct a focus group and panel discussion. This group of pastors represented the various people from across our denomination. We had a youth pastor in the group, a state executive secretary, a board member, and three other pastors. The pastors crossed the spectrum in age, conservatism, ministry philosophy, geography, and position. In spite of this diversity, it was amazing to see the common ground they shared. We tackled issues about their perception of the mission of Randall House, what would make our products better, even to what book genres and types of authors they would recommend. They felt a freedom and transparency to share. The answers we heard did not always feel good, but they were what we needed to hear.

We received needed insight from these six leaders, men who are out there in the field, every day. We took what they said and narrowed it down to some core initiatives in the areas of communicating with our FWB churches and the need to enhance our digital areas.

CLEAR Phase 2

CLEAR has radically changed how we do Sunday School and small groups. CLEAR is based upon a biblical model found in Deuteronomy 6, Nehemiah 8, and Ephesians 6.



Therefore, it is changing families based upon the biblical model of parental involvement in teaching spiritual truths to their children.

Every product must continually be improved and shaped. CLEAR Living is undergoing its first major change in both content and design. One of the key feedback areas we hear is the desire to have an "in classroom piece" that a teacher can refer to during the lesson.

In September, the new look and content of CLEAR Living will roll out. The daily questions for devotions will help people see more of how God's Word applies to them in their everyday life. The new look will also include two

extra days of devotions per week. The seventh day will be designed as an inclassroom piece. This gives the student a follow-along piece that becomes an option for teachers to use while teaching the lesson.

Likewise, we need to reintroduce CLEAR to those who are not as aware of what it can do and how its outreach, discipleship, and devotional emphasis will impact their Sunday School classes, and eventually, the church. We will be spending more dollars to remind people of CLEAR and the product's usefulness.

Digital Division

The launch of this division in July of 2006 placed some hefty goals on a single division. Computer repair, web site development, and online curriculum are the major components of the daily tasks.

Computer repair and maintenance are a necessary evil to any organization. The most important part of digital is its contribution to the growth of the organization, such as developing micro web sites that move products and the maintenance of our larger web site. The largest contribution will be in the development of online



curriculum. Online curriculum will provide instant downloadable lessons ideal for small groups. Therefore, payment for the downloads will generate another revenue stream. These downloads will allow the end user to customize the lessons for his or her specific class.

Look for the digital division to be a major part of Randall House's future.

Student & Children's Ministries

The director of our youth department (Student and Children's Ministries) is a newly reshaped position. This logistical framework motivates programs to new heights and effectiveness. We have advisory groups and forums that stir a grass roots involvement. This is the year for revisions in the competition guidelines for the NYC. This typically has occurred every five years; it has been six since the last major revision. We waited one extra year to have a new SCM Director on board, shaping the future. Hereafter, the guidelines will be revised every three years.

This year marks a year of profitability for SCM. It has been a long time since this has occurred and every year we have reduced the deficit that SCM impacts Randall House.

Financial

You will see on our financial report for 2006 three key areas. The bottom line is what jumps out at you with a gain of a quarter of a million dollars. This is one of the most significant profit years in over two decades that results solely from operational gains. There were no sales of property or capital assets used to achieve the numbers. It is the result of the following three areas:

- Increase in sales and products developed
- Increase in dollars spent in marketing
- Control over cost of goods in production

In 2008, we will continue to invest in marketing, digital areas, and stewardship of operations. We should have another solid year this year but we are investing more of the dollars back into the organization as any non-profit should do. We have given back to our denomination in both agency level contributions of over \$15,000 and to our churches by not raising the costs on any CLEAR product for this year. We also administer a program called Buck-A-Week where teens are asked to save a buck every week to give to missions at the National Youth Conference during our Tuesday night teen worship. Last year nearly \$5,000 was given.

Miscellaneous items

We will be voting this year on shortening the name of our organization to Randall House Publications, Inc of the National Association of Free Will Baptists. The name change is a vender relation's issue and a practical one of how our people refer to us.

We have negotiated a deal with Thomas Nelson for their sales force to handle the TEAM-BUILDING Discovery Kits written by Dr. John Trent and Rodney Cox. The units purchased from us will give an advance royalty of \$50,000 plus an additional \$12,000 just for selling them the product. We look forward to similar items that advance FWB products into markets we have never reached.

We are launching key BLOGs in our organization to further train and connect to our churches and teachers. This results in achieving core marketing. We hope this provides a source of training and insight on what we are thinking and where we are going.

We will continue to expand our book division. You can expect 10-15 books to be released in 2008. Our book division has again reached another new record in both sales and fastest selling book. *SIMPLE* has now overtaken *Regaining Balance* as the fastest selling book we have ever published. We think *Simple* will continue to rise in total units as a give-away guest book to visitors and new believers.



We will continue to look at some of the questions and answers we heard from the focus group. There were some challenging thoughts and comments coming from our churches. We will spend some significant time on these areas. Our goal is to shape our ministry in ways that best help the local church to build believers.

We look forward to seeing God work in many areas of Randall House Publications. We want Him to be pleased with our products and how they communicate.

Imagining Great Things!

Ron Hunter, Jr. Executive Director & CEO HIL, Harper & Associates Certified Public Accountants

Independent Auditors' Report

Terry A. Hill Ernest R. Harper

The Board of Directors Sunday School and Church Training Board and Randall House Publications:

761 Old Hickory Boulevard Suite 206 Brentwood, TN 37027 TEL: 615/377-3485 FAX: 615/377-3488

We have audited the accompanying statements of financial position of the Sunday School and Church Training Board and Randall House Publications (a nonprofit organization) as of December 31, 2006 and 2005 and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 Sunday School and Church Training Board and Randall House Publications as of December 31, 2006 and 2005, 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.

Heer Harpen's association

April 4, 2007

Balance Sheets

December 31, 2006 and 2005

	Assets	2006	2005
Current assets:			
Cash and cash			
	nterest bearing deposits	\$ 209,979	100,053
	ted with the Free Will Baptist Foundation	236,526	108.535
Certificate of	deposit		50,000
	Total cash and cash equivalents, and certificate of deposit	446,505	258,588
Accounts rece	ivable:		
Trade, net	of allowance for doubtful accounts of		
\$10,00	0 in 2006 and 2005	95,081	136,253
Employees	and other	850	1,620
	Total receivables	95.931	137,873
Inventory		436,991	362,128
	ges and prepaid expenses	62,064	76,111
Derented engi	ges and prepare expenses		
	Total current assets	1,041,491	834,700
Property, plant	and equipment, at cost:		
Land		110,341	110,341
Building		867,497	856,856
Printing servio		1.001,257	1,009,963
Office and ad	ministrative equipment	218,241	199,985
Automobiles :	and trucks	84,445	81,928
		2,281,781	2,259,073
Less accumu	lated depreciation and amortization	1,367,365	1,374,274
	Net property, plant and equipment	914,416	884,799
		\$ 1,955,907	1,719,499
	Liabilities and Net Assets		
Current liabiliti			
Accounts pay		\$ 154,770	184,908
	on of long term debt	97,543	78,442
Accrued expe	nses	48,247	35,785
	Total current liabilities	300,560	299,135
Long term debt		315,737	330,561
	Total liabilities	616,297	629,696
Unrestricted net	t assets	1,339,610	1,089,803
		\$1,955,907	1,719,499
Commitments		270 I	

See accompanying notes to financial statements.

Statements of Activity and Changes in Net Assets

For the years ended December 31, 2006 and 2005

Revenues:		2006	2005
Net sales:		2 107 204	0.000.017
Curriculum, books, hymnals and related merchandise	\$	3,107,584 384,339	2,839,847
Bookstore, including operations of Free Will Baptist Bible College Printing		229,360	388,096 205,751
	~		
Net sales		3,721,283	3,433,694
Freight and handling		134,458	130,357 53,125
Other income Denominational Ministries		51,444 27,499	39,032
Interest income		8,277	9,911
Gain on sale of assets		1,798	20,100
Total revenues	-	3.944.759	3,686,219
Expenses:		3,744,737	5,000,219
Cost of sales:			
Inventory at beginning of year		362,128	391,399
Merchandise purchases		328,963	182,180
Depreciation		56,976	57,616
Editorial		496,253	558,349
Design		199,082	202,223
Digital		25,469	• • • • • • •
Printing production		1,040,988	1,148,397
		2,509.859	2,540,164
Less inventory at end of year		436,990	362,128
Total cost of sales		2,072,869	2,178,036
Selling, general and administrative:			
Administrative / Accounting		337,435	334,727
Bookstore, including operations of Free Will Baptist Bible College		249,449	225,443
Sales / Marketing		405,486	391,640
Building		131,596	125,914
Shipping		253,509	257,403
Denominational Ministries		35,627	37,058
One Magazine		44,163	40,000
General		77,772	100,594
Depreciation		62,786	62,615
Interest expense, including finance charges		21,406	22,474
Total selling, general and administrative expenses		1,619,229	1,597,868
Total expenses		3,692,098	3,775,904
Increase (decrease) in net assets from operations		252,661	(89.685)
Other income (expense:)	~		
Youth department		8,016	(26,662)
Printing contributed to the denomination		(10,870)	(3,927)
Net other expenses		(2,854)	(30,589)
Increase (decrease) in net assets		249,807	(120,274)
Net assets, beginning of year		1,089,803	1,210.077
		1,339,610	1,089,803
Net assets, end of year	3	1,009,010	1,003,003

See accompanying notes to financial statements.

Statements of Cash Flows

For the years ended December 31, 2006 and 2005

Cash Flows from Operating Activities	2006	2005
Increase (decrease) in net assets	\$ 249,807	(120,274)
Adjustments to reconcile increase (decrease) in net assets to net operating activities: Depreciation and amortization	119,762	120.231
(Increase) decrease in:	119,702	120,231
Receivables	41,942	(36,603)
Inventories	(74,863)	(55,729)
Deferred charges and prepaid expenses	14,047	(32,675)
Increase (decrease) in:		
Accounts payable	(30,138)	63,329
Accrued expenses	 12,462	(6,339)
Net operating activities	 333,019	(68,060)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(149,379)	(188,317)
Net investing activities	 (149,379)	(188,317)
Cash Flows from Financing Activities		
Certificates of deposit	50.000	-
Proceeds from long term debt	85,000	131,265
Repayments of long term debt	 (80,723)	(65,024)
Net financing activities	 54,277	66.241
Increase (decrease) in cash and cash equivalents	237,917	(190,136)
Cash at beginning of year	208,588	398,724
Cash at end of year	\$ 446,505	208,588
Cash and cash equivalents, as reported on the balance sheet, as follows:		
Cash and interest bearing deposits	\$ 209,979	100,053
Cash invested with the Free Will Baptist Foundation	 236,526	108,535
	\$ 446,505	208,588
Supplemental disclosures:		
Interest paid	\$ 21,406	22,474
•		

See accompanying notes to financial statements.

Notes to Financial Statements

For the years ended December 31, 2006 and 2005

The Randall House 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 financial statements have been prepared on the accrual basis of accounting. Randall House adopted Statement of Financial Standards (SFAS) No. 117 "Financial Statements of Not-for-profit Organizations". Under SFAS No. 117, Randall House is required to report information regarding its financial position and activities according to three classes net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets if any. In addition, Randall House is required to present a statement of cash flows.

Inventories

Inventories, except for warehoused inventory, are stated at the lower of cost or market, with cost being determined by use of the first-in, first out method. Warehoused inventory is valued using a methodology to determine an allowance for loss from slow moving items based on a formula to compute a two year shelf life valuation.

Property, Plant and Equipment

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

Income Taxes

Randall House 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, Randall House 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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection effects are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of December 31, 2006 and 2005 amounted to \$10,000. Changes in the valuation account have not been material to the financial statements.

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. None of the reclassifications have changed reported balances of net assets.

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.

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Compensated Absences

Employees of the Randall House are entitled to paid vacation, sick leave and personal days off, depending on job classification, length of service and other factors. Provision for accrued vacations and sick leave payable are made in the financial statements and are included in accrued expenses.

Advertising Costs

Advertising costs are expensed as incurred and amount to \$117,402 and \$62,567 in 2006 and 2005, respectively.

(2) Concentration of Credit Risk

Randall House is a distributor of Bible based Sunday school and Church training curriculum, and other denominational publications. Randall House 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 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 \$236,526 and \$108,535, as of December 31, 2006 and 2005, respectively, are subject to risk of accounting loss. Cash held in a local bank are insured by the FDIC up to a maximum of \$100,000.

(3) Inventory

(4)

Inventory	consists	oft	he fo	ollo	wing:
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B.		2006		200	5
Finished curriculum	-	\$	74,448		31,440
Work in progress			107,361		115,936
Bookstore			67,000		73,305
Printing raw materials			36,324		39,448
Hymnals (see note 5)			25,741		35,435
Warehoused other books and m	nerchandise \$	218,117		151,564	
Less allowance for loss		92,000	126,117	85,000	66,564
		\$	436,991		362,128
Long - Term Debt					
				2006	2005
5.06% monthly installment obligation payab monthly payments of \$5,666 including interest		with final			
payment due October 2010, secured by print	ing press.		\$	236,434	290,941
6.25% monthly installment obligation payab monthly payments of \$2,553 including interest	est and principal,				
payment due May 2010, secured by compute	erized plate proce	ssor.		94,194	118,062
7.5% monthly installment obligation payable with monthly payments of \$1,703 including			ı		
payment due October 11, 2011. Note is unse		· · · · · · · · · · · · · · · · · · ·		82,652	-
Total long-term debt				413,280	409,003
Current portion of long-term de	ebt			97,543	78,442
			\$	315,737	330,561
Maturities of long-term debt is as follows:					
2007	2008	2009	2010	2011	Total
\$97,543	103,298	109,401	86,576	16,462	413,280

Randall House secured a line of credit with a local bank in the amount \$100,000 during the current year. No balance is outstanding on this line of credit as of December 31, 2006.

Notes to Financial Statements, continued

(5) Youth Department

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

	2000	2005
Revenue from conferences and related services	\$ 177,376	210,034
Expenditures for conferences and related services	150,222	156,524
General and administrative expenses	19,138	80,172
Total expenditures	169,360	236,696
Excess of revenues over (under) expenses	\$ 8,016	(26,662)

(6) Related Party Transactions

Pension

Randall House 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 with two years of service may participate at anniversary date of employment. Pension expense amounted to \$44,651 in 2006 and \$44,455 in 2005. 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.

Agreement with Affiliated Organization to Distribute Hymnals

Randall House warehouses and distributes The Free Will Baptist Hymn Book for the Executive Office of the National Association of Free Will Baptists, Inc. Randall House invoices the customer, collects funds and remits \$6.32 to the Executive Office. As of December 31, 2006 and 2005, respectively, Randall House was warehousing approximately 1.000 and 1.900 hymnals with an estimated replacement value of \$4.200 and \$8.000.

During 2005, the Hymnal was reprinted by Randall House. Under this agreement, the Board pays royalties of \$2.45 for each hymnal sold to the Executive Office of the National Association of Free Will Baptist, Inc. This inventory is included in note 3 above.

Randall House incurred expenses relating to these payments of \$19.801 and \$29,756, respectively in 2006 and 2005. Further, Randall House had a liability relating to these payments of \$862 and \$5,846 as of December 31, 2006 and 2005, respectively.

Free Will Baptist Bible College

During the year ended December 31, 2005, the operation of Free Will Baptist Bible College's bookstore, campus store and snacks were assumed by Randall House. Results of operations are as follows:

	2006	2005
Revenues	\$ 110,137	64,082
Operating expenses, including merchandise purchased,		
salaries and other operating costs	105,989	67,932
Results of operations	\$ 4,148	(3.850)

Executive Office of the National Association of Free Will Baptists

The denomination began a publication (One Magazine) during the year to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of the agencies and organizations. Randall House provided \$44,163 in 2006 and \$40,000 in 2005 as their share of the funding requirement. Further, Randall House prints and provides mailing services for One Magazine included in revenues in 2006 and 2005, respectively, amounted to \$205,869 and \$157,259 for these services.

Free Will Baptist Foundation

Randall House maintains interest bearing accounts with Free Will Baptist Foundation amounting to \$236,526 in 2006 and \$108,535 in 2005. Further, Randall House has indebtedness to Free Will Baptist Foundation amounting to \$82,652 at December 31, 2006 (see note 4).

	2008 BUDGET	2007 BUDGET	2006 BUDGET	2006 ACTUAL
REVENUES				
Sales - Curriculum	\$3,890,000	\$3,720,000	\$3,656,000	\$3,488,149
Sales - RHP	\$325,600	\$259,400	\$267,500	\$296,453
Sales - Miscellaneous	\$99,700	\$128,700	\$181,400	\$61,652
300.38 · Printing Sales	\$275,000	\$210,000	\$200,000	\$229,360
300.40 · Freight and Handling Income	\$140,000	\$135,000	\$145,000	\$134,458
300.34 · Bookstore	\$290,000	\$325,000	\$300,000	\$274,202
Denominational Ministries	\$30,000	\$50,000	\$24,500	\$27,499
Sales - FWBBC Bookstore	\$118,700	\$108,900	\$0	\$110,137
300.75 · POS Discounts Glven	-\$700,000	-\$680,000	-\$622,000	-\$677,150
TOTAL REVENUES	\$4,469,000	\$4,257,000	\$4,152,400	\$3,944,759
EXPENSES				
Costs of Outside Purchases - RHP	\$188,250	\$137,850	\$224,800	\$81,537
Costs of Outside Purchases - Bookstore	\$176,250	\$206,550	\$172,400	\$172,564
Design Department	\$301,726	\$282,880	\$0	\$199,082
Creative Services	\$482,583	\$452,520	\$594,500	\$496,253
Digital	\$107,073	\$0	\$0	\$25,469
Printing Production	\$1,090,680	\$1,031,600	\$1,083,100	\$1,040,988
Depreciation	\$60,000	\$60,000	\$76,000	\$56,976
TOTAL COST OF SALES	\$2,406,561	\$2,171,400	\$2,150,800	\$2,072,870
GENERAL EXPENSES				
Sales/Marketing Department	\$556,512	\$545,550	\$609,300	\$405,486
Bookstore	\$159,462	\$151,500	\$172,300	\$143,460
Administration	\$385,261	\$365,300	\$347,500	\$337,435
Shipping	\$283,884	\$293,200	\$223,400	\$253,509
FWBBC Bookstore	\$116,110	\$107,270	\$Ó	\$105,989
Denominational Ministries	\$35,265	\$48,500	\$47,500	\$35,597
One Magazine	\$44,163	\$44,163	\$40,000	\$44,193
Building	\$148,021	\$151,100	\$134,600	\$131,596
General	\$192,000	\$203,840	\$175,600	\$161,964
TOTAL GENERAL EXPENSES	\$1,920,678	\$1,910,423	\$1,750,200	\$1,619,229
TOTAL EXPENSES	\$4,327,239	\$4,081,823	\$3,901,000	\$3,692,099
INCREASE/(DECREASE) IN ASSETS	\$141,761	\$175,177	\$251,400	\$252,660
OTHER INCOME (EXPENSE) Printing Contributed to Denomination	-\$12,000	.\$12.000	-\$12,000	\$10.970
		-\$12,000		-\$10,870
SCM Department TOTAL OTHER EXPENSES	-\$7,033	-\$63,300	-\$64,050	\$8,017
IOTAL OTHER EXPENSES	-\$19,033	-\$75,300	-\$76,050	-\$2,853
INCREASE/(DECREASE) IN ASSETS	\$122,728	\$99,877	\$175,350	\$249,807
REVENUES				
SALES - CURRICULUM				
300.02 Curriculum Sales - SS	\$3,790,000	\$3,720,000	\$3,650,000	\$3,361,250
300.06 · Non-Dated Curriculum Digital	\$75,000		\$0	\$0
300.06 · Non-Dated Curriculum Sales	\$25,000		\$6,000	\$126,898
TOTAL CURRICULUM SALES	\$3,890,000	\$3,720,000	\$3,656,000	\$3,488,149
SALES - RHP				
300.05 · Merchandise - RHP	\$2,000	\$2,000	\$4,000	\$2,352
300.08 · Helps & Supplies - SS/CTS	\$30,000	\$35,000	\$50,000	\$23,035
300.10 · Helps & Supplies - Spanish	\$100	\$100	\$500	\$0

	2008	2007	2006	2006
	BUDGET	BUDGET	BUDGET	ACTUAL
300.12 · Competitive Activities Sales	\$20,000	\$20,000	\$20,000	\$14,432
300.14 · Children's Church Sales	\$500	\$500	\$5,000	\$6
300.16 · Spanish Book Sales	\$1,000	\$800	\$1,000	\$715
300.18 Randall House Book Sales	\$152,000	\$152,000	\$155,000	\$143,621
300.20 · Rejoice Hymnal Sales	\$90,000	\$25,000	\$3,500	\$101,458
300.21 · Rejoice Worship Hymnal Sales 300.22 · National Sales	\$10,000	634 000	\$500	-\$790
TOTAL SALES - RHP	\$20,000	\$24,000	\$28,000	\$11,623
TOTAL SALES - KHP	\$325,600	\$259,400	\$267,500	\$296,453
FWBBC BOOKSTORE SALES				
320.40 · FWBBC - Textbooks	\$97,000	\$90,000		\$90,022
320.42 · FWBBC - Snacks/School Supplies	\$13,000	\$12,600		\$12,080
320.44 · FWBBC - Appare!	\$3,000	\$1,500		\$3,216
320.46 · FWBBC - Athletic Apparel	\$1,200	\$1,800		\$1,139
320.48 · FWBBC - Bibles/Books/Gifts	\$4,500	\$3,000		\$3,679
TOTAL FWBBC BOOKSTORE SALES	\$118,700	\$108,900	\$0	\$110,137
SALES - MISCELLANEOUS				
300.30 · Bulletin Service	\$200	\$200		\$200
300.02 - VBS	\$0	\$0	\$200	\$0
300.34 - Bookstore	\$1,200	\$800		\$1,209
300.36 · Video/Audio	\$0	\$0	\$700	\$133
300.42 · Interest Income	\$8,000	\$5,000	1 N	\$8,277
300.46 · Service Charges	\$2,000	\$3,000	\$16,000	\$2,019
300.48 · Recreation Fund	\$750	\$750	\$3,400	\$200
300.49 · Sales - Virco Furniture		\$0	\$2,500	\$0
300.50 · Miscellaneous Income	\$15,000	\$15,000		\$10,250
300.51 · Commission Income - LTNG	\$5,000	\$2,000	\$13,000	. \$5,055
300.52 · Commission Income - Signs	\$750	\$750	\$4,000	\$756
300.53 · Commission Income - JM Stewart	\$1,200	\$600	\$1,000	\$1,184
300.54 · Commission Income - FWB Hymnals	\$0	\$38,000	\$0	\$0
300.56 · Commission Income - Cathedral	\$30,000	\$32,000	\$75,000	\$24,965
300.58 · Commission Income - Generic	\$0	\$0	\$35,000	\$0
300.59 · Commission Income - CPN	\$5,000	\$0	\$0	\$5,087
300.60 Disposal of Assets	\$0	\$0	\$0	\$1,798
300.76 · SCM Overhead Allocations.	\$30,600	\$30,600	\$30,600	\$0
GIFT CERTIFICATES OUTSTANDING	****	****	\$0	\$520
TOTAL MISCELLANEOUS SALES	\$99,700	\$128,700	\$181,400	\$61,652
COST OF OUTSIDE PURCHASES - RHP				
310.02 · COG - Curriculum / SS	\$50,000	\$16,000	\$48,000	\$20,311
310.05 · COG - RHP Merchandise	\$2,000	\$2,000	\$2,000	\$1,183
310.06 COG - Curriculum CTS	\$0	\$2,000	\$500	\$31,283
310.08 · COG - SS/CTS Helps & Supplies	\$7,000	\$10,000	\$10,000	\$6,097
310.10 · Helps & Supplies / Spanish	\$0	\$100	\$0	\$0,007
310.12 · COG - Competitive Activities	\$7,500	\$6,000	\$6,000	\$6,505
310.14 · COG - Children's Church	\$500	\$500	\$500	\$4
310.16 · COG - Spanish Books	\$500	\$500	\$500	\$264
310.18 · COG - RHP Books	\$50,000	\$65,000	\$35,000	\$50,118
310.20 · COG - Rejoice Hymnals	\$55,000	\$10,000	\$2,000	\$58,278
310.21 · COG - Rejoice Workship Hymnals	\$250	\$250	\$300	\$12
310.22 · COG - National Merch	\$10,000	\$12,000	\$10,000	\$6,821
310.30 COG - Bulletins	\$0	\$100	÷ • • • • • •	\$120
310.34 COG - Bookstore	\$500	\$400		\$674
310.50 · COG - Miscellaneous Sales	\$0	\$0		\$33

	2008 BUDGET	2007 BUDGET	2006 BUDGET	2006 ACTUAL
310.60 · COG RHP Change in Inventory	\$0	\$10,000	\$100,000	-\$109,663
313.00 · Freight in RHP	\$2,000	\$2,000	\$100,000	\$1,541
625 · Coupons Redeemed	\$3,000	\$3,000		\$3,591
722 · Shrinkage	\$0	\$0,000	\$10,000	\$4,344
310 · Cost of Sales - RHP - Other	\$0		\$10,000	\$22
TOTAL COST OF OUTSIDE PURCHASES - RHP	\$188,250	\$137,850	\$224,800	\$81,537
	\$100,200	•••••	•== .,	
COST OF OUTSIDE PURCHASES - BOOKSTORE				
315.05 COG - Bibles	\$15,000	\$18,000	\$14,000	\$14,126
315.10 · COG - Books	\$50,000	\$62,000	\$50,000	\$48,688
315.15 · COG - Cards	\$2,000	\$2,000	\$2,400	\$2,029
315.20 · COG - Church Supplies	\$10,000	\$10,000	\$12,000	\$11,171
315.25 · COG - Curriculum VBS	\$28,000	\$33,000	\$29,000	\$27,214
315.30 · COG - Curriculum / SS	\$40,000	\$40,000	\$32,000	\$39,888
315.35 · COG - Gifts	\$12,000	\$18,000	\$10,000	\$10,957
315.40 · COG - Jewelry	\$500	\$800	\$1,000	\$476
315.45 · COG - Miscellaneous	\$3,500	\$8,000	\$3,500	\$3,326
315.50 · COG - Music	\$4,500	\$4,000	\$6,000	\$4,884
315.60 · COG - Video	\$750	\$750	\$2,500	\$1,098
315.76 · Extra 7	\$0	\$0	\$0	\$210
318.00 · Freight in Bookstore	\$10,000	\$10,000	\$10,000	\$8,497
TOTAL COST OF OTSIDE PURCHASES - BKSTR	\$176,250	\$206,550	\$172,400	\$172,564
PRINTING PRODUCTION				
350.02 · PP - Salaries	\$263,080	\$230,000	\$226,000	\$238,041
350.04 · PP - Travel Expense	\$1,000	\$1,000	\$1,000	\$0
350.05 · PP - In House Printing	\$0	\$0		-\$10,870
350.06 · PP - Supplies	\$1,000	\$1,000	\$1,000	\$845
350.07 · PP - Equipment Maint.	\$1,000	\$1,000	\$1,000	\$198
350.12 · PP - Dues & Subscriptions	\$1,000	\$1,000	\$1,000	\$1,233
350.16 · PP - Entertainment	\$100	\$100	\$100	· \$0
350.18 · Outside Printing	\$320,000	\$310,000	\$450,000	\$321,998
350.19 · Outside Bindery	\$60,000	\$60,000	\$25,000	\$76,815
350.26 · PP - FICA	\$20,000	\$18,000	\$17,500	\$15,336
350.29 · PP - Retirement	\$12,000	\$10,000	\$10,000	\$10,532
350.32 · PP - Insurance	\$21,000	\$38,000	\$33,000	\$34,188
350.34 · Pressroom Supplies	\$18,000	\$18,000	\$19,000	\$16,720
350.36 · Pressroom Maintenance	\$10,000	\$10,000	\$5,000	\$8,014
350.38 Pressroom Parts	\$15,000	\$15,000	\$3,000	\$11,215
350.40 · Pressroom Stock	\$195,000	\$170,000	\$165,000	\$184,705
350.42 · Pressroom Ink	\$12,000	\$11,000	\$11,000	\$11,152
350.44 · Bindery Supplies	\$2,500	\$2,500	\$5,000	\$171
350.46 · Bindery Maintenanc	\$3,500	\$3,000	\$3,500	\$2,190
350.48 Bindery Parts	\$1,500	\$1,000	\$1,500	\$471
350.50 · CTP Supplies	\$5,500	\$3,000	\$3,000	\$5,026
350.52 · Camera Film	\$0	\$0	\$17,000	\$731
350.54 · CTP Maintenance	\$12,000	\$12,000	\$13,000	\$0
350.60 · Stripping / Masking Supplies	\$0	\$500	\$4,000	\$115
350.62 · Stripping Plates	\$65,000	\$55,000	\$32,000	\$59,776
350.88 · Outside Purchases	\$50,000	\$60,000	\$35,000	\$50,319
350.90 · PP - Miscellaneous	\$500	\$500	\$500	\$2,066
TOTAL PRINTING PRODUCTION	\$1,090,680	\$1,031,600	\$1,083,100	\$1,040,988

	2008 BUDGET	2007 BUDGET	2006 BUDGET	2006 ACTUAL
CREATIVE SERVICES	DODOLI	DODGET	DODULI	AGIUAL
360.02 · CS - Salaries	\$227,115	\$220,000	\$330,000	\$283,668
360.03 · CS - Housing Allowance	\$43,747	\$47,000	\$45,000	\$44,706
360.04 · CS - Travel	\$2,000	\$1,000	\$1,000	\$1,317
360.06 · CS - Supplies	\$2,000	\$2,000	\$5,000	\$1,572
360.07 · CS - Equipment Maintenance	\$500	\$1,250	\$3,000	\$2,064
360.10 · CS - Conventions & Seminars	\$2,000	\$1,000	\$2,000	\$1,551
360.11 · Software Supply	\$1,000	\$2,000	\$2,500	\$921
360.12 · CS - Dues & Subscriptions	\$1,000	\$750	\$300	\$819
360.15 · National Expense	\$0	\$0	\$30,000	\$0
360.16 · CS - Entertainment	\$500	\$0	\$2,500	\$354
360.20 · CS - Postage	\$0	\$200	\$500	\$0
360.23 · CS - Telephone	\$0	\$200	\$200	\$0
360.26 · CS - FICA	\$20,721	\$18,270	\$18,500	\$18,288
360.29 · CS - Retirement	\$10,000	\$6,300	\$10,000	\$9,382
360.32 · CS - Insurance	\$37,000	\$37,800	\$56,000	\$49,534
360.34 · Curriculum Develpment	\$30,000	\$15,000	\$25,000	\$708
360.36 Writer's Fees	\$95,000	\$90,000	\$50,000	\$76,723
360.37 · Register of Copyrights	\$4,000	\$2,000	\$2,500	\$3,090
360.88 Outside Editing/Proofing	\$5,000	\$7,500	\$10,000	\$598
360.90 · CS - Miscellaneous	\$1,000	\$250	\$500	\$956
TOTAL CREATIVE SERVICES	\$482,583	\$452,520	\$594,500	\$496,253
ADMINISTRATION/ACCOUNTING				
400.02 · AD/AC - Salaries	\$225,892	\$220,000	\$218,000	\$209,173
400.03 · AD/AC - Housing Allowance	\$29,808	\$30,000	\$28,500	\$27,600
400.04 · AD/AC - Travel Expense	\$24,000	\$24,000	\$25,000	\$22,114
400.06 · AD/AC - Supplies	\$8,000	\$8,000	\$5,000	\$7,410
400.07 · AD/AC - Equipment Maintenance	\$1,000	\$3,000	\$2,000	\$1,077
400.08 · AD/AC - Equipment Rental	\$0	\$1,000	\$1,000	. ≜ \$0
400.10 · AD/AC - Conventions & Seminars	\$1,000	\$2,000	\$2,000	\$630
400.12 · AD/AC - Dues & Subscriptions	\$1,000	\$1,000	\$500	\$635
400.16 · AD/AC - Entertainment	\$3,000	\$2,500	\$2,500	\$3,904
400.20 · AD/AC - Postage	\$0	\$300	\$1,000	\$0
400.23 · AD/AC - Telephone	\$4,500	\$4,000	\$3,500	\$4,481
400.26 · AD/AC - FICA	\$19,561	\$19,000	\$14,000	\$13,471
400.29 · AD/AC - Retirement	\$12,000	\$10,000	\$10,500	\$10,108
400.32 · AD/AC - Insurance	\$35,000	\$35,000	\$29,000	\$31,725
400.70 · AD/AC - Automobile Expense	\$5,500	\$5,000	\$4,000	\$4,957
400.88 · Contract Labor	\$15,000	\$0		\$0
400.90 · AD/AC - Miscellaneous		\$500	\$1,000	\$150
TOTAL ADMIN/ACCOUNTING	\$385,261	\$365,300	\$347,500	\$337,435
SALES/MARKETING				
410.02 · Sales/Mkt - Salaries	\$271,261	\$275,000	\$346,000	\$192,689
410.04 · Sales/Mkt - Travel Expense	\$8,000	\$12,500	\$8,000	\$4,386
410.06 · Sales/Mkt - Supplies	\$6,000	\$16,000	\$11,000	\$4,388
410.07 · Sales/Mkt - Equipment Maint.	\$3,000	\$5,000	\$5,500	\$3,206
410.08 · Sales/Mkt - Equipment Rental	\$0	\$0	\$500	\$0
410.10 · Royalty Payments	\$15,000	\$5,000	\$8,000	\$14,467
410.11 · Sales/ - Conventions & Seminars	\$4,000	\$5,500	\$4,000	\$60
410.12 · Sales/Mk - Dues & Subscriptions	\$1,500	\$1,250	\$2,500	\$1,540
410.15 · National Expense	\$25,000	\$25,000	\$25,000	\$19,078
410.20 · Sales/Mkt - Postage	\$0	\$5,500	\$15,000	\$8
410.23 · Sales/Mkt - Telephone	\$12,000	\$24,500	\$21,000	\$10,610
410.26 · Sales/Mkt - FICA	\$20,751	\$18,500	\$26,000	\$12,407

	2008 BUDGET	2007 BUDGET	2006	2006
410.29 - Sales/Mkt - Retirement	\$7,500	\$8,000	BUDGET \$9,000	ACTUAL \$4,986
410.32 · Sales/Mkt - Insurance	\$41,000	\$50,000	\$40,000	\$23,482
410.34 · Sales/Mkt - Advertising	\$100,000	\$30,000	\$30,000	\$64,551
410.36 · Sales/Mkt - Promotion	\$30,000	\$60,300	\$55,000	\$48,804
410.88 · Sales/Mkt - Entertainment	\$1,000	\$3,000	\$2,000	\$774
410.89 · Contract Labor	\$10,000	\$0,000	\$2,000	\$0
410.90 · Sales/Mkt - Miscellaneous	\$500	\$500	\$800	\$50
TOTAL SALES/MARKETING	\$556,512	\$545,550	\$609,300	\$405,486
	4000,012	\$0.10,000	\$005,000	\$400,400
BOOKSTORE				
425.02 · RB - Salaries	\$99,500	\$90,000	\$110,000	\$98,170
425.04 · RB - Travel Expense	\$4,000	\$4,000	\$4,000	\$2,189
425.06 · RB - Supplies	\$2,500	\$2,500	\$1,500	\$2,400
425.07 · RB - Equipment Maintenance	\$500	\$500	\$500	\$368
425.08 · RB - Software Fees and Services	\$1,300	\$1,000	\$2,000	\$1,178
425.10 · RB - Conventions & Seminars	\$1,000	\$1,000	\$1,500	\$241
425.12 · RB - Dues & Subscriptions	\$750	\$500	\$500	\$666
425.16 · RB - Entertainment	\$1,000	\$1,000	\$2,500	\$225
425.20 - RB - Postage	\$3,000	\$2,000	\$3,500	\$2,929
425.26 - RB - FICA	\$7,612	\$7,200	\$8,500	\$6,322
425.29 · RB - Retirement	\$4,500	\$3,500	\$5,500	\$4,712
425.32 - RB - Insurance	\$20,500	\$25,000	\$21,000	\$20,013
425.34 · RB - Advertising	\$12,000	\$12,000	\$10,000	\$4,047
425.66 Workshops Expense	\$1,000	\$1,000	\$1,000	\$0
425.90 · RB - Miscellaneous	\$300	\$300	\$300	\$0
TOTAL BOOKSTORE	\$159,462	\$151,500	\$172,300	\$143,460
DESIGN				
420.02 · Design - Salaries	\$154,413	\$130,000		\$86,342
420.03 · Design - Housing Allowance	****	•••••,•••		\$00,012
420.04 · Design - Travel Expense	\$1,000	\$1,000		\$3,588
420.06 · Design - Supplies	\$4,000	\$2,000		\$3,764
420.07 · Design - Equipment Maintenance	\$2,000	\$1,250		\$1,387
420.10 · Design - Conventions & Seminars	\$2,500	\$1,000		\$136
420.12 · Design - Dues & Subscriptions	\$1,000	\$750		\$729
420.14 Art Services	\$90,000	\$110,000		\$78,580
420.16 · Design - Entertainment	\$1,000	,		\$754
420.23 · Design - Telephone	\$500			\$278
420.26 - Design - FICA	\$11,813	\$10,730		\$5,548
420.29 · Design - Retirement	\$3,750	\$3,700		\$1,262
420.32 · Design - Insurance	\$29,500	\$22,200		\$16,629
420.90 · Design - Miscellaneous	\$250	\$250		\$85
TOTAL DESIGN	\$301,726	\$282,880	\$0	\$199,082
SHIPPING				
430.02 · SR - Salaries	\$83,218	\$77,000	\$53,000	\$73,149
430.06 · SR - Supplies	\$21,000	\$18,000	\$15,000	\$20,089
430.07 · SR - Equipment Maintenance	\$2,000	\$1,500	\$2,000	\$1,922
430.08 · SR - Equipment Rental	\$13,000	\$15,000	\$15,000	\$11,788
430.12 · SR - Dues & Subscriptions	\$0	\$0	\$300	\$0
430.20 · SR - Postage	\$25,000	\$30,000	\$6,000	\$16,758
430.26 · SR - FICA	\$6,366	\$5,900	\$4,100	\$4,713
430.29 SR - Retirement	\$3,000	\$2,500	\$2,700	\$2,571
430.32 · SR - Insurance	\$15,000	\$18,000	\$10,000	\$12,319
430.40 · SR - Freight Expense	\$115,000	\$125,000	\$115,000	\$110,200
430.90 · SR - Miscellaneous	\$300	\$300	\$300	\$0
TOTAL SHIPPING	\$283,884	\$293,200	\$223,400	\$253,509
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	2008 BUDGET	2007 BUDGET	2006 BUDGET	2006 ACTUAL
DIGITAL DIVISION				
435.02 · Digital - Salaries	\$45,000			\$14,1
435.03 · Digital - Housing Allowance	\$20,000			\$4,2
435.04 · Digital - Travel	\$2,000			
435.06 · Digital - Supplies	\$1,000			\$1,0
435.07 · Digital - Equipment Maintenance	\$500			\$3
435.08 · Digital - Software Services	\$1,000			\$4
435.10 · Digital -Conventions/Seminars	\$1,000		•	ψŦ
435.12 · Digital - Dues & Subscriptions	\$500			
435.16 · Digital - Entertainment	\$500			
				\$9
435.26 · Digital - FICA	\$4,973			
435.29 Digital - Retirement	\$3,000			\$8
435.32 Digital - Insurance	\$14,600			\$3,5
435.36 · Digital-Contract Work	\$12,500			
435.90 Digital - Misc.	\$500			\$
TOTAL DIGITAL DIVISION	\$107,073	\$0	\$0	\$25,4
BUILDING				
440.02 · PM - Salaries	\$22,500	\$20,000	\$20,000	\$20,5
440.04 · PM - Travel Expense	\$0	\$0		\$1
440.06 · PM - Supplies	\$8,000	\$7,500	\$6,000	\$7,4
440.07 · PM - Equipment Maintenance	\$4,500	\$3,000	\$3,000	\$4,4
440.08 · PM - Equipment Rental	\$0	\$1,000	\$1,000	
440.23 · PM - Telephone	\$0	\$0	\$1,000	
440.26 PM - FICA	\$1,721	\$1,300	\$1,300	\$1,1
440.34 · PM - Building Maintenance	\$30,000	\$30,000	\$30,000	\$22.6
440.40 · Utilities	\$50,000	\$55,000	\$45,000	\$46,3
440.45 · Building Insurance	\$31,000	\$33,000	\$27,000	\$28,9
440.90 · PM - Miscellaneous	\$300	\$300	\$300	+=-,-
TOTAL BUILDING	\$148,021	\$151,100	\$134,600	\$131,5
FWBBC BOOKSTORE				
460.02 · FWBBC - Salaries	\$23,000	\$18,000		\$19.9
460.04 · FWBBC - Travel Expense	\$1,000	\$900		\$15,5
460.05 · FWBBC - Building Rental	\$5,000	\$5,000		\$5.0
		\$500		
460.06 · FWBBC - Supplies	\$1,500			\$1,5
460.07 · FWBBC - Equipment Maintenance	\$250	\$100		
460.08 · FWBBC - Equipment Rental	\$250			
460.12 · FWBBC - Dues & Subscriptions	\$100	\$70		
460.23 · FWBBC - Telephone	\$500			
460.26 · FWBBC - FICA	\$1,760	\$1,100		\$1,5
460.40 · FWBBC - Textbooks	\$68,000	\$69,000		\$63,
460.42 · FWBBC - Snacks/School Supplies	\$8,500	\$7,500		\$8,
460.44 · FWBBC - Apparel	\$2,500	\$1,000		\$2,3
460.46 · FWBBC - Athletic Apparel	\$1,000	\$1,800		\$1
460.48 · FWBBC - Bibles/Books/Gifts	\$2,500	\$2,300		\$2,3
460.90 · FWBBC - Miscellaneous	\$250			
TOTAL FWBBC BOOKSTORE	\$116,110	\$107,270	\$0	\$105,9
GENERAL EXPENSES				
490.06 · GE - Supplies	\$3,000	\$3,000	\$3,000	\$1,5
	\$10,000	\$10,000	\$5,000	\$4,4
490 07 · GE - Equipment Maintenance		\$10,000	\$5,000	\$13,i
490.07 · GE - Equipment Maintenance		410,000	40,000	φιΟ,
490.08 · GE - Equipment Rental	\$15,000 \$0	¢1 000	¢500	
490.08 · GE - Equipment Rental 490.10 · GE - Honorariums	\$0	\$1,000 \$62,000	\$500	***
490.07 - GE - Equipment Maintenance 490.08 - GE - Equipment Rental 490.10 - GE - Honorariums 490.14 - Depreciation 490.15 - Interest Expense		\$1,000 \$62,000 \$25,000	\$500 \$62,000 \$16,000	\$62, \$21,

	2008	2007	2006	2006
	BUDGET	BUDGET	BUDGET	ACTUAL
490.18 · Bank Service Charges	\$12,000	\$18,000	\$13,100	\$10,693
490.20 · Insurance	\$0	\$0	640.000	\$112
490.25 · RHP - Board Expense	\$18,000	\$18,000	\$18,000	\$16,304
490.30 · Legal & Audit	\$15,000	\$11,000	\$11,000	\$14,810
490.35 · GE - Automobile Expense 490.40 · Bad Debts	\$3,000	\$3,000	\$2,500	\$2,496
490.40 Bad Debts	\$1,000 \$6,000	\$1,000	\$1,000 \$4,000	. \$3,325
490.50 · Taxes	\$8,000	\$7,000 \$16,840	\$16,500	\$6,042
490.55 · Payroll Services	\$8,000	\$8,000	\$8,000	-\$8,216 \$7,567
490.90 · GE - Miscellaneous	\$5,000 \$5,000	\$10,000	\$10,000	\$4,842
TOTAL GENERAL EXPENSES	\$192,000	\$203,840	\$175,600	\$161,964
	\$152,000	\$200,040	\$170,000	\$101,004
STUDENT AND CHILDREN MINISTRIES				
INCOME				
300.62 · NYC 2005		\$100,000		• \$0
300.63 · NYC Fees 2006	\$105,000		\$85,000	\$96,829
300.64 · Truth & Peace Fees - 2005		\$85,000		\$0
300.65 • Truth & Peace Fees 2006	\$72,000		\$72,000	\$68,049
300.66 · NYET Fees - 2005		\$7,500		\$0
300.67 · NYET Fees 2006	\$7,500		\$6,000	\$7,322
300.68 · NSCWC Fees 2005		\$20,000		\$0
300.69 · NSCWC Fees 2006	\$5,000		\$25,000	\$3,285
300.70 · Youth Collections		\$2,000	\$3,000	\$1,892
300.71 · Springboard 2006	\$0		\$12,000	\$0
300.72 · Springboard Fees - 2005	****	\$6,000	****	\$0
TOTAL SCM INCOME	\$189,500	\$220,500	\$203,000	\$177,376
STUDENT/CHILDREN MINISTRIES EXPENSES				
450.02 · YD - Salaries	\$19,000	\$55,000	\$55,000	\$12,061
450.03 · YD - Housing Allowance	\$3,000	\$0		\$1,800
450.04 · YD - Travel Expense	\$2,000	\$3,000	\$2,500	\$909
450.06 YD - Supplies	\$1,000	\$1,000	\$2,000	\$1,018
450.10 YD - Conventions & Seminars	\$1,000	\$1,000	\$2,500	\$0
450.12 · YD - Dues & Subscriptions	\$500	\$500	\$350	\$14
450.16 · YD - Entertainment	\$500	\$0	\$300	\$28
450.20 · YD - Postage	\$0	\$2,000	\$2,000	\$0
450.23 · YD - Telephone	\$0	\$2,500	\$2,500	\$0
450.26 · YD - FICA	\$1,683	\$4,200	\$4,300	\$2,024
450.29 · YD - Retirement	\$750	\$3,000	\$1,000	\$288
450.32 · YD - Insurance	\$3,100	\$14,000	\$14,000	\$996
450.34 · NYC Expense 2005		\$65,000		-\$13,169
450.35 · YD - NYC 2006	\$80,000		\$50,000	\$77,986
450.36 · Truth & Peace - 2005		\$60,000		\$2,783
450.37 · YD - Truth & Peace 2006	\$65,000		\$50,000	\$65,486
450.38 · NYET 2005 Expense		\$7,500		\$0
450.39 · YD - NYET 2006	\$11,000		\$4,500	\$10,636
450.40 · NSCWC - 2005		\$20,000		\$245
450.41 · NSCWC 2006	\$5,000		\$23,000	\$6,254
450.42 · YD - Springboard 2006	\$0		\$16,000	\$0
450.43 · Springbroad - 2005	\$0	\$6,000		\$0
450.45 · Convention Salaries	\$0	\$7,500	\$6,000	\$0
450.88 · Overhead Allocations	\$0	\$30,600	\$30,600	\$0
450.89 · Promotional Materials	\$2,500			\$0
450.90 · YD - Miscellaneous	\$500	\$1,000	\$500	\$0
TOTAL SCM EXPENSES	\$196,533	\$283,800	\$267,050	\$169,359

	2008 BUDGET	2007 BUDGET	2006 BUDGET	2006 ACTUAL
DENOMINATIONAL MINISTRIES	BODGET	BUDGET	BUDGET	ACTUAL
INCOME				
300.80 · Mid Tenn SS Conference Fees				\$6,296
300.89 · Ohio Conference Fees				\$5,390
300.90 · Canada Conference Fees				\$1,507
300.91 · Alabama Conference Fees				\$3,332
300.94 · Kentucky Conf Fees				\$7,409
300.95 · Missouri Conference Fees				\$3,565
9200 · Revenues Denom, Ministries - Other	\$30,000	\$50,000	\$24,500	\$0,585 \$0
TOTAL INCOME	\$30,000	\$50,000	\$24,500	\$27,499
EXPENSES	400,000	\$00,000	\$14,000	vz 1,405
445.02 · C E Team Leader Salary	\$10,000	\$10,000	\$15,000	\$6,200
445.04 · C E Team Leader Travel	\$1,000	\$500		\$0
445.06 · C E Team Supplies	\$2,000	\$2,000	\$2,000	\$1,250
445.26 · TEAM CH - FICA	\$765	\$1,000		\$226
445.40 · C E Team Leader Promotion	\$0	\$1,000	\$2,500	\$0
445.45 · Team Church Travel	\$500	\$500	\$500	\$0
445.50 · Mid Tenn SS Conference	\$5,000	\$0	\$5,000	\$5,690
445.51 · Tri-State SS Conference	\$1,000	\$0	\$700	\$0
445.52 · Indiana Conference	\$1,000	\$0	\$1,200	\$0
445.53 · WV SS Conference	\$1,000	\$0	\$2,200	\$0
445.54 · North Florida Conference	\$1,000	\$0	\$1,500	\$0
445.55 · South Florida Conference	\$1,000	\$0	\$1,600	\$0
445.56 · Illinois Conference	\$1,000	\$0	\$2,600	\$810
445.57 · Arkansas Conference	\$1,000	\$0	\$2,500	\$0
445.58 · Ohio Conference	\$1,000	\$0	\$2,500	\$4,452
445.59 · Canada Conference	\$2,000	\$0	\$2,000	\$3,439
445.60 · Alabama Conference	\$1,000	\$0		\$4,712
445.61 · Florence, SC Conference	\$1,000	\$0		\$0
445.63 · Kentucky Conference	\$1,000			\$4,609
445.88 · Tupelo, MS Conference				\$100
445.89 Stewardship Lessons	\$0	\$2,700	\$2,700	\$ 0
445.93 · Scholarships	\$3,000	\$3,000	\$3,000	\$0
445.95 Missouri Conference	\$0			\$4,111
445 · Denominational Ministries - Other		\$27,800		\$0
TOTAL DEM MIN INCREASE/(DECREASE)	\$35,265	\$48,500	\$47,500	\$35,597

	2007	2008		
EXECUTIVE DIRECTOR		PROJECTED		
RON HUNTER, JR.	PACKAGE	PACKAGE		
SALARY ***	\$42,022	\$45,384		
HOUSING ALLOWANCE	\$29,036	\$31,359		
CHRISTMAS BONUS	\$1,371	\$1,476		
COMPENSATION TOTAL	\$72,429			
INSURANCE	\$14,400	\$14,400		
SOCIAL SECURITY	\$0	\$0		
RETIREMENT	\$3,566	\$3,911		
BENEFITS TOTAL	\$17,966	\$18,311		
TOTAL DAV DACKAOF	\$90,395	\$96,530		
TOTAL PAY PACKAGE				
*** Salary subject to change dependent on the performa				
	nce of the company for the year.			
*** Salary subject to change dependent on the performa		2008		
	nce of the company for the year.			
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR	nce of the company for the year.	2008 PROJECTED		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR	nce of the company for the year.	2008 PROJECTED		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS	nce of the company for the year. 2007 PACKAGE	2008 PROJECTED PACKAGE		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY	nce of the company for the year. 2007 PACKAGE \$62,890	2008 PROJECTED PACKAGE \$67,921		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY HOUSING ALLOWANCE	nce of the company for the year. 2007 PACKAGE \$62,890 \$0	2008 PROJECTED PACKAGE \$67,921 \$0 \$1,018		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY HOUSING ALLOWANCE CHRISTMAS BONUS	nce of the company for the year. 2007 PACKAGE \$62,890 \$0 \$943	2008 PROJECTED PACKAGE \$67,921 \$0 \$1,018		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY HOUSING ALLOWANCE CHRISTMAS BONUS COMPENSATION TOTAL	nce of the company for the year. 2007 PACKAGE \$62,890 \$0 \$943 \$63,833	2008 PROJECTED PACKAGE \$67,921 \$0 \$1,018 \$68,940		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY HOUSING ALLOWANCE CHRISTMAS BONUS COMPENSATION TOTAL INSURANCE	nce of the company for the year. 2007 PACKAGE \$62,890 \$0 \$943 \$63,833 \$10,300	2008 PROJECTED PACKAGE \$67,921 \$0 \$1,018 \$68,940 \$10,300		
*** Salary subject to change dependent on the performa ASSISTANT DIRECTOR CLARENCE LEWIS SALARY HOUSING ALLOWANCE CHRISTMAS BONUS COMPENSATION TOTAL INSURANCE SOCIAL SECURITY	nce of the company for the year. 2007 PACKAGE \$62,890 \$0 \$943 \$63,833 \$10,300 \$4,883	2008 PROJECTED PACKAGE \$67,921 \$0 \$1,018 \$68,940 \$10,300 \$5,274		

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

Randall House Publications 2006-2007

The Board had three meetings in the past year. The first meeting was held at the National Association in Birmingham, Alabama. We welcomed our new Board members. We commended the employees of Randall House for their fine work and commitment to our mission at Randall House Publications of the National FWB Inc. We instituted a travel reimbursement policy for Board Members. We elected officers and determined committees.

The second meeting was held at Randall House in December after the Leadership Conference. At that meeting, we approved the speakers for the Youth Worship Services for NYC 2007 and approved the 2008 NYC Theme. We authorized the pursuing of concepts for future publishing plans, the publishing of various new projects and approved writers. We accepted the guidelines for writers to the Digital Division. We authorized RHP to setup a line of credit for \$100,000.00. We authorized a performance bonus/gift for Executive Director Ron Hunter. We voted to have the title "Executive Director" be synonymous as the term "General Director" as specified in the Constitution and By Laws. We authorized the Executive Director to evaluate and determine the viability of our relationship with a State Literature Center and act accordingly.

We had two email votes to approve writers and books to be published.

The third meeting was held April 23-25 2007 at Randall House. At that meeting, we reviewed the 2006 audit and approved the 2008 budget. We amended the Board Travel Policy. We authorized the pursuing of concepts for future publishing plans, the publishing of various new projects and approved writers. We accepted new NYC Guidelines. We approved a \$10.00 registration fee for adults who attend NYC events or services beginning in 2008. We setup an approval process for RHP Books and allowed the Digital Division to publish their material in Spanish.



Home Missions North America Report 2006

Dear Friends of Home Missions,

This past year, 2006 was a record setting year in our church planting efforts. We deeply appreciate everyone supporting our church planters who are winning families to Christ across all of North America. Thank you Free Will Baptists for standing with us in our mission.

These church planters went self-supporting

Paul and Stephanie McKissick, Fredrickburg, VA David and Pam Potete, Chicago, IL Jerry and Brenda Rayburn, Sierra Vista, AZ

These church planters were approved

Jim and Sylvia Martin, Rochester, NY Jeff and Sondra Cates, Canyon, TX Chris and Carla Fannin, Prescott, AZ Stephen and Denise Gray, Collinsville, IL Howard and Patsy Gwartney, Florence, AZ Allen and Jenny Hall, York, PA Michael and Holly Hutton, Spring Hill, TN Stephen and Lauren Kimbrell, York, PA Jeremy and Jill Lightsey, San Antonio, TX Dale and Julie McCoy, Prattville, AL Tim and Robyn Osborn, Oakland, TN Larry and Sherry Reynolds, Meridian, MS Tim and Angie Riggs, Mobile, AL Mark and Donna Thomas, Pueblo, CO

Seminary Ministries

Seminario Biblico La Cruz in Reynosa, Mexico and President, Dr. Thomas Marberry are making significant contributions to the work of the Free Will Baptist Association of Mexico. The seminary has trained dozens of missionaries, pastors and lay workers for our outreach in Mexico. Home Missions appreciates Dr. Marberry and his fine staff. The Bible Institute in Altimira, Mexico under the direction of Marlin (Bud) Biven is training missionaries, pastors and lay workers for the Free Will Baptist Mexico Association. The institute has many full time students and a large group for church training and Bible classes (evening) Home Missions is thankful for Free Will Baptists continued support of this good work.

The Gwen Hendrix Hispanic Seminary, Inman, South Carolina is engaged in training Hispanic church planters for North American outreach. We appreciate various state mission boards supporting and sending these graduates into the Hispanic harvest in the United States.

Cross Cultural Ministries

Home Missions is grateful for significant growth in our Hispanic, Korean ministries. The department appreciates our directors Rev. Rick Bowling and Dr. Paul Park for their vision. The mission at White Earth Reservation in Ogema, MN, to the Ojibwe tribe continues to develop. We trust God will enable the department to build church facilities on the property at the reservation in the very near future.

Missionaries To The Military

Our chaplains are Free Will Baptist preachers in uniform. They are having a very fruitful ministry in the Army, Navy, Air Force, Reserve Forces and National Guard in the USA and many foreign military posts and bases. At present, several candidates are preparing for this ministry in the military.

Financial Blessings

Thank you Free Will Baptist churches for contributing \$4,800,000 for soul winning and church planting in 2006. This past year Church Extension Loan Fund loaned \$5,000,000 to our churches to build new and additional facilities.

Thank you, dear friends of Home Missions for your prayerful and financial support.

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Rev. Larry A. Powell General Director

April 25, 2006

The Personnel Committee recommends to the National Home Mission Board, that we hire the following three couples as missionaries:

- · Chris and Carla Fannin to Prescott, Arizona.
- · Larry and Sherry Reynolds to Meridian, Mississippi.
- · Howard and Patsy Gwartney to Florence, Arizona.

MIS/C to adopt Personnel Committee's recommendations:

MIS/C to give recognition at the National Convention in Birmingham, Alabama, to all missionaries who have brought their mission works to self-supporting status by giving them a plaque.

May 5, 2006

Recommendation from the Personnel Committee of the National Home Missions Board:

M/S/C to recommend Jeff Cates to the Board to become a Joint Project with Texas in planting a Free Will Baptist church in Canyon, Texas.

December 4, 2006

M/S/C to give the following missionaries recognition for going self-supporting at the National Convention in Little Rock, Arkansas:

- Paul McKissick, Fredericksburg, Virginia
- Terry Hardison, Milwaukee, Wisconsin
- David Potete, Chicago, Illinois

Election of Officers:

Chairman Randy Wright Assist. Chairman Harold Blankenship Clerk Matthew Upton



INDEPENDENT AUDITORS' 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 statement 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, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. as December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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 Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2006, 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.

April 20, 2007

Bellenfant & Kules P.C.

136 Wilson Pike Circle • Brentwood, TN 37027 • tel: 615.370.8700 • fax: 615.370.4475

BOARD OF HOME MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS OF THE UNITED STATES OF AMERICA, INC. STATEMENTS OF FINANCIAL POSITION <u>DECEMBER 31, 2006 and 2005</u>

ASSETS

	2006	2005
ASSETS		<u> </u>
Cash - Note 7	\$ 419,985	\$ 362,169
Investments	20,888	11,718
Investments in Church Extension Fund - Note 4	364,292	409,849
Accounts receivable - related party - Note 4	212,550	241,878
Inventory - Note 1	17,289	16,956
Property & equipment, at cost less accumulated less accumulated depreciation of \$75,183		
(\$68,586 in 2005) - Notes 1 & 2	161,827	158,801
TOTAL ASSETS	\$ 1,196,831	\$ 1,201,371
LIABILITIES AND NET A	ASSETS	
LIABILITIES		
Accounts payable and accrued expenses	\$ 7,733	\$ 25,589
Capital lease payable	14,074	<u> </u>
Total liabilities	21,807	25,589
COMMITMENTS - NOTE 5		
NET ASSETS		
Unrestricted	· •	
Operating	828,164	828,922
Board designated - Note 6	343,255	343,255
Total Unrestricted	1,171,419	1,172,177
Temporarily Restricted - Note 3	3,605	3,605
Total net assets	1,175,024	1,175,782
TOTAL LIABILITIES AND NET ASSETS	\$ 1,196,831	\$ 1,201,371

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

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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, 2006 and 2005

	2006	2005
UNRESTRICTED		<u> </u>
REVENUES	,	
Cooperative program	\$ 165,251	\$ 168,585
Designated contributions	721,809	640,567
Management fees - Note 4	182,700	185,000
Interest income	26,781	32,424
Dividend income	10	4
Gain (loss) on sale of property & equipment	(82)	(7,839)
Unrealized gain (loss) on value of investment	9,159	(1,745)
Net assets released from restrictions:		(1,,-,5)
Restrictions satisfied by payments	3,674,204	3,606,561
Total revenue	4,779,832	4,623,557
EXPENSES	×	
Administrative expenses	1,106,386	1,027,645
Missionary expenses	3,371,075	2,926,681
Missionary land & building	303,129	679,880
Total expenses	4,780,590	4,634,206
Increase (decrease) in unrestricted net assets	(758)	(10,649)
UNRESTRICTED		•
REVENUES		
Cooperative program	942,132	796,497
Designated contributions	2,732,072	2,608,908
Net assets released from restrictions:	-,,	-,,
Restrictions satisfied by payments		`
Missionary expenses	(3,371,075)	(2,926,681)
Missionary land & building	(303,129)	(679,880)
Increase (decrease) in temporarily restricted net assets	-	(201,156)
Total increase (decrease) in net assets	(758)	(211,805)
Net assets - beginning of year	1,175,782	1,387,587
Net assets - end of year	\$ 1,175,024	\$ 1,175,782

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

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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, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	(758)	\$ (211,805)
Adjustments to reconcile change in net assets to net		· · · ·
cash provided (used) by operating activities:		
Deprecation	18,378	16,505
(Gain) loss on sale of property & equipment	82	7,839
(Gain) loss on value of investment	(9,170)	1,745
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	29,328	(141,220)
(Increase) decrease in inventories	(333)	5,306
Increase (decrease) in accounts payable and		
accrued expenses	(17,856)	18,727
Net Cash Provided (Used) By Operating Activities	19,671	(302,903)
CASH FLOWS FROM INVESTING ACTIVITIES:	1. N.	
Redemption of investments	269,573	452,654
Acquisition of investments	(224,016)	(146,867)
Proceeds from the sale of property & equipment	· · · ·	1,500
Purchases of property and equipment	(5,538)	(22,907)
Net Cash Provided (Used) By Investing Activities	40,019	284,380
CASH FLOWS FROM FINANCING ACTIVITIES:	· ·	1.5
Capital lease payments made	(1,874)	<u></u>
Net Cash Provided (Used) by Financing Activities	(1,874)	[*] · -
INCREASE (DECREASE) IN	•	
CASH AND CASH EQUIVALENTS	57,816	(18,523)
Cash and cash equivalents at beginning of years	362,169	380,692
Cash and cash equivalents at end of years	\$ 419,985	\$ 362,169
SUPPLEMENTAL DISCLOSURES		4
Capital lease obligation incurred for use of equipment	\$ 15,948	\$ -
Interest paid	<u>\$ 574</u>	<u>s -</u>

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

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 2006 or 2005.

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, 2006 and 2005.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Contributions:

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. 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 Office furniture and equipment 5 years 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.

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2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2006		2005	
Land - Puerto Rico	\$	105,000	\$	105,000
Automobile		54,530		54,530
Office furniture & equipment		77,480		67,857
		237,010		227,387
Less: Accumulated depreciation		(75,183)		(68,586)
	S	161,827	\$	158,801
Depreciation for the year	<u></u>	18,378	\$	16,505

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

		2006	2005
Missionaries	\$	-	\$ -
Church Extension Loan Fund	· · · · · · · · · · · · · · · · · · ·	3,605	 3,605
	S	3,605	\$ 3,605

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

4. 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 \$182,700 (\$185,000 at December 31, 2005) 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 \$364,292 (\$409,849 at December 31, 2005). 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 \$212,550 (\$241,878 at December 31, 2005).

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5. 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 \$56,244 (\$55,242 for the year ended December 31, 2005).

6. DESIGNATION OF UNRESTRICTED NET ASSETS

During 2001 the Board designated \$165,000 in unrestricted net assets to reduce the deficits in missionary accounts. During 2005 the Board designated \$178,255 in unrestricted net assets to reduce deficits in missionary accounts. The total amount of Board designated unrestricted net assets is \$343,255.

7. CONCENTRATION OF CREDIT RISK

The Board maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2006, the excess amount over the federally insured limit was \$319,985 (\$262,169 in 2005). The Board has not experienced any losses in such cash deposits and management believes it is not exposed to any significant credit risk related to cash.

The Board also has \$364,292 (\$409,849 in 2005) invested in a demand note of the Church Extension Loan Fund. This note is uninsured.

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, 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.

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9. INVESTMENTS

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

			Dece	mber 31, 2000	5	•
			•	Fair		Inrealized opreciation
		Cost		Value	(D	epreciation)
Equity securities	\$	144,684	5	20,888	\$	(123,796)
Investment return is summarized as follow	s:			้อ		
Net realized and unrealized income (loss)		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		* • • •	<u>_</u> \$	9,159
			Dece	mber 31, 2005	_	
				,	U	nrealized
				Fair	Aŗ	opreciation
and the second		Cost		Value	(De	epreciation)
Equity securities	\$	144,684	\$	11,718	\$	(132,966)
Investment return is summarized as follows	s:					
Net realized and unrealized income (loss)		•			\$	1,745

10. 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 \$55,257 (\$48,724 in 2005). 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.

11. CAPITAL LEASE

The Board acquired office equipment under the provisions of a long-term lease. The lease agreement provides for minimum annual lease payments of \$3,672.

Future minimum payments under the lease are as follows:

Present	value of	net minimu	m lease payme	ents		1.11.1		\$ 14,074
Less an	iount repr	resenting in	iterest		· .			 (1,838)
	1.1	- 1					1.1	15,912
2011	r.							1,224
2010								3,672
2009								3,672
2008								3,672
2007								\$ 3,672

The depreciation expense related to this office equipment amounted to \$2,392.

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BELLENFANT + MILES, P.C. CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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. Antioch, Tennessee

Our report on our audit of the basic financial statements of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., for 2006 appears on page 3. We conducted our audit 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. Bellenfant & Nules, P.C.

April 20, 2007

136 Wilson Pike Circle · Brentwood, TN 37027 · tel: 615.370.8700 · fax: 615.370.4475

BOARD OF HOME MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS OF THE UNITED STATES OF AMERICA, INC. STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

		2006	2005
ADMINISTRATIVE EXPENSES			,
Salaries and wages		\$ 364,555	\$ 332,794
Payroll taxes		15,358	13,614
Housing allowance and employee benefits		98,800	99,623
Retirement		11,979	10,442
Cost of literature		12,126	20,888
Promotion expense		84,677	91,142
Utilities		14,722	15,263
Office expense		35,195	31,972
Printing and postage		69,607	56,855
Rent expense		56,244	55,242
Professional fees	. 1	4,175	4,606
Auto and travel expense		133,646	107,926
Board meeting expense		12,997	13,430
Insurance expense		85,346	78,003
Telephone		3,312	4,338
Together Way Office		1,623	1,750
Scholarships		8,000	3,500
Flowers and gifts		2,656	1,524
Bank service charges		107	3,973
Miscellaneous		2,961	3,255
One magazine		69,348	61,000
Interest expense		574	
Depreciation		18,378	16,505
Total administrative expenses		1,106,386	1,027,645
MISSIONARY EXPENSES			
Salary and wages		2,652,723	2,377,468
Retirement	•	43,278	38,282
Promotion expense			4,884
Printing and postage		117,547	96,357
Literature		85,050	69,631
Auto and travel expense		236,221	157,989
Insurance expense		38,095	44,558
Designated contributions		88,814	77,616
Miscellaneous other expense		109,347	59,896
Total missionary expenses		3,371,075	2,926,681
MISSIONARY LAND & BUILDINGS		303,129	679,880
Total Expenses		\$ 4,780,590	\$ 4,634,206

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	2006	2007	2008
General Director:			
Salary	\$51,184.46	\$53,259.99	\$55,397.79
Housing	\$18,000,00	\$18,000.00	\$18,000.00
Utilities	\$2,700.00	\$2,800.00	\$2,900.00
Retirement	\$3,459,22	\$3,562.99	\$3,669.89
Insurance *	\$11,500.00	\$12,500.00	\$13,500.00
TOTALS	\$86,843,68	\$90,122.98	\$93,467.68
Office car furnished			
Director of Development:			
Salary	\$36,213,95	\$37,948.36	\$3,311.23
Housing	\$21,600,00	\$21,600.00	\$1,800.00
Utilities	\$2,700.00	\$2,800.00	\$250.00
Retirement	\$2,858.30	\$2,977.41	\$255.56
insurance *	\$7,000.00	\$8,000.00	\$450.00
TOTALS	\$70,372.25	\$73,325.77	\$6,066.79
Office car furnished			+0,000.10
**Retiring 1/31/08			
Retaining no noo			
Director of Missionary Assistance:			
Salary	\$36,213.95	\$37,948.36	\$39,734.81
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$3,600,00	\$3,700.00	\$3,800.00
Retirement	\$2,858.30	\$2,977.41	\$3,066.74
Insurance *	\$15,000.00	\$16,000.00	\$17,000,00
TOTALS	\$79,272,25	\$10,000.00	\$85,201.55
Office car furnished	319,212.23		
Director of Church Growth:			
Salary	\$39,813.95	\$41,548.36	\$43.334.81
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,400.00	\$3,500.00	\$3,600.00
Retirement	\$2,858.30	\$2,977.41	\$3,066.74
Insurance *	\$15,000.00	\$16,000.00	\$17,000.00
TOTALS	\$79,072.25	\$82,025.77	\$85,001.55
Office car furnished	\$/9,0/2.25	\$82,025.77	\$05,001.55
Onice car furnished			
Insurance*:			
Travel, Life,			
Health, Dental			
			<u> </u>

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Year 2006:	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$400,000.00	\$443,755.31	\$2,500,000.00	\$2,652,722.62	\$2,900,000.00	\$3,096,477.93
Personal Revivals	\$20,000.00	\$20,000.00	ψ2,000,000.00	<i>V2,002,122.02</i>	\$20,000.00	\$20,000.00
Retirement	\$20,000.00	\$11,978.93	\$40,000.00	\$43,278.28	\$60,000.00	\$55,257.21
Insurance	\$85,000.00	\$85,345.97	\$50,000.00	\$38,306.83	\$135,000.00	\$123,652.80
Health Spending	\$10,000.00	\$9,700.00	400,000.00	+00,0	\$10,000.00	\$9,700.00
Auto and Travel	\$75,000.00	\$129,485.45	\$160,000.00	\$239,689,98	\$235,000,00	\$369,175.43
Postage	\$45,000.00	\$25,853.31	\$50,000.00	\$40,988.64	\$95,000.00	\$66,841.95
Printing	\$75,000.00	\$57,960.53	\$65,000.00	\$76,558.10	\$140,000.00	\$134,518.63
Promotion/Advertising	\$75,000.00	\$86,124.64	\$5,000.00		\$80,000.00	\$86,124.64
Office Supplies/Maintenance	\$20,000.00	\$37,598.04		•	\$20,000.00	\$37,598.04
Utilities	\$15,000.00	\$14,721.71			\$15,000.00	\$14,721.71
Board Expense	\$17,000.00	\$12,996.84			\$17,000.00	\$12,996.84
Literature	\$20,000.00	\$12,125.54	\$50,000.00	\$85,430.30	\$70,000.00	\$97,555.84
Rent	\$55,242.00	\$56,243.70		• •	\$55,242.00	\$56,243.70
Phone and FAX	\$6,000.00	\$3,311.98			\$6,000.00	\$3,311.98
Depreciation	\$20,000.00	\$15,436.72			\$20,000.00	\$15,436.72
Payroll Taxes	\$12,000.00	\$12,447.32			\$12,000.00	\$12,447.32
Medicare Taxes	\$3,000.00	\$2,911.06			\$3,000.00	\$2,911.06
Legal and Audit	\$5,000.00	\$4,175.50			\$5,000.00	\$4,175.50
Together Way	\$2,500.00	\$1,623.36			\$2,500.00	\$1,623.36
Misc.	\$7,758.00	\$2,960.66	\$17,000.00	\$56,319.17	\$24,758.00	\$59,279.83
Scholarships	\$10,000.00	\$8,000.00			\$10,000.00	\$8,000.00
Flowers/Gifts	\$2,000.00	\$2,656.36			\$2,000.00	\$2,656.36
Bank Service Charges	\$2,500.00	\$107.05			\$2,500.00	\$107.05
Misc. Receipts			\$5,000.00	\$31,023.49	\$5,000.00	\$31,023.49
Build My Church	\$125,000.00	\$88,814.27			\$125,000.00	\$88,814.27
Missionary Land/Building			\$425,000.00	\$250,971.51	\$425,000.00	\$250,971.51
Foreign Missions Exchange			\$5,000.00	\$24,013.85	\$5,000.00	\$24,013.85
ONE Magazine		\$69,348.20				\$69,348.20
TOTALS	\$1,128,000.00	\$1,215,682.45	\$3,372,000.00	\$3,539,302.77	\$4,500,000.00	\$4,754,985.22

2007 Budget

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	Administrative	Missionary	Total
Salaries/Housing	\$450,000.00	\$2,800,000.00	\$3,250,000.00
Personal Revivals	\$20,000.00		\$20,000.00
Retirement	\$15,000.00	\$45,000.00	\$60,000.00
Insurance	\$85,000.00	\$50,000.00	\$135,000.00
Health Spending	\$10,000.00		\$10,000.00
Auto and Travel	\$100.000.00	\$200,000.00	\$300,000.00
Postage	\$20,000.00	\$55,000.00	\$75,000.00
Printing	\$70,000,00	\$70,000.00	\$140,000.00
Promotion/Advertising	\$50,000.00	\$5,000.00	\$55,000.00
Office Supplies/Maintenance	\$20,000.00		\$20,000.00
Utilities	\$15,000.00	· · · · · · · · · · · · · · · · · · ·	\$15,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$25,000.00	\$85,000.00	\$110,000.00
Rent	\$60,000.00		\$60,000.00
Phone and FAX	\$5,000.00		\$5,000.00
Depreciation	\$20,000.00		\$20,000.00
Payroll Taxes	\$12,000.00		\$12,000.00
Medicare Taxes	\$3,000.00		\$3,000.00
Legal and Audit	\$4,000.00		\$4,000.00
Together Way	\$2,000.00		\$2,000.00
Misc.	\$2,000.00	\$25,000.00	\$27,000.00
Scholarships	\$5,000.00		\$5,000.00
Flowers/Gifts	\$2,000.00	21. V.	\$2,000.00
Misc. Receipts		\$10,000.00	\$10,000.00
Build My Church	\$130,000.00		\$130,000.00
Land/Building		\$300,000.00	\$300,000.00
FM Exchange		\$15,000.00	\$15,000.00
707110		00.000.000	
TOTALS	\$1,140,000.00	\$3,660,000.00	\$4,800,000.00

2008 STATE QUOTAS

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Alabama \$495,000.00 Alaska \$7,500.00 Arizona \$75,000.00 Arizona \$75,000.00 Arkansas \$285,000.00 California \$130,000.00 Canada \$15,000.00 Colorado \$77,000.00 Florida \$60,000.00 FWB Foundation \$15,000.00 Georgia \$135,000.00 Hawaii \$2,500.00 Idaho \$5,000.00 Illinois \$125,000.00 Ildaho \$5,000.00 Iowa \$5,000.00 Kentucky \$95,000.00 Louisiana \$220,000.00 Michigan \$220,000.00 Michigan \$220,000.00 Michigan \$220,000.00 Mississippi \$175,000.00 Mississippi \$175,000.00 Mississippi \$175,000.00 Mississippi \$175,000.00 New Hampshire \$5,000.00 New Hampshire \$5,000.00 New Hampshire \$200	[
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TOTAL \$5,000.000.00	Wyoming	\$2,500.00
	TOTAL	\$5,000,000.00

2008 Budget

	Administrative	Missionary	Total
Salaries/Housing	\$475,000.00	\$3,000,000.00	\$3,475,000.00
Personal Revivals	\$20,000.00		\$20,000.00
Retirement	\$15,000.00	\$50,000.00	\$65,000.00
Insurance	\$85,000.00	\$50,000.00	\$135,000.00
Health Spending	\$10,000.00		\$10,000.00
Auto and Travel	\$150,000.00	\$250,000.00	\$400,000.00
Postage	\$20,000.00	\$55,000.00	\$75,000.00
Printing	\$70,000.00	\$70,000.00	\$140,000.00
Promotion/Advertising	\$50,000.00	\$5,000.00	\$55,000.00
Office Supplies/Maintenance	\$20,000.00		\$20,000.00
Copier Lease	\$4,000.00		\$4,000.00
Utilities	\$15,000.00		\$15,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$25,000.00	\$85,000.00	\$110,000.00
Rent	\$60,000.00		\$60,000.00
Phone and FAX	\$5,000.00		\$5,000.00
Depreciation	\$20,000,00		\$20,000.00
Payroll Taxes	\$12,000.00		\$12,000.00
Medicare Taxes	\$3,000.00		\$3,000.00
Legal and Audit	\$4,000.00		\$4,000.00
Together Way	\$2,000.00)		\$2,000.00
Misc.	\$2,000.00	\$25,000.00	\$27,000.00
Scholarships	\$5,000.00		\$5,000.00
Flowers/Gifts	\$2,000.00		\$2,000.00
Misc. Receipts		\$6,000.00	\$6,000.00
Land/Building		\$300,000.00	\$300,000.00
FM Exchange		\$15,000.00	\$15,000.00
TOTALS	\$1,089,000.00	\$3,911,000.00	\$5,000,000.00

INDEPENDENT AUDITORS' REPORT

BELLENFANT + MILES, P.C. CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of financial position of Church Extension Loan Fund (a nonprofit organization), as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Church Extension Loan Fund as December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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 Church Extension Loan Fund, as of December 31, 2006, 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.

Bellenfant & Miles, P. C.

April 20, 2007

136 Wilson Pike Circle · Brentwood, TN 37027 · tel: 615.370.8700 · fax: 615.370.4475

CHURCH EXTENSION LOAN FUND STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2006 and 2005

ASSETS

	2006	2005
ASSETS		
Cash - Note 6	\$ 1,451,263	\$ 1,872,850
Certificate of deposit		1,000,000
Notes receivable - Notes 1 & 8	23,671,434	21,816,050
Accrued interest receivable	147,946	127,260
Prepaid unrelated business taxes	772	
Property & equipment, at cost		
less accumulated depreciation of \$16,430		
(\$12,413 in 2005) - Notes 1 & 2	9,650	7,815
TOTAL ASSETS	\$ 25,281,065	\$ 24,823,975
LIABILITIES AND NET AS	SETS	
LIABILITIES	* ,	•
Accounts payable - related party - Note 4	\$ 212,550	\$ 241,878
Accrued interest	240	200
Revocable and irrevocable trusts - Note 9	1,732,443	1,667,329
Deferred compensation - Note 10		96,210
Notes payable - Notes 3, 4 & 8	21,412,048	20,988,329
Accrued unrelated business income tax - Notes 1 & 11		1,347
Total liabilities	23,357,281	22,995,293
NET ASSETS	•	
Unrestricted	1,923,784	1,828,682
Total net assets	1,923,784	1,828,682
TOTAL LIABILITIES AND NET ASSETS	\$ 25,281,065	\$ 24,823,975

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

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CHURCH EXTENSION LOAN FUND STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006	2005
OPERATING		<u> </u>
REVENUES		
Investment income	\$ 18,484	\$ 25,320
Interest income on notes receivable	1,674,963	1,543,835
Total revenue	1,693,447	1,569,155
EXPENSES		
Interest expense	1,189,115	1,033,720
Office expense	11,982	7,952
Auto and travel	17,255	35,364
Management fee - Note 4	182,988	185,000
Promotion	15,171	2,931
Postage	2,696	2,656
Professional fees	3,717	5,391
Depreciation	4,016	2,916
Build My Church Project expense	53,369	50,000
Transfer to Free Will Baptists Home Missions	212,550	241,878
Unrelated business income tax	588_	1,347
Total expenses	1,693,447	1,569,155
Increase (decrease) in operating net assets	<u> </u>	<u> </u>
BUILD MY CHURCH - NOTE 5		
REVENUES		
Designated Contributions	95,102	72,296
EXPENSES	<u> </u>	
Increase (decrease) in Build My Church net assets	95,102	72,296
Total increase (decrease) in net assets	95,102	72,296
Net assets - beginning of year	1,828,682	1,756,386
Net assets - end of year	\$ 1,923,784	\$ 1,828,682

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

CHURCH EXTENSION LOAN FUND STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 95,102	\$ 72,296
Adjustments to reconcile change in net assets to net		
cash provided (used) by operating activities:		
Deprecation	4,016	2,916
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(20,686)	(12,926)
(Increase) decrease in prepaid unrelated business income tax	(772)	
Increase (decrease) in accounts payable	(29,328)	141,878
Increase (decrease) in accrued interest payable	40	94
Increase (decrease) in deferred compensation	(96,210)	(70,000)
Increase (decrease) in unrelated business income tax	(1,347)	1,347
Net Cash Provided (Used) By Operating Activities	(49,185)	135,605
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable	(3,985,806)	(4,918,363)
Collection on notes receivable	2,130,422	2,702,487
Addition to certificate of deposit	-,,	(1,000,000)
Redemption of certificate of deposit	1,000,000	-
Purchases of new equipment	(5,851)	(1,398)
Net Cash Provided (Used) By Investing Activities	(861,235)	(3,217,274)
CASH FLOWS FROM FINANCING ACTIVITIES:		• • • •
Additions to trust	144,389	122,911
Terminations of trust	(79,275)	(92,362)
Additions to notes payable	3,993,133	6,020,371
Repayment of notes payable	(3,569,414)	(2,703,105)
Net Cash Provided (Used) by Financing Activities	488,833	3,347,815
INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	(421,587)	266,146
Cash and cash equivalents at beginning of years	1,872,850	1,606,704
Cash and cash equivalents at end of years	\$ 1,451,263	\$ 1,872,850
SUPPLEMENTAL DISCLOSURES		
Interest received	\$ 1,672,761	\$ 1,582,081
Interest paid	\$ 1,189,075	\$ 1,033,814

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

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. The Fund had \$4,918 unrelated business income for 2006 (\$9,980 for 2005).

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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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - 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 straightline 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 7.5% (7.0% in 2005) over a fifteen to twenty year period except for churches still under construction which are required to pay interest only. The Board of Trustees changes the rate on these notes receivable as other interest rates change. The carrying value of these loans approximates market value. The churches are located throughout the United States.

The aggregate maturities of these notes are as follows:

2007	\$ 1,188,549
2008	1,280,819
2009	1,380,252
2010	1,487,405
2011	1,602,876
Thereafter	16,731,533
	\$ 23,671,434

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - 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.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2006		2005	
Automobile	S	14,000	\$	14,000
Office equipment		12,080		6,228
		26,080		20,228
Less: Accumulated depreciation		(16,430)		(12,413)
	\$	9,650	\$	7,815

3. NOTES PAYABLE

Notes payable consist of 4.5 - 6% (3 - 5% in 2005) 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 changes the interest rates on these notes payable as other interest rates change.

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 \$182,988 (\$185,000 at December 31, 2005) to reimburse the Board of Home Missions for salary, rent and other expenses paid by the Board. The Fund had accounts payable to the Board of Home Missions in the amount of \$212,550 (\$241,878 at December 31, 2005).

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 \$50,000 (\$50,000 at December 31, 2005) 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 called the Roy Thomas Memorial Fund has begun. When the total amount given through the Roy Thomas Memorial Fund program reaches \$1,000,000, then the interest earned from the loans made with the program will be used to assist the Cross Cultural Ministry and the Home Missions General Fund. The total amount given through the end of the year is \$1,894,300 (\$1,799,198 at December 31, 2005).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2006, the excess amount over the federally insured limit was \$1,351,263 (\$2,772,850 in 2005). The Fund has not experienced any losses in such cash deposits and management believes it is not exposed to any significant credit risk related to cash.

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 statements 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, 2006 and 2005.

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, 2006 and 2005.

8. CONCENTRATION

Included in notes receivable at December 31, 2006 are thirty-four loans which total \$14,371,968 (thirty-one loans which total \$13,046,133 in 2005). This balance represents 60.71% (59.80% in 2005) of total notes receivable.

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CHURCH EXTENSION LOAN FUND NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006 and 2005

8. CONCENTRATION (CONTINUED)

Notes payable include ninety-one notes which total \$15,949,280 or 74.49% (eighty-five notes which total \$15,082,845 or 71.86% in 2005) of total notes payable. Of these ninety-one (eighty-five in 2005) notes payable, two total \$989,633 or 4.62% (two notes total \$1,154,172 or 5.50% in 2005) of total notes payable.

9. REVOCABLE AND IRRECOVABLE TRUSTS

Twelve irrevocable and two 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, 2006 amounted to \$141,099 (\$124,195 at December 31, 2005).

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.

11. UNRELATED BUSINESS INCOME TAX

The Fund was subject to unrelated business tax from interest it collected on a loan that it made to a commercial entity.

The components of the unrelated business income tax are:

	20	2006		2005	
Current payable	S	588	\$	1,347	
Deferred taxes		-		-	
	\$	588	\$	1,347	



MASTER'S MEN FREE WILL BAPTIST MEN'S MINISTRY P. O. BOX 5002 ANTIOCH, TN 37011 TOLL-FREE: 1-877-767-8039 MASTERS@NAFWB.ORG

2006 marked the 50 Year Anniversary for the Master's Men Department.

Several events were planned to celebrate this momentous occasion. We implemented our 50/50 club with limited edition items to mark our 50 year anniversary. We held our National Master's Men Retreat at Camp Linden in Linden, TN, with 3 former Directors in attendance as well as the current Director.

We continued our National Regional Rallies with meetings in Michigan, Alabama and Tennessee. Our Disaster Response Team continued to build volunteers and equipment even though the national team was not called to any disasters.

We held our 2 golf tournaments with record attendance at our National Golf Tournament in August. We survived a rainy weekend to complete our National Softball Tournament with twenty-eight teams participating.

Master's Men supported Impact Birmingham by participating and helping a local church clean out a creek located beside the church that had been causing occasional flooding of their building.

We continued to grow in chapters by adding 8 new groups in 2006.

Overall it was another successful year with many people becoming involved in our denominational work through Master's Men.

Your fellow servant,

Ken

Kenneth W. Akers, General Director

Synopsis of Board Meetings

April 30-May 1, 2006

7 members present. Read and approved previous meeting minutes and financial reports. Discussed Father's Day Offering and how to improve participation. Decided to go to every other year for retreats but continue rallies.

December 3-4, 2006

All members present. Read and approved previous meeting minutes and financial reports. Discussed 2006 projects including Father's Day Offering, Impact Birmingham and projects scheduled for 2007 including the repair work on the church in New Durham, NH. Approved next meeting to be a retreat meeting to allow more time and bonding for Board.

TAMARA L. BECKMAN CERTIFIED PUBLIC ACCOUNTANT

> 6 SOUTH MADISON AVENUE COOKEVILLE, TN 38501 OFFICE (931) 526-5489 FAX (931) 526-9064

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of The Master's Men (a nonprofit organization) as of December 31, 2006, 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. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my 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, 2006, 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 3, 2007 Cookeville, Tennessee

THE MASTER'S MEN STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2006

Current Assets			
Cash	\$11,776.13		
Trust Account—Build a House	454.67		
Revocable Trust-Build a House	117.09		
Disaster Relief Trust	94,007.07		
Trust Account—Lifetime Members	101,050.00		
Interest Receivable	9,021.94		
Inventory	430.00		
Accounts Receivable	58,087.50		
Total Current Assets		\$ 274,944.40	
Fixed Assets			
Equipment and Furniture	50 195 02		
Accum. Depreciation—Equip/Furn.	59,385.82		
Capitalized Leases	(49,544.76)		4°
Accum. Amortization-Cap. Leases	4,017.80		
Total Fixed Assets	_(3,114.45)	10 744 41	
Total Tixed Assets			
Total Assets			<u>\$ 285,688.81</u>
Liabilities			
Accounts Payable	2,514,23		
Payroll Tax Payable	208.33		
Accrued Wages	360.00		
Total Liabilities		3,082.56	
		- ,	
<u>Net Assets</u>			
Temporarily Restricted	254,842.25		
Unrestricted	27,764.00		
Total Net Assets		282,606.25	
Total Liabilities and Net Assets			<u>\$ 285,688.81</u>

The accompanying notes are an intregal part of the financial statements

THE MASTER'S MEN STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

		emporarily ricted Assets	Unrestricted Net Assets	Total
Revenues & Gains				,
Gifts and Donations	\$	8,504.38	\$ 20,951.13	\$ 29,455.51
Dues from Members		-	15,829.00	15,829.00
Cooperative Program		-	72,140.46	72,140.46
Special Events		-	4,512.86	4,512.86
Tournament & Conference income			35,215.00	35,215.00
Interest Income		-	14,779.20	14,779.20
Miscellaneous Income		-	586.88	586.88
Total Revenues & Gains		8,504.38	164,014.53	172,518.91
Net Assets Released from Restrictions			•	
Disaster Relief		(4,441.49)	4,441.49	-
Build A House		-	-	· _
Lifetime Memberships		-	-	· .
Total Revenues, Gains & Other Support	\$	4,062.89	\$ 168,456.02	\$ 172,518.91
Expenses				: .
Salaries and Wages		-	67,368.00	67,368.00
PR Taxes and Benefits		-	8,861.90	8,861.90
Cost of Sales and Printing		-	10,563.96	10,563.96
Travel Expense		-	10,737.96	10,737.96
Conferences & Conventions		-	6,988.30	6,988.30
Office Expense		-	5,178.86	5,178.86
Equipment Expense		-	2,160.97	2,160.97
Telephone		-	2,420.99	2,420.99
Postage		-	1,713.77	1,713.77
Rent Expense		-	17,616.84	17,616.84
Professional Fees		-	1,750.00	1,750.00
Bookkeeping Expense		-	900.00	900.00
Insurance		-	1,994.12	1,994.12
Ministry & Resource Development		-	8,177,16	8,177,16
Tournament Expense		-	22,326.75	22,326.75
Dues, Subscriptions, Fees		-	2,843.75	2,843.75
Depreciation Expense		-	3.312.60	3,312.60
Amortization Expense		-	200.89	
Miscellaneous Expense		-	1,065.21	1,065.21
Total Expenses	\$		\$ 176,182.03	\$ 176,182.03
Change in Net Assets		4,062.89	(7,726.01)	(3,663.12)
Net Assets-Beginning of Year		,		
		250,779.36	35,490.01	286,269.37
Net Assets-End of Year	<u>s</u>	254,842.25	\$ 27,764.00	\$ 282,606.25

The accompanying notes are an integral part of the financial statement

THE MASTER'S MEN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2006

Cash Flows from Operating Activities		
Decrease in Net Assets		\$ (3,663.12)
Adjustments to Reconcile Increase in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation	\$ 3,312,60	
Amortization	200.89	
Interest on Investments	(14,779,20)	
(Increase) Decrease in Operating Assets:	(1,1,1,1,1,2,0)	
Accounts Receivable	(47,452.52)	·
Increase (Decrease) in Operating Liabilities:	(,	
Accounts Payable	(2,829.60)	· • •
Payroll Tax Payable	85.26	
Accrued Wages	(84.00)	
Retirement Payable	(359.75)	· . · ·
Other Accrued Expenses	(87.98)	
Total		(61,994,30)
Net Cash Provided by Operating Activities		(65,657.42)
Cash Flows from Investing Activities		· · · •
Transfers to Trusts & Investments	(41.282.00)	
Interest Received	(41,282.00)	
Net Cash Used by Investing Activities	<u> 13,207.42</u>	(20.014.50)
	J	(28,014.58)
Net Increase in Cash and Cash Equivalents		(02 (72 00)
Beginning Cash and Cash Equivalents		(93,672.00)
Ending Cash and Cash Equivalents		<u>105,448.13</u>
		<u>\$ 11,776.13</u>

The accompanying notes are an intregal part of the financial statements

THE MASTER'S MEN NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2006

Note 1 - Summary of Significant Accounting Policies

Governing Body

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.

The Master's Men Notes to the Financial Statements December 31, 2006 Page Two

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 and 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, 2005:

Equipment and furniture	\$ 59,385.82
Less: Accumulated Depreciation	<u>< 49,544.76</u> >
Property and Equipment, Net	<u>\$_9,841.06</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 \$4,017.80 were capitalized and are being amortized over a period of twenty years. Amortization expense for 2006 and accumulated amortization as of December 31, 2006 were \$200.89 and \$3,114.45, respectively.

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Note 4 - Deferred Revenue

There were no deferred revenues for 2006.

The Master's Men Notes to the Financial Statements December 31, 2006 Page Three

Note 5 - Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2006.

Build a House campaign	\$ 50,180.59
Lifetime Membership	101,050.00
Disaster Relief	103,548.77
Total	<u>\$254,779.36</u>

Note 6 - Compensated Absences

There was no compensated absence balance at December 31, 2006.

2008 Master's Men Financial Report

Projected Expenses	2006 Budget	2006 Actuals	2007 Budget	Proposed Budget 2008
Salaries				
Director				
Salary	34,280.00	35,200.00	39,393.00	39,393.00
Housing	20,400.00	20,400.00	20,400.00	20,400.00
Retirement	2,734.00	2,580.00	2,990.00	2,990.00
Insurance	6,500.00	5,796.31	6,500.00	6,500.00
Total	63,914.00	63,976.31	69,283.00	
Secretary				
Wages(40hrs/wk@8.50)	17,680.00	11,852.00	17,680.00	17,680.00
FICA	1,097.00	734.21	1,097.00	
MED	257.00	172.22	257.00	
Total	19,034.00	12,758.43	19,034.00	
Total Salaries	82,948.00	76,734.74	88,317.00	
Office Operations	1	1		
Rent	22,580.00	19,792.64	22,580.00	23,133.00
Equipment & Supplies	6,000.00	7,817.32	6,000.00	
Telephone	3,000.00	2,330.76	3,000.00	
Postage	2,500.00	1,686.94	2,500.00	
Total	34,080.00	31,627.66	34,080.00	•
Accounting				
Bookkeeping	900.00	825.00	900.00	900.00
Audit	1,750.00	1,750.00	1,750.00	
Total	2,650.00	2,575.00	2,650.00	
Resource Development				
Printed Materials	7,200.00	8,686.19	7,200.00	7,200.00
Department Travel	10.000.00	10,737.96	10,000.00	10,000.00
National Association	2,500.00	2,843.75	2,500.00	•
Total Expenses	139,378.00	133,205.30	144,747.00	145,300.00
Projected Income				
Dues	20,000.00	15,829.00	20,000.00	20,000.00
Father's Day Offering	6,504.00	8,571.28	11,617.00	
Together Way	69,874,00	72,687.94	70,130.00	
Softball	4,000.00	1,778.56	4,000.00	
Golf	4,000.00	5,208.82	4,000.00	
Gifts	17,000.00	12,379.85	17,000.00	
Sales	5,000.00	4,512.86	5,000.00	
Endowment Income	6,000.00	13,368.69	6,000.00	
BAH	5,000.00	2,258.00	5,000.00	5,000.00
Master's Men Conference:	2,000.00	4,810.00	2,000.00	2,000.00
Total Income	139,378.00	141,405.00	144,747.00	145,300.00



Board of Retirement & Insurance General Director's Report

This is my second annual report to this body as General Director of the Board of Retirement. Let me say again what a privilege it is to serve Free Will Baptists in this capacity. I'm excited about the past, but I'm even more excited about the future and what God is going to do through our ministry.

I would like to begin my report today by publicly thanking Rev. Bobby Bowers for his faithful service as one of our board members. During Bobby's tenure on this board, he has only missed one board meeting. The only reason he missed that one time was because he was undergoing major surgery while we were in session. It has been a real pleasure to work with Bobby through the years.

When I reported to you last year we were anxiously awaiting the delivery of our Summary Plan Document. I'm happy to tell you that they arrived shortly after the national last year and were mailed to all participants. If you are in the plan and did not receive your copy, please come by our booth and let us know so we can get you one.

I also reported to you last year that we were searching for new software. In August of last year we purchased a new accounting package called MIP by Sage Software. This is one of the few fund accounting software packages available that will adequately track our financial information. MIP is also used by International Missions and the Foundation. We are pleased with all we're able to do with this software.

MIP still did not solve the problem of our old DOS based record keeping program. The old program has worked well for us since 1985, but several years ago we realized there would come a time when this outdated program would not be able to adequately do the job we needed. As legislation changes from year to year, there is a need to track more and more information. Our old program was maxed out. Our search to find a programmer who understands us and the way we operate was a long process. Early this year our search paid off. We have now contracted with a local company for a custom-designed software package that will serve us well now and for many years in the future. The development is well on the way to completion.

The year 2006 was a record-breaking year for the Board of Retirement. We were able to distribute 24 1/4% in dividends for the last half of the year. This exceeds the previous high of 21 1/2% earned back in 1995. Plan returns have averaged:

One year (2006)	15.875%
Last 3 years (2004-2006	11.917%
Last 5 years (2002-2006)	8.570%
Last 10 years (1997-2006)	8.665%
Life of plan (1969-2006)	8.680%

The \$3,098,211.50 in new contributions to the plan last year was also a record high. If we maintain the present volume of contributions for the rest of the year, 2007 will be another record-breaking year for contributions to the plan.

We had \$751,952.22 in withdrawals, the lowest since 1997. In mentioning this though, I'd like to point out that we have an aging participant base. We have 310 participants (21%) who are age 62 and above.

One of my concerns is that our participants who are nearing retirement still have very small account balances. Below is a chart showing the average account balance for each age group of our participants.

Age	Participants	Ave. Acct. Balance
Ages 22-29	76	\$2,686.92
Ages 30-39	248	72,166.89
Ages 40-49	347	14,612.23
Ages 50-59	465	26,109.04
Ages 60-69	286	45,433.17
Ages 70-79	78	54,023.77
Ages 80-84	4	31,785.81

I'm thankful for what some of our churches are doing to help their staff prepare for retirement, but we must do a better job of helping them. Let me ask you, "Would you want to enter retirement with either of these account balances, knowing you had to live the next twenty or more years on that amount of money?"

We must target the younger ministers and lay employees. We must educate them to the necessity of starting early and being consistent. We must educate our churches to their responsibility to make sure our pastors and lay workers reach retirement with funds to provide an adequate income for their retirement years.

We need your help and your prayers to see that the people who are serving our denomination reach retirement with adequate funds to maintain their lifestyle.

We also processed a record number of transactions in 2006. There were 18,962 processed. That does not include any of the accounting entries.

We also experienced record growth in total assets in 2006. We began the year with just over \$32 million and ended with \$39,597,521.50. That means our assets grew over 22% last year! That is the largest growth since 1986. My goal for this year is for our assets to reach \$50 million.

Another record breaker was our decreased expense ratio. For the first time in our history this was down to 1% in 2006. My goal is to get it down to 3/4% before I retire. If our assets continue to grow as they are now, this should not be a problem.

We had 102 new enrollees, the highest since 2000. Our goal was 100. The most participants to enroll in any year was 108, back in 1999. Our goal for 2007 is to break that record high with at least 109 new enrollees this year. Since its beginning in 1969 we have had 2,220 participants in the program. At the close of 2006 we had 1,526 active participants.

We now have 56 lifetime annuitants, receiving a total of \$22,885.62 every month. We have 50 participants who settled their accounts with a specific payout period receiving \$36,931.77 per month. That is a total of 106 people receiving \$61,477.27 monthly income from us. So, 2006 is over. It was a great year, but I believe the best is yet to come.

What are some of the things we're looking at for the future?

Once the new software is fully operational, we will have the capability of making your retirement information available to you online. When the new software is installed, the design of the new website will begin. Our goal is to have this up and running before the end of 2007.

At our May board meeting, our board adopted what we are calling the \$10 Club. Our primary purpose for this is to attract younger people into the plan. It is available to any eligible Free Will Baptist employee however.

For most Americans the retirement years will encompass a significant portion of their lives. People today must save more to provide for a longer life span in retirement than previous generations.

Therefore, it is critical to carefully prepare financially for this stage of your life and to begin this process as early as possible. Unfortunately many people put off saving for the future because of their current expenses.

Financial planners suggest that participants need to make personal contributions to their retirement plan each year equal to a minimum of 5% of your salary. This should be in addition to any amount your employer may provide. However, making the recommended 5% personal contribution may be too hard to do all at once.

The **\$10.00 Club** makes it easy. Start by contributing at least \$10.00 of your salary each month. Then as a club member you will receive a *Salary Reduction Agreement* every year and a reminder to increase your contribution by at least another \$10. Over the next few years you can increase contributions to 5% one small step at a time or even go beyond your goal if you choose.

For those of you who join the \$10 club at this national association meeting, the Board of Retirement will make a \$25 deposit into your account.

Another item we are looking into and hope to be able to offer in the near future is ROTH accounts.

In closing I would like to remind you that at the very heart of the Board of Retirement is our motto (taken from Psalm 78:72), "Serving those who serve others with the integrity of our hearts and the skillfulness of our hands."

We will consider it a privilege to be of service to you as you make financial preparations for your future retirement.

In His Service,

D. Ray Lewis General Director

Board of Retirement & Insurance Summary of Board Meetings

April 25-26, 2006

In attendance: Ray Lewis, John Brummitt, Jack Ward, Milburn Wilson, Jack Daniel, Jim Lowe, Craig Cook, Tim Hall, Ron Barber, Bobby Bowers, and Bill Ferguson.

The Board reviewed the unqualified audit report and adopted the 2007 budget.

The Board reviewed the performance report from our money managers.

The revised Plan Document, Trust Agreement, and the Summary Plan Document were adopted.

Motion was made and carried to cease issuance of church loans.

Officers were elected:

Ron Barber - Chairman Jack Daniel - Vice Chairman Bill Ferguson - Secretary Jim Lowe - Assistant Secretary

December 4, 2006

In attendance: Ray Lewis, John Brummitt, Jack Ward, Bobby Bowers, Tim Hall, Milburn Wilson, and Jim Lowe.

The Board reviewed and approved reports, financial statements, and budget adjustments for 2007.



INDEPENDENT AUDITORS' REPORT

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

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We have audited the accompanying statement of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists, (the "Board") as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Board of Retirement and Insurance of the National Association of Free Will Baptists as December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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 Board of Retirement and Insurance of the National Association of Free Will Baptists, as of December 31, 2006, 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.

Bellenfant & Miles, P.C.

April 24, 2007

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF FINANCIAL POSITION <u>DECEMBER 31, 2006 and 2005</u>

ASSETS

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	2006	2005
OPERATING ASSETS		
Cash and cash equivalents	\$ 35,973	\$-
Funds invested with Free Will Baptist Foundation	69,686	72,723
Total Operating Assets	105,659	72,723
RETIREMENT ASSETS		
Cash and cash equivalents	701,544	3,750,512
Investment in marketable securities and instruments,		
at fair market value – Note 3	37,914,918	27,968,723
Accrued investment income receivable		
Notes receivable, net of allowance for	e de la composición d	
doubtful accounts - Note 2	601,473	673,788
Total Retirement Assets	39,217,935	32,393,023
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES		
at cost, net of accumulated depreciation - Notes 1 & 4	60,095	45,636
TOTAL ASSETS	\$39,383,689	\$32,511,382
LIABILITIES AND NET ASSETS	44 1	
LIABILITIES	· · · · ·	
Accounts payable - Note 6	\$ 3,374,936	\$ 3,375,172
Accounts payable, accrued expenses and other liabilities	11,725	26,034
Total liabilities	3,386,661	3,401,206
NET ASSETS •		
Unrestricted		
Operations:		
Operating funds (deficit)	27,382	(26,303)
Designated for future assets purchases	69,686	72,723
Net invested in equipment	60,095	45,636
Total Operating Net Assets	157,163	92,056
Retirement Accounts:		
Net assets available for participants	35,745,968	29,006,417
Designated as reserve funds	93,897	11,703
Total Retirement Net Assets	35,839,865	29,018,120
Total net assets	35,997,028	29,110,176
TOTAL LIABILITIES AND NET ASSETS	\$39,383,689	\$32,511,382

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

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BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006			2005		
	Retirement			Retirement		
	Accounts	Operations	Total	Accounts	Operations	Total
SUPPORT, REVENUE AND OTHER ADDITIONS	-					<u> </u>
Contributions from participants	\$ 3,357,804	<u>s</u> -	\$ 3,357,804	\$ 2,997,716	<u>s</u> -	\$ 2,997,716
Investment income:						
Gains of investment portfolio:						
Net realized gains (losses)	1,624,324		1,624,324	910,510	-	910,510
Net unrealized gains (losses)	2,014,089		2,014,089	256,365	-	256,365
•	3,638,413	-	3,638,413	1,166,875	-	1,166,875
Interest and dividends from						
investments (net investment fees)	1,527,190		1,527,190	984,456	-	984,456
Total investment income	5,165,603		5,165,603	2,151,331		2,151,331
Income earned from interest bearing notes:						
Interest income	65,554	4,738	70,292	56,206	-	56,206
Gain on sale of property			-	-	1,540	1,540
Total income earned from interest			<u></u>			
and sale of property	65,554	4,738	70,292	56,206	1,540	57,746
Forfeitures and late charges	147		147	531		531
Gifts		72,368	72,368	-	72,810	72,810
Reimbursement from Free Will						
Baptist Foundation			-	-		-
Miscellaneous income		224	224	-	170	170
Total other income	147	72,592	72,739	531	72,980	73,511
Total additions	8,589,108	77,330	8,666,438	5,205,784	74,520	5,280,304
Allocation for Operations	(377,349)	377,349		(329,625)	329,625	<u> </u>
Net additions after allocation for operations	\$ 8,211,759	\$ 454,679	\$ 8,666,438	\$ 4,876,159	\$ 404,145	\$ 5,280,304

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

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BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED) FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006			2005		
	Retirement			Retirement		
	Accounts	Operations	Total	Accounts	Operations	Total
Net additions after allocation for operations	\$ 8,211,759	\$ 454,679	\$ 8,666,438	\$ 4,876,159	\$ 404,145	\$ 5,280,304
EXPENSES AND OTHER DEDUCTIONS						
Withdrawals from participants	1,049,305		1,049,305	1,312,580	-	1,312,580
Transfers to annuities by participants	253,959		253,959	239,911	-	239,911
Insurance deductions from participants accounts	37,233		37,233	39,368	-	39,368
Income allocated to annuitant obligations	49,451		49,451	180,830	-	180,830
Salaries		102,771	102,771	-	119,949	119,949
Housing		31,200	31,200	-	47,925	47,925
Fringe Benefits		46,831	46,831	-	68,574	68,574
Travel and promotional		29,287	29,287	-	27,074	27,074
Office supplies and expense		73,867	73,867	-	65,070	65,070
Occupancy		26,784	26,784	-	24,875	24,875
Board members expense		11,760	11,760		13,117	13,117
Legal and accounting		52,573	52,573	-	22,169	22,169
Depreciation		12,495	12,495	-	12,110	12,110
Miscellaneous	66	2,004	2,070	90	1,037	1,127
Total deductions	1,390,014	389,572	1,779,586	1,772,779	401,900	2,174,679
Increase (decrease) in net assets	6,821,745	65,107	6,886,852	3,103,380	2,245	3,105,625
NET ASSETS - beginning of year	29,018,120	92,056	29,110,176	25,914,740	89,811	26,004,551
NET ASSETS - end of year	\$35,839,865	\$ 157,163	\$35,997,028	\$29,018,120	\$ 92,056	\$29,110,176

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

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

		2006			2005	
	Retirement	Operations	Total	Retirement Accounts	Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES	3:					
Cash received from:						
Contributions from participants and employers	\$ 3,357,804		\$ 3,357,804	\$ 2,997,716	\$ -	\$ 2,997,716
Gifts		72,368	72,368	-	72,810	72,810
Income earned from interest and sale						
of loan property	65,554		65,554	56,206	-	56,206
Investment income	1,527,190	4,738	1,531,928	1,069,745	-	1,069,745
Forfeitures and late charges	147		147	531	-	531
Miscellaneous income		224	224	-	170	170
Cash paid for:						
Supplies and employees	(33,896)	(394,789)	(428,685)	(44,247)	(378,772)	(423,019)
Withdrawal of funds by participants	(1,303,264)		(1,303,264)	(1,552,491)	-	(1,552,491)
Income allocated to annuitant obligations	(49,451)	-	(49,451)	(180.830)	·	(180,830)
Net Cash Provided (Used)						
By Operating Activities	3,564,084	(317,459)	3,246,625	2,346,630	(305,792)	2,040,838
CASH FLOWS FROM INVESTING ACTIVITIES	:					
Purchases of office furniture and equipment		(26,954)	(26,954)	-	(43,004)	(43,004)
Investments:						
Purchases of investment securities Funds invested with Free Will	(28,654,776)		(28,654,776)	(16,523,784)		(16,523,784)
Baptist Foundation		3,037	3,037		(200)	(200)
Proceeds from sale of investment		5,037	3,037	-	(200)	(200)
securities	22,346,994		22,346,994	16,606,709		16,606,709
Proceeds from sale of equipment	22,340,994		22,340,794	10,000,703	7,500	7,500
Notes receivable:			-		7,500	7,500
New loans made	(283,997)		(283,997)	(250,293)	_	(250,293)
Collection of notes receivable	356,312	_	356,312	332,315	-	332,315
Net Cash Provided (Used)	550,512					
By Investing Activities	(6,235,467)	(23,917)	(6,259,384)	164,947	(35,704)	129,243
by investing retivities			(0,255,504)		(55,104)	127,245

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

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BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

	2006			2005		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
CASH FLOWS FROM FINANCING ACTIVITIES:						
Allocation for operations	\$ (377,349)	\$ 377,349	s -	\$ (329,625)	\$ 329,625	\$-
Net to additions to (withdrawals from)	(22.6)					
annuities payable Repayment of loan from Foundation	(236)		(236)	22,793	-	22,793
Repayment of toan from Poolidation			•			
Net Cash Provided (Used) By Financing Activities	(377.585)	377,349	(236)	(306.832)	329,625	22,793
INCREASE (DECREASE) IN CASH	(3,048,968)	35,973	(3,012,995)	2,204,745	(11,871)	2,192,874
Cash and cash equivalents at beginning of years	3.750,512	<u> </u>	3,750,512	1,545.767	11.871	1,557,638
Cash and cash equivalents at end of years	\$ 701,544	\$ 35,973	\$ 737,517	\$ 3,750,512	<u>s -</u>	\$ 3,750,512
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSE	rs					
TO CASH FLOWS FROM OPERATING ACTIVITIES						
Increase (decrease) in net assets	\$ 6.821,745	\$ 65,107	\$ 6,886.852	\$ 3,103,380	\$ 2,245	\$ 3,105,625
Adjustments to reconcile increase (decrease)						
in net assets to net cash provided (used) by						
operating activities:						
Depreciation and amortization		12,495	12,495	-	12,110	12,110
Allocation for operations	377,349	(377,349)	- '	329,625	(329,625)	-
Collection of bad debts			-	-	-	-
Loss (gain) on sale of property and equipment			•	•	(1,540)	(1,540)
Loss (gains) on investment transactions Decrease (increase) in accrued investment	(3,638,413)		(3.638,413)	(1,166,875)		(1,166,875)
income				85,289		85,289
Decrease (increase) in accounts receivable				63,269		63,289
Increase (decrease) in accounts payable.				-	-	· -
accrued expenses and other	3,403	(17,712)	(14,309)	(4.789)	11.018	6,229
Total adjustments	(3,257,661)	(382,566)	(3,640,227)	(756,750)	(308,037)	(1,064,787)
Net Cash Provided (Used) By Operating Activities	\$ 3,564,084	\$ (317,459)	\$ 3.246,625	\$ 2,346,630	\$ (305,792)	\$ 2,040,838

The accompanying notes are an integral part of these financial statements. -8-

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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.

<u>Temporarily restricted net assets</u> – 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.

<u>Permanently restricted net assets</u> – 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, 2006 and 2005.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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 employee 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.

The Board contributes to this Plan on behalf of its employees. Contributions for 2006 amounted to \$8,727 (\$10,863 for 2005).

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - 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 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 collectability 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.

2. NOTES RECEIVABLE

Following is a summary of notes receivable:

	 2006	_	2005
Participant notes (net) secured by retirement account balances	\$ 8,719	\$	6,325
Churches and agency notes secured by related			
real property	592,754		667,463
	\$ 601,473	\$	673,788

The notes bear interest at various rates from 3.0% to 9.0% and mature at various dates from 2007 through 2012.

3. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

		2006	
	Market Value	Cost	(Depreciation) Appreciation
Investments:			et al a secondaria de la companya de
Mutual Funds	\$ 5,442,525	\$ 5,040,608	\$ 401,917
Common Stocks	20,355,740	16,876,257	3,479,483
U.S. Government Issues	9,482,751	9,388,338	94,413
Corporate bonds	1,228,130	1,242,072	(13,942)
Foreign Equities	271,811	253,403	18,408
Real estate trust	1,133,961	1,097,789	36,172
Total Investments	\$ 37,914,918	\$ 33,898,467	\$ 4,016,451

For 2006, total investment gain relating to marketable securities and instruments amounted to \$5,165,603 and consisted of investment gains of \$3,638,413 and interest and dividends of \$1,527,190 (net of investment fees of \$217,058). Investment income (loss) represented yields of 15.68% and 17.25% based on the average market value and average cost of such investments for 2006.

	*	2005	
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Mutual Funds	\$ 4,606,249	\$ 4,408,122	\$ 198,127
Common Stocks	14,307,431	12,705,694	1,601,737
U.S. Government Issues	5,630,612	5,525,292	105,320
Corporate bonds	2,408,811	2,340,546	68,265
Real estate trust	1,015,620	1,000,010	15,610
Total Investments	\$ 27,968,723	\$ 25,979,664	\$ 1,989,059

For 2005, total investment gain relating to marketable securities and instruments amounted to \$2,151,331 and consisted of investment gains of \$1,166,875 and interest and dividends of \$984,456 (net of investment fees of \$52,671). Investment income (loss) represented yields of 7.84% and 8.57% based on the average market value and average cost of such investments for 2005.

4. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES

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

	2006	2005
Office furniture and fixtures	\$ 48,531	\$ 48,531
Computer equipment	46,478	19,524
Automobiles	40,428	40,428
	 135,437	108,483
Less: Accumulated depreciation	(75,342)	(62,847)
	\$ 60,095	\$ 45,636

5. LEASE

Under the terms of a lease agreement with an affiliate, the Board leases 3,933 feet of office and storage space for \$1.12 (\$1.10 in 2005) per square foot per month. In addition, the Board pays additional expenses related to their share of operating and maintenance costs of the building. The Board shares the office with the Free Will Baptist Foundation. Beginning in 2006 the Foundation began paying one-half of the rent. Total lease payments, additional operating, and maintenance costs related to the lease were \$26,784 and \$24,875 for the years ended December 31, 2006 and 2005, respectively.

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, 2006 and 2005, the recorded liability amounted to \$3,374,936 and \$3,375,172. The actuary has determined that the current periodic benefit exceeded the reserve account at December 31, 2006 by \$48,721 (the reserve account exceeded the current periodic benefit by \$84,463 at December 31, 2005). Management has determined that there will be no pension benefit increases for 2006.

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.

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS (continued)

The following table summarizes the Board's accounting risk of loss as of December 31, 2006 and 2005:

				2006		
				Amount	A	mount of
	4	Account		Insured/	A	ccounting
		Balance		Secured	Ri	sk of Loss
Notes receivable, net of allowance						
for doubtful collections	\$	601,473	\$	601,473	\$	-
Cash and cash equivalents		447,428		100,000		347,428
Funds invested with the Free Will Baptist Foundation		69,686		69,686		_
Short-term liquid investments		290,089		260,089		30,000
Corporate bonds		1,228,130		200,007		1,228,130
Mutual funds		5,442,525				5,442,525
Common stocks	-	20,355,740			-	20,355,740
U.S. Treasury notes and bills	-	9,482,751		9,482,751	-	-
Foreign Equities		271,811		,,,		271.811
Real estate investment trust		1,133,961				1,133,961
	\$.	9,323,594	5	10,513,999	\$ 2	8,809,595
			6			
				2005		
				2005 Amount	A	mount of
		Account		2005 Amount Insured/		mount of
		Account Balance		Amount Insured/	A	counting
Notes receivable, net of allowance				Amount	A	
Notes receivable, net of allowance for doubtful collections			 \$	Amount Insured/	A	counting
for doubtful collections		Balance	\$	Amount Insured/ Secured	A Ri	counting
		Balance 673,788	\$	Amount Insured/ Secured 673,788	A Ri	ccounting sk of Loss
for doubtful collections Cash and cash equivalents Funds invested with the Free Will		Balance 673,788	\$	Amount Insured/ Secured 673,788	A Ri	ccounting sk of Loss
for doubtful collections Cash and cash equivalents Funds invested with the Free Will Baptist Foundation		Balance 673,788 898,754	\$	Amount Insured/ Secured 673,788 100,000	A Ri	ccounting sk of Loss 798,754
for doubtful collections Cash and cash equivalents Funds invested with the Free Will		Balance 673,788 898,754 72,723	\$	Amount Insured/ Secured 673,788 100,000 72,523	A Ri	ccounting sk of Loss 798,754 200
for doubtful collections Cash and cash equivalents Funds invested with the Free Will Baptist Foundation Short-term liquid investments		Balance 673,788 898,754 72,723 2,851,758	\$	Amount Insured/ Secured 673,788 100,000 72,523	A Ri	ccounting sk of Loss 798,754 200 1,089,859
for doubtful collections Cash and cash equivalents Funds invested with the Free Will Baptist Foundation Short-term liquid investments Corporate bonds	\$	Balance 673,788 898,754 72,723 2,851,758 2,408,811	\$	Amount Insured/ Secured 673,788 100,000 72,523	A 	ccounting sk of Loss 798,754 200 1,089,859 2,408,811
for doubtful collections Cash and cash equivalents Funds invested with the Free Will Baptist Foundation Short-term liquid investments Corporate bonds Mutual funds	\$	Balance 673,788 898,754 72,723 2,851,758 2,408,811 4,606,249	\$	Amount Insured/ Secured 673,788 100,000 72,523	A 	ccounting sk of Loss 798,754 200 1,089,859 2,408,811 4,606,249
for doubtful collections Cash and cash equivalents Funds invested with the Free Will Baptist Foundation Short-term liquid investments Corporate bonds Mutual funds Common stocks	\$	Balance 673,788 898,754 72,723 2,851,758 2,408,811 4,606,249 (4,307,431)	\$	Amount Insured/ Secured 673,788 100,000 72,523 1,761,899	A 	ccounting sk of Loss 798,754 200 1,089,859 2,408,811 4,606,249

8. RELATED PARTY TRANSACTIONS

The Board had \$69,686 and \$72,723 invested with the Free Will Baptist Foundation, Inc. at December 31, 2006 and 2005, respectively.

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Board of Retirement and Insurance Proposed Budget for 2008

	2005 Budget	2005 Actual	2006 Budget	2006 Actual	2007 Proposed	2008 Proposed
INCOME	1				1	
Service Fees	1	\$329,624.63		\$377,348.60	413,463	469,700
Insurance Administrative Fees		344		771	500	800
The Together Way		68,546		69,179	70,000	70,000
Other State Gifts		318		520	300	500
Rest of the Family Offering		3,586		1,899	3,800	2,000
Interest Income		1,132		3,622	2,500	500
Miscellaneous Income		1,727		224	1,500	1,500
TOTAL		\$405,276.41		\$453,563.24	\$492,063.34	\$545,000.00
EXPENSES						
Salaries	139,931	119,949	150,139	102,771	153,923	159.280
Employee Benefits	87,134	68,574	75,668	46,831	67,667	71,615
Housing	79,125	47,925	31,200	31,200	31,200	31,200
Travel/Promotion	22,000	17,963	27,000	25,126	30,000	35,000
Auto Maintenance	5,500	9,110	3,500	4,161	7,500	7,500
Future Purchases/Auto	7,200	7,200	7,200	7,200	7.200	12,000
Hardware/Software Future Purchases	12,000	12,000	12,000	12,000	12,000	12,000
Plant Fund	30,000	24,875	38,000	26,784	40,000	40,000
Office Expense	30,000	28,981	40,000	39,507	40,000	45,000
Equipment	10,000	16,352	5,000	1,000	10,000	10,000
Education/Training	9,000	9,600	8,000	6,404	10,000	15,000
Publications	24,000	23,732	30,000	26,730	30,000	30,000
Board Expense	13,500	13,117	12,000	11,635	15,000	20,000
Legal	12,000	16,003	45,000	44,367	17,500	15,000
Auditing	11,000	6,166	9,000	8,206	8,000	15,000
Offsite Backup Storage	0	0	1,400	0	2,400	2,400
Website Development/Hosting/Maintenance	0	0	1,000	ol	5,000	5,000
Software Maintenance	3,000	1,155	1,000	225	2,000	2,000
Depreciation Expense		12,110		12,495		15,000
Miscellaneous	2,000	1,037	2,000	2,004	2,674	2,00
TOTAL	\$497,390.46	\$435,849.15	\$499,107.75	\$408,647,16	\$492,063.34	\$545,000.00

Board of Retirement and Insurance Salary and Benefits Breakdown

2 (4	2006		2007		2008
Director:		1			I	
Salary		33,896.00		36,558.96		38,591.73
Housing/Utilities	1	31,200.00		31,200.00		31,200.00
Social Security/Medicare		11,758,78		12,239.81		12,607.01
Christmas Check		1,477.97		1,538.44		1,584.59
Retirement	1	4,660,18		4,850.82		4,996.34
Insurance		6,803.24		6,887.43		7,908.38
Life	829.56		829.56		1,277.76	
Medical	5,585.88		5,585.88		6,144.47	
Disability	387.80		471.99		486.15	
Note: Office Car Furnished	T					
Total		89,796.17		93,275.46		96,888.05
Business Manager:	ΤΙ					
Salary	+	46,800.00		40,560.00		41,776.80
Social Security/Medicare		3,876.77		3,162.51		3.257.39
Christmas Check		900.00		780.00		803.40
Retirement		3,339.00		2.893.80		2.980.61
Insurance		14.676.12		5,958.98		6.630.95
Life	400.00		133.80	0,000.00	240.00	
Hospitalization	14,000.00		5.585.88		6,144.47	
Disability	276.12		239.30		246.48	
Note: Office Car Furnished						
Total		69,591,89		53,355.29		55,449.15
Secretary:						
Salary		28,080.00		29,203.20		30,079.30
Social Security/Medicare		2,148.12		2,277.01		2,345.32
Christmas Check		540.00		561.60		578.45
Retirement		2,003.40		2,083.54		2,146.04
Insurance		5,844.76		5,883.26		6,719.55
Life -	133.80		172.30		450.00	
Hospitalization	5,585.88		5,585.88		6,144.47	
Disability	125.08		125.08		125.08	
Total	I	38,616.28		40,008.60		41,868.65
Member Services Manag	ger:					
Salary		45,000.00		45,000.00		45,000.00
Social Security/Medicare		3,727.67		3,727.67		3,727.67
Christmas Check		865.38		865.38		865.38
		3,210.58		3,210.58		3,210.58
Retirement		0,210.00				
		14,665.50		14,665.50		15,085.50
Retirement	400.00		400.00	14,665.50	400.00	15,085.50
Retirement Insurance	400.00		400.00 14,000.00	14,665.50	400.00 14,420.00	15,085.50
Retirement Insurance				14,665.50		15,085.50

Hospitalization Cap: \$10,300 Couple; \$14,420 Family

**Disability Insurance is .059 per \$100

3%



FREE WILL BAPTIST FOUNDATION DIRECTOR'S REPORT 2007

The first long trip I remember taking was by passenger train. I stood at the window inside the car, looking at the passing scenery, but was constantly pressing my face against the glass, driven to see what was coming up next. Mom kept urging me to sit down; but I just could not stay seated. The mystery and intrigue of what lay ahead continued to draw me back to the window. Age has added a dose of reality and control over some of that excitement and curiosity; but, thankfully, it has not eliminated it.

Stand at the window with me as we look ahead.

Our denomination is providing us quality people to lead us into the future. Last year, Ray Lewis moved into the leadership role with the Board of Retirement without missing a step. He has improved the program and brings wonderful promise for the future. David Brown is poised to do the same with the Foundation. I look forward to your positive response to him. He is excited about continuing onward and upward with the development of the unique ministry of the Foundation.

There are so many possibilities. The Foundation is just in the early stages of what may be a long trip. May the Lord continue to help us as individuals and as a denomination to realize the cause is worthy.

Thank you as individuals and as a group for being so pleasant to work with and for joining me fourteen years ago on this journey. You received me into your offices, at your meetings and churches, and many of you invited me into your homes and into your lives. The vast majority of these contacts were conducted with respect and appreciation and a sense of family. Again, thank you for traveling with me.

Today, I ask you to stand at the window with me once again as we look to the journey ahead.

-- Bill Evans

Free Will Baptist Foundation

Synopsis of Board Meeting Minutes

May 1, 2006:

All members were present except James Forlines (International Missions), Larry Powell (Home Missions), Ken Akers (Masters Men), Ron Hunter (Randall House), Keith Burden (Executive Office) and Roy Harris.

- Audit, Financial Report, Director's report and proposed budget were presented and approved.
- William Evans announced his retirement effective July 31, 2007.
- The nine elected members were authorized to serve as a search committee. The elected board established a subcommittee to receive and review resumes.

December 4, 2006:

All members were present for the meeting. Some of the national directors were absent for periods of time to attend their own board activities.

- Director's report and financial report were presented and approved.
- Most of the board activities were involved in interviewing four candidates for the Director position.
- David Brown was elected the new director effective August 1, 2007.

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BELLENFANT + MILES, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Free Will Baptist Foundation, Inc.

We have audited the accompanying statement of financial position of the Free Will Baptist Foundation, Inc., (the "Foundation") as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Free Will Baptist Foundation, Inc. as December 31, 2005, were audited by other auditors whose report dated February 17, 2006, expressed an unqualified opinion on those statements.

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 Free Will Baptist Foundation, Inc., as of December 31, 2006, 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.

April 24, 2007

Bellemant & Miles, P.C.

FREE WILL BAPTIST FOUNDATION, INC. STATEMENTS OF FINANCIAL POSITION <u>DECEMBER 31, 2006 and 2005</u>

ASSETS

L CODTO	2006	2005
ASSETS	6 430 (33	£ 1007 F2(
Cash and cash equivalents	\$ 428,633	\$ 1,227,536
Accrued earnings receivable	341,775	342,836
Other accounts receivable	-	718
Loan origination fees	3,940	4,000
Office equipment and automobiles, net of	51 700	21 (00
accumulated depreciation - Notes 1 & 8	51,792	31,698
Investments, at fair market value - Note 2		
Certificates of deposit	1,056,023	1,431,527
U.S. Government instruments	25,132,845	23,881,857
Common stocks	2,849,555	1,854,142
Foreign stocks	912,654	-
Real estate investments	2,111,209	2,432,415
Mutual funds	938,502	1,331,944
Corporate bonds	23,731	292,056
Trusts	204,801	181,181
Total investments	33,229,320	31,405,122
		<u></u>
Notes receivable - Note 3	111,149	30,705
TOTAL ASSETS	\$34,166,609	\$33,042,615
LIABILITIES AND NET	ASSETS	
LIABILITIES		
Operating liabilities:		
Accrued expense	\$ 1,642	\$ 1,598
Liabilities to beneficial owners		
Interest bearing revocable and savings trust - Note 4	23,366,468	24,392,695
Future gifts interest payable - Note 5	2,759,741	2,177,074
Funds held in trust - Note 6	7,968,653	6,163,080
Total liabilities	34,096,504	32,734,447
NET ASSETS		
Unrestricted	70,105	308,168
Total net assets	70,105	308,168
TOTAL LIABILITIES AND NET ASSETS	\$34,166.609	\$33,042,615

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

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FREE WILL BAPTIST FOUNDATION, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

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	2006	2005
REVENUE AND SUPPORT		·····
Investment income:		
Interest and dividends, net of investment fees	\$ 1,568,663	\$ 1,875,594
Realized gains (losses) on sale of investments	190,138	272,794
Unrealized gains (losses) from investments	(226,397)	(454,910)
Total investment income	1,532,404	1,693,478
Support through "The Together Way" Plan		
and other contributions	32,794	31,283
Interest income - note receivable	1,104	3,251
Endowment income	282	273
Total revenue and support	1,566,584	1,728,285
Allocation of earnings to revocable trusts,		
savings trust, beneficiaries and annuitants	(1,387,942)	(1,379,069)
Revenue and support after allocations	178,642	349,216
EXPENSES		
Salaries and benefits	203,197	140,525
Equipment expense	7,702	5,343
Travel and promotion	53,331	53,633
Board expense	17,541	6,499
Office expense	12,837	10,303
Rent expense	25,980	25,958
Printing and publications	3,720	4,310
One magazine	46,946	43,550
Training and education	19,957	23,387
Legal and accounting	5,939	6,913
Depreciation	9,487	6,374
Amortization of loan origination fees	60	1,000
Interest	9,254	
Miscellaneous	754	782
Total expenses	416,705	328,577
Increase (decrease) in operating net assets	(238,063)	20,639
Net assets - beginning of year	308,168	287,529
Net assets - end of year	\$ 70,105	\$ 308,168

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

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FREE WILL BAPTIST FOUNDATION, INC. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

,	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 32,930	\$ 31,147
Interest and dividends	1,569,724	1,781,088
Other income	1,386	3,524
Cash paid to suppliers and employees	(406,532)	(326,618)
Allocation of earnings to revocable trusts,		
savings trust, beneficiaries and annuitants	(1,387,942)	(1,379,069)
Net Cash Provided (Used) By Operating Activities	(190,434)	110,072
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(29,581)	(38,072)
New loans made	(85,000)	(8,220)
Principal payments received on notes receivable	4,556	134,067
Proceeds from sale of investment securities	8,270,936	4,930,099
Purchase of investment securities	(10,131,393)	(10,207,350)
Net Cash Provided (Used) By Investing Activities	(1,970,482)	(5,189,476)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future		
gift interest, revocable and savings trusts	(4,332,367)	(3,786,288)
Contributions to funds held in trust	5,694,380	9,639,319
Borrowing on line of credit	500,000	-
Repayment on line of credit	(500,000)	-
Net Cash Provided (Used) by Financing Activities	1,362,013	5,853,031
INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	(798,903)	773,627
Cash and cash equivalents at beginning of years	1,227,536	453,909
Cash and cash equivalents at end of years	\$ 428,633	\$ 1,227,536
RECONCILIATION OF INCREASE IN NET ASSETS		
TO CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (238,063)	\$ 20,639
Depreciation	9,487	6,374
Deprectation Realized and unrealized (gains) losses on investment transaction	36,259	182,116
Decrease (increase) in accrued investment income	1,197	(94,642)
Decrease (increase) in loan origination fees	60	(4,000)
Increase (increase) in operating liabilities	626	(4,000)
Net Cash Provided (Used) By Operating Activities	\$ (190,434)	\$ 110.072
Net Cash Florided (Osed) by Operating Activities	<u>(170,454)</u>	- 110,072

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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.

<u>Temporarily restricted net assets</u> – 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.

<u>Permanently restricted net assets</u> -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 statements 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, 2006 and 2005.

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 2006 and 2005.

Cash and Cash Equivalents

For purposes of the statements 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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 collectability of notes receivable and determination of fair value of investments. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Investments

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

Office Equipment and Automobiles

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

2. INVESTMENTS

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

	2006							
	Market Value	Cost	(Depreciation) Appreciation					
Investments:								
Marketable Securities:								
Certificate of Deposit	\$ 1,056,023	\$ 1,093,704	\$ (37,681)					
U.S. Government Instruments	25,132,845	25,684,458	(551,613)					
Common Stocks	2,849,555	2,431,149	418,406					
Foreign stocks	912,654	741,490	171,164					
Mutual Funds	938,502	928,365	10,137					
Corporate bonds	23,731	25,005	(1,274)					
Trusts	204,801	181,181	23,620					
Land held for resale	115,000	115,000	-					
Real estate investment trust	1,996,209	1,996,209						
Total Investments	\$ 33,229,320	\$ 33,196,561	\$ 32,759					

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2. INVESTMENTS - CONTINUED

	2005					
	Market				(D	epreciation)
		Value		Cost		opreciation
Investments:					-	
Marketable Securities:						
Certificate of Deposit	\$	1,431,527	\$	1,492,704	\$	(61,177)
U.S. Government Instruments		23,881,857		24,528,505		(646,648)
Common Stocks		1,854,142		1,582,407		271,735
Mutual Funds		1,331,944		1,249,857		82,087
Corporate bonds		292,056		325,183		(33,127)
Trusts		181,181		181,181		-
Real estate investment trust		1,932,415		1,932,415		-
Real estate		500,000		500,000		-
Total Investments	\$	31,405,122	\$	31,792,252	\$	(387,130)

Total investment income amounted to \$1,532,404 for 2006, consisting of investment losses of \$36,259 and interest and dividends of \$1,568,663. This investment income represents yields of 4.74% and 4.58% based on the average market value and average cost of such investments for 2006.

Total investment income amounted to \$1,693,478 for 2005, consisting of investment losses of \$182,116 and interest and dividends of \$1,875,594. This investment income represents yields of 5.87% and 5.83% based on the average market value and average cost of such investments for 2005.

3. NOTES RECEIVABLE

Notes receivable consist of obligations from related parties as follows:

	 2006		2005
6.5% note receivable due in 36 monthly installments of \$282 through 2006, relating to the purchase of a truck by the National Association of Free Will Baptists Building Services Fund.	\$ -	\$	2,205
6.963% note receivable due in 180 monthly installments of \$1,390 through 2019, relating to the purpose of providing a building for the Japanese Field Council in Hokkaido, Japan. This note is not secured by any real estate but is guaranteed by the Board of International Missions of the National Association of Free Will Baptists	28,500	÷	28,500

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3. NOTES RECEIVABLE - CONTINUED

	2006	2005		
7.5% note receivable due in 60 monthly installments of \$1,703 through 2011 by Randall House Publications. This				
note is unsecured.	 82,649	\$	•	
•				
	\$ 111,149	\$	30,705	

4. INTEREST BEARING REVOCABLE AND SAVINGS TRUST

The Foundation maintains revocable trusts and savings trusts which totaled \$23,366,468 and \$24,392,695 at December 31, 2006 and 2005, 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 7-60 day notice, is without penalty, and the trusts are without maturity.

5. FUTURE GIFTS PAYABLE

The Foundation maintains charitable trusts amounting to \$1,644,618 and \$1,234,011 and gift annuities amounting to \$1,115,123 and \$943,053 as of December 31, 2006 and 2005, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 10.4%.

6. FUNDS HELD IN TRUST

The Foundation holds funds in trusts 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, 2006 and 2005, the permanently restricted endowment funds totaled \$7,968,653 and \$6,163,080, respectively.

7. INFORMATION REGARDING FINANCIAL STATEMENTS

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, 2006 and 2005:

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

1. 4. 14	2006				
			Amount	, <u> </u>	Amount of
	Accourt	nt -	Insured/	F	Accounting
	Balanc	e	Secured	R	isk of Loss
Cash and cash equivalents	\$ 227	537 \$	100,000	\$	127,537
Short term liquid investments	201,	096	201,096		-
Certificate of Deposit	1,056,	023	966,230		89,793
U.S. Government Instruments	25,132,	845	25,132,845		-
Common Stocks	2,849,	555			2,849,555
Foreign stocks	912,	654			912,654
Mutual Funds	938,	502			938,502
Corporate bonds	23,	731			23,731
Land held for resale	115,	000			115,000
Real estate investment trust	1,996,	209			1,996,209
Trusts	204,	801	-		204,801
Receivables	452,	924	-		452,924
Total Investments	\$ 34,110,	877 \$	26,400,171	\$	7,710,706

	Amount	Amount of
Account	Insured/	Accounting
Balance	Secured	Risk of Loss
\$ 776,536	\$ 100,000	\$ 676,536
451,000	451,000	-
1,431,527	1,258,004	173,523
23,881,857	23,881,857	-
1,854,142	•	1,854,142
1,331,944	-	1,331,944
292,056	•	292,056
2,432,415	-	2,432,415
181,181	-	181,181
374,259		374,259
\$ 33,006,917	\$ 25,690,861	\$ 7,316,056
	Balance \$ 776,536 451,000 1,431,527 23,881,857 1,854,142 1,331,944 292,056 2,432,415 181,181 374,259	Account Insured/ Balance Secured \$ 776,536 \$ 100,000 451,000 451,000 1,431,527 1,258,004 23,881,857 23,881,857 1,854,142 - 1,331,944 - 292,056 - 2,432,415 - 181,181 - 374,259 -

2005

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

		2006	2005		
Automobiles	\$	26,869	\$	26,869	
Office equipment		11,203		11,203	
Software	1 a.e.	29,581		1.1	
		67,653	<u></u>	38,072	
Accumulated Depreciation		(15,861)		(6,374)	
	5	51,792	\$	31,698	

9. LEASE AND OCCUPANCY EXPENSE

The Foundation shares the office with the Free Will Baptist Board of Retirement. Under the terms of a lease agreement with an affiliate, they lease 3,933 feet of office and storage space for \$1.12 (\$1.10 in 2005) per square foot per month. In addition, they pay additional expenses related to their share of operating and maintenance costs of the building. Beginning in 2005 the Foundation began paying one-half of the rent. Total lease payments, additional operating, and maintenance costs related to the lease were \$25,980 and \$25,958 for the years ended December 31, 2006 and 2005 respectively.

10. COMMITMENTS

The Foundation obtained a \$1,000,000 line of credit with a local institution during the year ended December 31, 2005. The line is unsecured and carries an interest rate of 1.5% below the institution's prime rate. This line of credit is open ended and there are no advances payable at December 31, 2006 or 2005.

11. PENSION PLAN

The Foundation participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists. The Foundation contributes to the plan on behalf of its employees. Pension expenses amounted to \$9,298 (\$4,547 in 2005). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

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FOUNDATION BUDGET

Gifts \$ 919 \$ 300 \$ 950 \$ 1,200 \$ 300 Rest of the Family Offer \$ 1,194 \$ 50 \$\$ - Interest Income \$ 19 \$\$ \$ 50 \$\$ - Endowments \$ 260 \$ 282 \$ 275 \$ 2275 \$ 300 Miscellaneous \$\$ 1,029 \$\$ 100 \$ 100 Management Fees \$ 242,292 \$ 145,567 \$ 370,000 \$ 370,000 \$ 365,450 Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,850 EXPENSES Salaries Part-Time \$ 8,759 \$ -		Actual 2005	Actual 2006						Approved 2006		А	pproved 2007	Ρ	roposed 2008
Gifts \$ 919 \$ 300 \$ 950 \$ 1,200 \$ 300 Rest of the Family Offer \$ 1,194 \$ 1,194 \$ 1,200 \$ 1,200 Interest Income \$ 19 \$	INCOME													
Rest of the Family Offer Interest Income \$ 1,194 \$ \$ 1,200 Interest Income \$ 19 \$ - \$ 50 \$ - \$ 307,000 \$ 307,853 - \$ - \$ - \$ - \$ - \$ 307,853 5 - \$ - \$ - \$ -	The Together Way		\$	30,270	\$	29,500		29,500		30,500				
Interest Income \$ 19 \$ - \$ 50 \$ - \$ - \$ 300 Macellaneous \$ - \$ 1,029 \$ - \$ 100 \$ 300 Management Fees \$ 242,292 \$ 145,567 \$ 370,000 \$ 370,000 \$ 365,450 Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,850 EXPENSES - \$ <t< td=""><td></td><td>\$ 919</td><td></td><td></td><td>\$</td><td>950</td><td>\$</td><td>1,200</td><td></td><td></td></t<>		\$ 919			\$	950	\$	1,200						
Endowments \$ 260 \$ 282 \$ 275 \$ 300 Miscellaneous \$ - \$ 1,029 \$ - \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 3065,453 Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,853 EXPENSES - \$	Rest of the Family Offer			1,194						1,200				
Miscellaneous \$ - \$ 1,029 \$ - \$ 100 \$ 100 Management Fees \$ 242,292 \$ 145,567 \$ 370,000 \$ 365,450 Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,853 EXPENSES Salaries \$ 65,992 \$ 125,389 \$ 169,274 \$ 147,683 \$ 148,876 Salaries Part-Time \$ 8,759 - \$ - <t< td=""><td>Interest Income</td><td>\$</td><td></td><td></td><td></td><td></td><td></td><td>-</td><td></td><td></td></t<>	Interest Income	\$						-						
Management Fees \$ 242,292 \$ 145,567 \$ 370,000 \$ 365,453 Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,853 EXPENSES Salaries \$ 65,992 \$ 125,389 \$ 169,274 \$ 147,683 \$ 148,879 Salaries Part-Time \$ 65,992 \$ 2 \$ - \$<		260				275				300				
Total \$ 271,867 \$ 178,642 \$ 400,775 \$ 401,075 \$ 397,853 EXPENSES Salaries \$ 65,992 \$ 125,389 \$ 169,274 \$ 147,683 \$ 148,875 Salaries Part-Time \$ 8,759 \$ - \$ - \$ - \$ - \$ - \$ - Housing \$ - \$ 29,534 \$ - \$ 17,745 \$ - \$ - \$ - \$ - \$ - Employee Benefits \$ 29,210 \$ 48,274 \$ 58,947 \$ 45,503 \$ 56,124 Auto Depreciation \$ - \$ 4,319 \$ 8,090 \$ 6,374 \$ 5,380 Travel \$ 12,216 \$ 31,646 \$ 37,500 \$ 35,000 \$ 42,000 Board Expense \$ 1,010 \$ 17,541 \$ 12,000 \$ 14,000 \$ 14,000 Promotion \$ 20,971 \$ 21,684 \$ 22,000 \$ 30,000 \$ 22,000 Office Expense \$ 6,471 \$ 8,447 \$ 7,000 \$ 7,000 \$ 8,500 Interest \$ - \$ 9,254 - - \$ 26,950 \$ 26,424 \$ 27,059 \$ 26,950 Printing \$ - <	Miscellaneous					-				100				
EXPENSES Salaries \$ 65,992 \$ 125,389 \$ 169,274 \$ 147,683 \$ 148,875 Salaries Part-Time \$ 8,759 \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ Housing \$ - \$ 29,534 \$ - \$ 17,745 \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	Management Fees	\$ 242,292	\$	145,567	\$	370,000	\$	370,000	\$	365,453				
Salaries \$ 65,992 \$ 125,389 \$ 169,274 \$ 147,683 \$ 148,875 Salaries Part-Time \$ 8,759 - \$ - \$ - \$ - \$ - Housing \$ - \$ 29,534 \$ - \$ 17,745 \$ - \$ - \$ - Employee Benefits \$ 29,210 \$ 48,274 \$ 58,947 \$ 45,503 \$ 56,126 Auto Depreciation \$ - \$ 4,319 \$ 8,090 \$ 6,374 \$ 5,388 Travel \$ 12,216 \$ 31,646 \$ 37,500 \$ 35,000 \$ 32,000 Magazine Expense \$ 10,310 \$ 46,946 \$ 55,000 \$ 48,000 \$ 47,000 Board Expense \$ 1,406 \$ 17,541 \$ 12,000 \$ 14,000 \$ 14,000 Promotion \$ 20,971 \$ 21,684 \$ 22,000 \$ 30,000 \$ 22,000 Interest \$ - \$ 9,254 Rent \$ 5,000 \$ 26,926 Printing \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 13,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 8,000 \$ 6,500 <td< td=""><td>Total</td><td>\$ 271,867</td><td>\$</td><td>178,642</td><td>\$</td><td>400,775</td><td>\$</td><td>401,075</td><td>\$</td><td>397,853</td></td<>	Total	\$ 271,867	\$	178,642	\$	400,775	\$	401,075	\$	397,853				
Salaries Part-Time \$ 8,759 \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ 17,745 \$ - \$ - \$ 17,745 \$ 56,126 \$ 31,646 \$ 58,947 \$ 45,503 \$ 56,126 Auto Depreciation \$ - \$ 4,319 \$ 8,090 \$ 6,374 \$ 5,388 7ravel \$ 12,216 \$ 31,646 \$ 37,500 \$ 32,000 \$ 32,000 \$ 30,000 \$ 47,000 Board Expense \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 14,000 \$ 1	EXPENSES													
Housing \$ - \$ 29,534 \$ - \$ 17,745 \$ Employee Benefits \$ 29,210 \$ 48,274 \$ 58,947 \$ 45,503 \$ 56,124 Auto Depreciation \$ - \$ 4,319 \$ 8,090 \$ 6,374 \$ 5,380 Travel \$ 12,216 \$ 31,646 \$ 37,500 \$ 35,000 \$ 32,000 Magazine Expense \$ 10,310 \$ 46,946 \$ 55,000 \$ 48,000 \$ 47,000 Board Expense \$ 1,406 \$ 17,541 \$ 12,000 \$ 14,000 \$ 14,000 \$ 14,000 Promotion \$ 20,971 \$ 21,684 \$ 22,000 \$ 30,000 \$ 22,000 Office Expense \$ 6,471 \$ 8,447 \$ 7,000 \$ 7,000 \$ 27,059 \$ 26,950 Interest \$ - \$ 9,254 - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,500 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,500 Publication \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 6,500 \$ 2,600 \$ 55 <	Salaries	\$ 65,992	\$	125,389	\$	169,274	\$	147,683	\$	148,879				
Employee Benefits \$ 29,210 48,274 58,947 45,503 56,124 Auto Depreciation - \$ 4,319 8,090 6,374 5,3800 35,000 32,000 Magazine Expense 12,216 31,646 37,500 \$ 35,000 \$ 22,000 Magazine Expense 1,406 17,541 12,200 \$ 14,000 \$ 22,000 \$ 30,000 \$ 22,000 \$ 30,000 \$ 22,000 \$ 14,000 \$ 14,000 \$	Salaries Part-Time	\$ 8,759	\$	-	\$	-	\$	-	\$	-				
Employee Benefits \$ 29,210 48,274 58,947 45,503 56,124 Auto Depreciation - \$ 4,319 8,090 6,374 5,38,00 35,000 32,000 Magazine Expense 112,216 \$ 11,646 37,500 35,000 42,000 446,946 55,000 48,000 47,000 14,000 1,000 1,000 <	Housing	\$ -	\$	29,534	\$	-	\$	17,745	\$	-				
Auto Depreciation \$ - \$ 4,319 \$ 8,090 \$ 6,374 \$ 5,386 Travel \$ 12,216 \$ 31,646 \$ 37,500 \$ 35,000 \$ 32,000 Board Expense \$ 1,406 \$ 17,541 \$ 12,000 \$ 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 14,000 1,000 14,000 1,000 1,000 14,000 14,000 14,000 14,000 14,000 1,000 14,000 14,000	Employee Benefits	\$ 29,210	\$	48,274	\$	58,947	\$	45,503	\$	56,128				
Travel \$ 12,216 \$ 31,646 \$ 37,500 \$ 35,000 \$ 32,000 Magazine Expense \$ 10,310 \$ 46,946 \$ 55,000 \$ 48,000 \$ 47,000 Board Expense \$ 1,406 \$ 17,541 \$ 12,000 \$ 14,000 \$ 14,000 Promotion \$ 20,971 \$ 21,684 \$ 22,000 \$ 30,000 \$ 22,000 Office Expense \$ 6,471 \$ 8,447 \$ 7,000 \$ 7,000 \$ 8,500 Interest \$ - \$ 9,254 \$ 7,000 \$ 7,000 \$ 26,950 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 25,000 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,300 \$ 1,3500 Legal \$ 2,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 35,000 Legal \$ 598 \$ 20 \$ 1,500 \$ 1,000 \$ 1000 \$ 1,000 \$ 1000	Auto Depreciation	\$ -	\$	4,319	\$	8,090	\$	6,374	\$	5,388				
Magazine Expense \$ 10,310 46,946 55,000 48,000 47,000 Board Expense \$ 1,406 17,541 12,000 14,000 \$ 20,971 21,684 22,000 30,000 22,000 30,000 22,000 30,000 22,000 30,000 45,00 22,000 30,000 26,424 27,059 26,950 26,424 27,059 26,950 26,424 27,059 26,950 26,424 27,050 26,950 26,424 27,050 26,950 26,424 27,059 26,950 26,424 27,050 26,950 26,424 27,050 26,950 26,424 27,050 26,950 24,439 3,000 24,000 3,500 24,000 3,500	Travel	\$ 12,216	\$	31,646	\$	37,500	\$	35,000	\$	32,000				
Board Expense \$ 1,406 \$ 17,541 \$ 12,000 \$ 14,000 \$ 14,000 Promotion \$ 20,971 \$ 21,684 \$ 22,000 \$ 30,000 \$ 22,000 Office Expense \$ 6,471 \$ 8,447 \$ 7,000 \$ 7,000 \$ 22,000 Interest \$ - \$ 9,254 Rent \$ 5,000 \$ 26,980 \$ 26,424 \$ 27,059 \$ 26,956 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,500 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 756 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 24,000 \$ 13,500 Legal \$ 5988 20 \$ 1,500 \$ 1,000 \$ 1000 \$ 5000 Bank Fees \$ 486 219 \$ 100 \$ 1,000 \$ 1000 \$ 5000 Postage \$ 1,193 \$ 2,663 \$ 2,000 \$ 1,500 \$ 2,500 Postage \$ 1,193 \$ 2,663 \$ 2,000 \$ 1,500 \$ 2,500 Miscellaneous \$ 190 814 \$ 1,000 \$ 1,000 \$	Magazine Expense	\$ 10,310	\$	46,946	\$	55,000	\$	48,000	\$	47,000				
Office Expense \$ 6,471 \$ 8,447 \$ 7,000 \$ 8,500 Interest \$ - \$ 9,254 \$ 27,059 \$ 26,950 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,6950 Publication \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,6950 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,500 \$ 2,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 8,000 \$ 6,500 Legal \$ 598 20 \$ 1,500 \$ 1,000 \$ 100 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,500 Postage \$ 1,193 2,063 2,000 \$ 5	Board Expense	\$ 1,406	\$	17,541	\$	12,000	\$	14,000	\$	14,000				
Interest \$ - \$ 9,254 Rent \$ 5,000 \$ 25,980 \$ 26,424 \$ 27,059 \$ 26,956 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 26,956 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 7,500 \$ 26,956 Publication \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 \$ 4,000 \$ 13,500 \$ 40,000 \$ 13,500 \$ 40,000 \$ 43,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 7,500 \$ 100 \$ 1000 \$ 1000 \$ 1000 \$ 1000 \$ 1000 \$ 7,500 \$ 65,000 \$ 7,500 \$ 8,5000 </td <td>Promotion</td> <td>20,971</td> <td>\$</td> <td>21,684</td> <td>\$</td> <td>22,000</td> <td>\$</td> <td>30,000</td> <td>\$</td> <td>22,000</td>	Promotion	20,971	\$	21,684	\$	22,000	\$	30,000	\$	22,000				
Interest \$ - \$ 9,254 Rent \$ 5,000 \$ 25,980 \$ 26,424 \$ 27,059 \$ 26,956 Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 26,956 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 7,500 \$ 26,956 Publication \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 \$ 4,000 \$ 13,500 \$ 40,000 \$ 13,500 \$ 40,000 \$ 43,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 65,000 \$ 7,500 \$ 100 \$ 1000 \$ 1000 \$ 1000 \$ 1000 \$ 1000 \$ 7,500 \$ 65,000 \$ 7,500 \$ 8,5000 </td <td>Office Expense</td> <td>\$ 6,471</td> <td>\$</td> <td>8,447</td> <td>\$</td> <td>7,000</td> <td>\$</td> <td>7,000</td> <td>\$</td> <td>8,500</td>	Office Expense	\$ 6,471	\$	8,447	\$	7,000	\$	7,000	\$	8,500				
Printing \$ - \$ 2,439 \$ 3,000 \$ 4,500 \$ 2,500 Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 755 Training & Education \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 8,000 \$ 6,500 Legal \$ 598 \$ 20 \$ 1,500 \$ 1,000 \$ 1,000 \$ 1000 Bank Fees \$ 486 \$ 219 \$ 100 \$ 1,000 \$ 1000 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 1000	Interest	•	\$	9,254										
Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 756 Training & Education \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 24,000 \$ 13,500 Legal \$ 7,080 \$ 5,919 \$ 8,000 \$ 1,500 \$ 1,000 \$ 50 Bank Fees \$ 486 \$ 219 \$ 100 \$ 1,000 \$ 1,000 \$ 100 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,855	Rent	5,000	\$	25,980	\$	26,424	\$	27,059	- \$	26,958				
Publication \$ - \$ 1,281 \$ 1,000 \$ 1,000 \$ 756 Training & Education \$ 12,944 \$ 19,957 \$ 38,000 \$ 24,000 \$ 13,500 Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 24,000 \$ 13,500 Legal \$ 7,080 \$ 5,919 \$ 8,000 \$ 1,500 \$ 1,000 \$ 50 Bank Fees \$ 486 \$ 219 \$ 100 \$ 1,000 \$ 1,000 \$ 100 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,855	Printing	\$ -		2,439	\$	3,000	\$	4,500	\$	2,500				
Auditing \$ 7,080 \$ 5,919 \$ 8,000 \$ 8,000 \$ 6,500 Legal \$ 598 \$ 20 \$ 1,500 \$ 1,000 \$ 50 Bank Fees \$ 486 \$ 219 \$ 100 \$ 1,000 \$ 100 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Publication	\$ -		1,281	\$	1,000	\$	1,000		750				
Legal \$ 598 \$ 20 \$ 1,500 \$ 1,000 \$ 50 Bank Fees \$ 486 \$ 219 \$ 100 \$ 1,000 \$ 100 Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Training & Education	12,944	\$	19,957	\$	38,000	\$	24,000		13,500				
Bank Fees \$ 486 219 100 1,000 2,000 2,400 2,400 2,500 2,400 2,500 2,500 2,500 2,500 3,061 12,870 5,000 7,500 8,500 Miscellaneous 190 814 1,000 1,000 100 100 Total 196,464 416,705 456,435 430,264 397,853	Auditing	\$ 7,080	\$	5,919	\$	8,000	\$	8,000		6,500				
Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Legal	\$ 598		20		1,500		1,000		50				
Telephone Expense \$ 577 \$ 2,109 \$ 600 \$ 2,400 \$ 2,500 Postage \$ 1,193 \$ 2,063 \$ 2,000 \$ 1,500 \$ 2,500 Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Bank Fees	\$				100		1,000		100				
Equipment \$ 13,061 \$ 12,870 \$ 5,000 \$ 7,500 \$ 8,500 Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Telephone Expense	\$								2,500				
Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Postage	\$ 1,193	\$	2,063	\$			1,500	\$	2,500				
Miscellaneous \$ 190 \$ 814 \$ 1,000 \$ 100 Total \$ 196,464 \$ 416,705 \$ 456,435 \$ 430,264 \$ 397,853	Equipment	\$ 13,061	\$	12,870	\$		\$	7,500	\$	8,500				
	Miscellaneous	190	\$	814	\$	1,000	\$	1,000	\$	100				
\$ 75,403 \$ (238,064) \$ (55,660) \$ (29,189) \$ -	Total	\$ 196,464	\$	416,705	\$	456,435	\$	430,264	\$	397,853				
		\$ 75,403	\$	(238,064)	\$	(55,660)	\$	(29,189)	\$	-				

FWB FOUNDATION Salaries & Benefits

William Evans Salary Housing/Utilities Soc Security/Medicare Christmas Check Retirement Hospitalization Insurance Life Insurance	\$35,738.00 \$29,534.00 \$11,716.00 \$1,512.00 \$4,627.00 \$4,775.00	William Evans (7 Months) Salary Housing/Utilities Soc Security/Medicare Christmas Check	\$21,473.00 \$17,745.00	David Brown Salary	\$69.879.00	
Housing/Utilities Soc Security/Medicare Christmas Check Retirement Hospitalization Insurance	\$29,534.00 \$11,716.00 \$1,512.00 \$4,627.00	Housing/Utilities Soc Security/Medicare		Salary	\$c0 970 00	1
Housing/Utilities Soc Security/Medicare Christmas Check Retirement Hospitalization Insurance	\$29,534.00 \$11,716.00 \$1,512.00 \$4,627.00	Housing/Utilities Soc Security/Medicare				3,00%
Soc Security/Medicare Christmas Check Retirement Hospitalization Insurance	\$11,716.00 \$1,512.00 \$4,627.00	Soc Security/Medicare		Housing/Utilities	\$0.00	1
Christmas Check Retirement Hospitalization Insurance	\$1,512.00 \$4,627.00		\$7.039.00	Soc Security/Medicare	\$5,345.74	
Retirement Hospitalization Insurance	\$4,627.00		\$908.00	Christmas Check	\$0.00	
Hospitalization Insurance		Betirement	\$2,745.00	Betirement	\$3,493,95	
		Hospitalization Insurance	\$2,785.00	Hospitalization Insurance	\$14,149.68	
	\$756.00	Life Insurance	\$441.00	Life Insurance	\$193.80	1
Dental	\$303.00	Dental	\$177.00	Dental	\$923.40	
Disability	\$389.00	Disability	\$227.00	Disability	\$412.29	1
-	\$89,350.00	-	\$53,540.00	Cisacing	\$94,397.86	
						·
David Brown		David Brown		Richard Davis		1
Salary	, \$52,530.00	Salary	\$59.830.00	Salary	\$50,000.00	8.00%
Soc Security/ Medicare	\$4,019.00	Soc Security/ Medicare	\$4,576.00	Soc Security/ Medicare	\$3,825.00	
Retirement	\$3,677.00	Retirement	\$4,188.00	Retirement	\$2,500.00	1
Hopitalization Insurance	\$12,739.00	Hopitalization Insurance	\$12,739.00	Hopitalization Insurance	\$14,149.68	1
Life Insurance	\$198.00	Life Insurance	\$198.00	Life Insurance	\$193.80	1.1
Dental Insurance	\$750.00	Dental Insurance	\$750.00	Dental Insurance	\$923.40	
Disability Insurance	\$313.00	Disability Insurance	\$357.00	Disability Insurance	\$295.00	
	\$74,226.00		\$82,638.00		\$71,886.88	
Dotty Moore	· ·	Dotty Moore		Dotty Moore		ļ
Salary	\$26,960.00	Salary	\$27,769.00	Salary	\$29,000,00	4.439
Soc Security/ Medicare	\$2,062.00	Soc Security/ Medicare	\$2,124,00	Soc Security/ Medicare	\$2,218.50	1
Retirement	\$1,348.00	Betirement	\$1,388,00	Betirement	\$1,450.00	1
Hopitalization Insurance	\$4,775.00	Hopitalization Insurance	\$4,775.00	Hopitalization Insurance	\$4,916.52	
Life Insurance	\$134.00	Life Insurance	\$134.00	Life Insurance	\$133.80	1
Dental Insurance	\$303.00	Dental Insurance	\$303.00	Dental Insurance	\$350.52	
Disability Insurance	\$161.00	Disability Insurance	\$161.00	Disability Insurance	\$171.10	
•••••••••••••••••••••••••••••••••••••••	\$35,743.00		\$36,654,00		\$38,240,44	
		Richard Davis (8 months)				
		Salary	\$30,664.00			1
	1	Soc Security/ Medicare	\$2,345.80			1
	1	Retirement	\$1,533.20	1	¢.	1
÷		Hopitalization Insurance	\$3,183.00			
		Life Insurance	\$89.00			1
	· .	Dental Insurance	\$101.00			1
		Disability Insurance	\$183.00	·]		1
			\$38,099.00			
Total Salaries	\$199,319.00	Total Salaries	\$210,931.00	Total Salaries	\$204,525.18	

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 opportunities arise, to conduct seminars on subjects which are pertinent to the purpose of the commission.

We have been having an annual Theological Symposium since the Fall of 1996.On October 23-24, 2006, we sponsored our ninth Theological Symposium. It met at Free Will Baptist College in Nashville, Tennessee. Papers were read on a variety of subjects. Interest was good. The Theological Symposium for 2007 will be conducted at Hillsdale Free Will Baptist College in Moore, Oklahoma. It will begin Monday evening, October 22 and go through Tuesday evening October 23.

At the National Association in 2000, we introduced the first issue of *Integrity: A Journal* of *Christian Thought*. The publication of the *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.

The third issue of *Integrity: A Journal of Christian Thought* was mailed to our pastors and denominational leaders in the fall of 2006. For this issue, Dr. Paul Harrison served as Editor-in-Chief. Dr. Robert Picirilli served as Associate Editor. We are encouraged by the good response from our people.

The fourth issue of *Integrity: A Journal of Christian Thought* is scheduled to come out in 2008. Dr. Robert Picirilli is serving as Editor-in-Chief. Dr. Darrell Holley is serving as the Associate Editor.

At present, we are involved in a joint-project with Randall House. This book will be edited by Dr. J. Matthew Pinson. Dr. Pinson will work closely with Randall House. This book will address issues like: Postmodernism, Terrorism, Theology of Pop Culture, Homosexuality/Gay Marriage, Pornography, Inerrancy of the Scriptures, and Abortion.

It has been a longstanding practice for the Theological Commission to sponsor a seminar on areas of concern at the annual meeting of the National Association of Free Will Baptists. This year's seminar on "Responding to the Emerging Church" will be conducted by Matt Pinson. It is scheduled on Monday afternoon 1:00-2:30 at the Robinson Center Exhibit Level 1. It will be interesting to hear a well-studied and well-reasoned presentation on a subject that has gained so much attention and has created so much concern.

We thank you for the privilege of serving you.

In His Service,

Leroy Forlines, Chairman Paul Harrison, Secretary Matt Pinson Steve Ashby Craig Shaw

2006 Commission for Theological Integrity Financial Report

Bank Balance - January 1, 2006	÷.		\$7,609.88
Commission Income The Together Way Interest on Bank Account Theological Symposium Papers Other Gifts		\$3,098.15 6.88 160.00 <u>306.07</u>	an An An Maria
Total Income			3,571.10
and the second			
Commission Expenses			
Bookkeeping	· .	400.00	
Convention Speaker/Digest of Reports		1,502.90	
Annual Meeting and Symposium Expenses		1,167.40	
Miscellaneous Office Expenses		2.34	
Total Commission Expenses		3,072.64	
Journal Expenses		<u>4,716.62</u>	
Total Expenses	$x \in Y^{(1)}$		7,789.26
Bank Balance - December 31, 2006	14. j. 24.		\$3,391,72

2008 Commission for Theological Integrity Budgets

	2006 Budget	2006 Actuals	2007 Budget	2008 Budget
Income				
Gifts	\$500.00	\$306.07	\$400.00	\$400.00
Interest Income	25.00	6.88	25.00	20.00
Journal Income	0.00	0.00	0.00	3,000.00
Theological Symposium Papers	800.00	160.00	300.00	300.00
Together Way Plan	3,000.00	<u>3,098.15</u>	3,300.00	<u>3,500.00</u>
Total Income	4.325.00	<u>3.571.10</u>	<u>4.025.00</u>	7.220.00
Expenses				
Annual Meeting	1,600.00	1,167.40	1,850.00	1,120.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	1,000.00	4,716.62	550.00	4,500.00
National Convention	600.00	1,502.90	600.00	700.00
Office	125.00	2.34	125.00	100.00
Theological Symposium Printing	<u>600.00</u>	<u>0.00</u>	<u>500.00</u>	<u>400.00</u>
Total Expenses	\$4.325.00	<u>\$7.789.26</u>	<u>\$4.025.00</u>	<u>\$7,220.00</u>

Historical Commission Report

The Historical Commission plans to publish the third in a series of historical pamphlets in time for distribution at the 2008 national convention. The pamphlet, "Free Will Baptists and the Priesthood of the Believer," will be written by Matt Pinson, president of Free Will Baptist Bible College.

The Commission's first two pamphlets in the Heritage Series, "The Washing of the Saints' Feet" and "The Perseverance of the Saints," are available and can be purchased through Randall House Publications. The pamphlets are printed in a reader-friendly $5\frac{1}{2} \times 8\frac{1}{2}$ format. Contact Randall House for packaging and pricing.

After consulting with President Pinson regarding Free Will Baptist Bible College's relocation plans, the Commission voted to increase its \$20,000 commitment to help furnish a History Room on the new campus to \$25,000. The Commission will also lend its support to the college's efforts to raise additional funds that may be needed to equip the History Room.

The Commission is preparing a "Collection Development Policy" which will clarify what materials will be collected and placed in the Historical Collection.

Through the ongoing volunteer efforts of Commission member Robert Picirilli, more volumes of national and state periodicals were bound this year and placed in the Historical Collection.

Historical Commission Financial Report

Balance on hand (checking at AmSouth) 12/31/2005	\$14,882.21
Deposits Together Way\$2,762.27 Interest (AmSouth Bank)72.13 Sales (Feet Washing pamphlet)287.50 Total	\$3,121.90
Expenditures 2006 Digest of Reports	\$6,100.23
Balance in bank (checking at AmSouth) 12/31/2006	\$11,903.88
Trust Fund at FWB Foundation, 12/31/2006	\$24,601.54
Total on hand, 12/31/2006	\$36,505.42

2008 Historical Commission Budget

Income	
Gifts (Together way)\$3,000	
Interest\$100	
Sale of Pamphlets\$500	
Total	\$3,600
$e^{-i\omega t} = e^{-i\omega t} e^$	
Expenses	
Books, Materials, Labor\$1,000	
Pamphlet Project \$1,800	
Research Grant\$250	
Travel\$500	
2007 Digest of Reports\$50	
Total	\$3,600

Music Commission Report

The Music Commission has been active in planning the music for the 2007 National Convention in Little Rock, AR. The commission held its annual meeting at the Free Will Baptist Executive Office on January 18-19, 2007. The following agenda was presented by Chris Truett, Music Commission Chairman:

I. Evaluate and discuss the 2006 National Convention music

- A. Evaluated all aspects of the 2006 convention music.
- B. Met with Executive Secretary Keith Burden and Roy Harris, Executive Administrator, and evaluated the 2006 convention music.

II. Update details on reprinting The FWB Hymn Book: Rejoice.

III. Plan the music program for the 2007 National Convention

A. Discussed preliminary information

- B. Selected worship leaders
- C. Selected choir songs
- D. Selected special music

IV. Discuss future projects and vision for the commission

A. 2007 Music Commission project consists of three different seminars to be presented at the 2006 national convention:

- Projection Systems 101 How to effectively use a projection system in your church – "Projecting Worship On A Small Budget" presented by Bryan Hughes
- 2. "Practical Improvisation for the Church Pianist" presented by James Stevens
- 3. "Practical Improvisation for the Advanced Church Pianist" presented by James Stevens
- B. The development of a national music ministry website where church musicians can join and network with other FWB musicians for gathering resources and ideas. The website is being developed by the Music Commission and Mike Shute, worship leader for Horse Branch FWB Church, Turbeville, SC.
- C. The Commission has a heart for helping local churches develop their music and worship ministries. Some of the members are involved in helping churches by presenting music and worship workshops. They place practical ideas and resources into the hands of our churches providing Christ-centered, passionate, and organized music and worship. Commission members are eager to assist local churches.

V. Conclusion

We would like to thank all who contributed to the music of the 2007 National Convention. It is a joy to see and hear God's people praise Him in song. God does not need our worship; He desires it. We must learn that worship is not about music. It is a vehicle to carry us to the throne of God. The best definition of worship is Paul's referral to a "living sacrifice" in Romans 12:1-2.

The Commission encourages more people to participate in the convention music program. A schedule is printed each year in *ONE Magazine*. Make plans to be involved next year in Charleston, WV. Encourage others to use their talents for the Kingdom.

Respectfully submitted, The Free Will Baptist Music Commission

Chris Truett, Chairman Donnie Burke Daron Dwyer Doug Little James Stevens MUSIC COMMISSION FINANCIAL SUMMARY 2006

Beginning Ba	alance (01/01/2006)					\$3,047.33
To 20 Co	ogether Way (undesignated) ogether Way (designated) 005 Rest of the Family Offering onvention Booth/Workshops ther gifts	\$ \$ \$ \$ \$ \$	13.14 1,731.80			\$ 7,273.03
C	leetings Annual meeting Convention meeting onvention Pre-convention planning Convention musicians Booth expenses Digest of Reports/Truck ffice Expenses Contents insurance Postage Phone Funeral flowers	\$\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1,807.85 114.19 1,083.53 1,200.00 876.85 164.87 22.10 2.04 47.70	\$ \$	1,922.04 3,325.25 71.84	\$ 5,319.13
Ending Balar	nce (12/31/2006)					\$5,001.23

MUSIC COMMISSION BUDGET COMPARISONS

		20	06 Budget	2006 Actual		20	07 Budget	20	08 Budget
Income	Together Way (undesignated) Together Way (designated) Rest of the Family Offering Convention Booth/Wkshop Other TOTALS	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,000.00 500.00 1,000.00 3,500.00	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,288.54 1,194.60 13.14 1,731.80 2,044.95 7,273.03	\$\$\$\$	2,500.00 1,500.00 25.00 1,000.00 - 5,025.00	***	2,600.00 1,500.00 25.00 2,000.00 250.00 6,375.00
Expense	Meetings Convention Office Expenses	\$ \$ \$	1,500.00 1,500.00 500.00	\$ \$ \$	1,922.04 3,325.25 71.84	\$ \$ \$	1,275.00 3,700.00 50.00	\$ \$ \$	1,850.00 4,200.00 325.00
	TOTALS	\$	3,500.00	\$	5,319.13	\$	5,025.00	\$	6,375.00

Statistical Report Reporting Period 2006

	Associations	Nimher Renorting	Churches		City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2005 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2006 Membership	Reported 2006 Membership	Combined Income of All Churches
		erenterne La la la la	1	numon and	<u>.</u>					Paper sonstering		grunn and				
Alabama	13	13	140	8	50	90	50	43	214	14,094	495	321	174	14,268	13,427	3,335,709
Arizona	1	1	7		S	2	5	2	15	134	32	12	20	154	155	382,183
Arkansas	15	15	206			111	90	96	459	19,441	996	411	585	20,026	19,404	15,098,921
Assoc. of Mexico	7	7	43	43	22	21	0	43	18	1,168	34		33	1,201	1,201	5,909
California	7	7	53	· 동안 나라는 것을	51	2	36	8	322	2,462	163	145	18	2,480	2,520	0
Canada	0	0	11	11	3	8	6	4	18	470	29	8	21	491	330	444,160
Colorado	1	1			6		6	1	30	257	51	26	25	282	282	383,378
Florida	9	9	* **		39	26	33	25	119	6,039	248	214	34	6,073	5,391	2,516,272
Georgia	10	10	117	115	38	79	75	33	241	8,958	497	271	226	9,184	8,561	6,863,515
Hawaii	0	0	1			0	1	0	0	38	0	0	0	38	0	0
Idaho	2	2	9	18 A.	9	0	4	5	18	285	21	19	2	287	302	237,207
Illinois	7	7	40		24	16	20	12	127	3,634	151	98	53	3,687	3,148	2,810,190
Indiana	3	3	26	26	18	8	0	0	0	831	0	0	0	831	0	0
lowa '	1	1	2		2	0	2	0	3	0	3	2	1	1,000	75	112,000
Kansas	2	2	9		9	0	5	3	26	475	77	11	66	541	432	269,477
Kentucky	10	10	128	128	. 34	94	32	96	248	15,632	683	508	175	15,807	15,054	2,616,342
Mid-Atlantic Assoc.	1		6	3	2	4	3	0	8	571	2	1	1	572	223	335,045
Mexico Assoc.	4	4	23	23	18	5	10	13	0	2,300	80	0	80	2,380	2,380	26,800
Michigan	5	5	40	39	33	7	29	11	259	4,026	188	- 99	89	4,115	3,920	2,875,011
Mississippi	3	3	48		13	35	33	12	105	3,086	204	95	109	3,195	3,086	2,265,596
Missouri	19	18	174			88	81	72	470	12,811	513	247	266	13,077	10,233	9,153,094
Montana*	0	0	0		0	0	0	0	0		0	0	0	. 0	0	0
New Jersey	1	61	2		0	2	1	1	7	61	2	2	0	61	64	0
New Mexico	1	1	3		2	1	1	2	0		0	(D	0	0	0	0
North Carolina	8	8	180	165	94	86	149	15	1,084	13,047	1,406	604	802	13,849	23,234	12,036,519
Northeast Assoc.	1	1	4		2	2	4	0	12	225	45	8	37	262	225	0
Northwest Assoc.	1	1	6		6	0	4	2	17	284	18	6	12	296	217	195,065
Ohio	20	19	159	155		89	67	86	658	10,121	672	621	51	10,172	10,589	8,985,939
Oklahoma	24	24	232		156	76	140	78	676	17,955	1,219	559	660	18,615	16,695	16,542,122
Puerto Rico*	0	0	0	1. Sec. 1. Sec	0	0	0	0	0		0	0	0	0	0	, 0
South Carolina	6	6	122		69	53	98	24	367	4,995	458	205	253	5,248	4,962	4,263,572
South Dakota*	0	0	0		0	0	0	0	0		0	0	0	0	0	0
Tennessee	8	8	213		100	113	92	87	774	19,499	935	266	669	20,168	20,043	9,392,657
Texas	6	5	49	48	29	20	25	22	133	2,485	408	81	327	2,812	2,475	2,003,425
Virgin Islands	0	0	0		0	0	0	0	0	202	0	0	0	202	0	0
Virginia	8	8	88	83	32	56	37	51	188	4,644	377	131	246	4,890	4,782	4,773,104
West Virginia	21	21	173	173	23	150	87	86	428	8,403	0	357	-357	8,046	8,046	9,888,453
Wisconsin	0	0	1		1	0	1	0	0	26	1		0	26	34	39,203
TOTALS	225	222	2,387	2,259	1,142	1,245	1,227	933	7,044	178,659	10,008	5,330	4,678	183,337	181,490	117,850,868

*Did not report

Statistical Report Reporting Period 2006

Page 2

	Churches With Budgets	Parsonages	Value of Church & Parsonage	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Sunday School Enroliment	CTS Enrollment	WNAC Enroliment	Master's Men Enrollment	Vallue of Associational Property
Alabama	15	37	21,690,103	214	29	379	,	6	5	0	0			Birdenkortoreg Hiris Laris S		
Arizona	4	2	2,790,000	- 10-11. T. T. T. L. S	29		6	0	0	25	0	6,340	615	546	90	1,006,827
Arizona Arkansas	47	52		8	51	452	0 4	5	5	0	0	128	81	29	14	0
Assoc. of Mexico	-1/ 0	22 9	72,331,941 840.827	319		410111						10,640	2,188	966	189	1,207,811
California	0	9	040.627	21 75	18 18	64	0 3	0 8	0 9	0	0	600	0	200	0	600,000
Canada	4	2	2,409,915	- Biolaina ng	13	0	3	8 0	9	1	1 0	2,573	70	158	97	0
Colorado	2	0	2,409,915	6	1	3	0	0	0	0		289	0	51	0	0
Florida	27	30	21,251,583	10 92	17	106	4		1	0	0	270	0	29	21	0
Georgia	53	61	36,928,737	139	25	360	2		ż	0		2,182	309	343	196	0
Hawaii	- 1	01	1,151,900	2	1	360	2	2	0	0	1	4,877	943	686	136	168,000
nawau Idaho	ż		1,131,900	Hildren - H	1	「純白」に「「論	1	1	1	A.C. 183	0	29	0	0	3	0
Illinois	19	11		13 55	5		0	- 680 C - 68	1	0 1	0	191	-	8	0	0
Indiana	0	0	9,118,500 0	2) 45	0	82 0	0	1	0	Sec. 1	0	1,609	262	208	47	1,000,000
lowa	2	1	1,500,000	4) 3	0	5	0	0	0	0	0	0 60	0	0 12	0	0
Kansas	ó	Ő	2,271,630	1	4		0	Ŏ	0	0	0		0	12 9	0	0
Kentucky	17	4	25,671,000	397	20	369	3	1	1	0	0	246 9,449		1,499	25 176	0
Mid-Atlantic Assoc		2	23,071,000		20	309	0	0	0	0	0		1,297			
Mexico Assoc	8	1	0	0	0	0	0	0	0	0	0	133 0	0	0 0	0	0
Michigan	16	11	29,123,900	71	11	47	2	1	1	0	0	1267 See 💱	152		0 88	145,000
Mississippi	14	25	29,123,900	55	2	136	1	2	2		0	1,763 2,194	576	281 184	88 170	0
Missouri	51	35	84,696,798	261	51	308	i	1	í	firm 1	0	6,509	657	554		1.824.336
Montana*	0	0	04,070,795 D	201	1	0	0	0	0	1 0	0	6,509 0	0) 0	153 0	8 Gr. 1
New Jersey	ő	0	382,000		0	0	0	ŏ	0	0	0	30	0	0	0	0
New Mexico	ő	2	562,000		0	2	0	0	0	0	0	υς 0	0	U O	0	0
North Carolina	90	54	15,604,405	316	56	545	8	8	9	1	1	16,645	812	1,532	412	8,000
Northeast Assoc.	0		13,004,403 0	310	0	343	Ô	• •	ž	0	0	10,043	512	1,552	412	8,000
Northwest Assoc.	1	0	2,977,130	7	3	7	0	ŏ	1	0	0	173	20	21	17	o a
Ohio	39	27	50,466,720	361	36	261	0	0	2	0	0	8,024	439	614	329	0
Oklahoma	45	52	98,016,355	370	56	474	3	N ₃	6	Ő	1	12,402	1,492	1,259	225	20,500,000
Puerto Rico*	0	0	0	0	0	0	ő	Ó	ő	, U	0	12,402	1,452	•,2,39	0	20,500,600
South Carolina	ő	32	39.889.121	132	9	147	6	6	6	4	0	3,322	904	542	252	1,785,000
South Dakota*	ŏ	Ō	33,007,121	0	0	0	0	0	ő	0	0	3,322	904 0	542	252	1,785,000
Tennessee	56	61	70,613,600	373	81	491	2	0	2	2	1	12,504	1,962	1,067	323	0
Texas	23	17	16,493,198	57	10	65	1	0	1	2 0	0	12,504	1,962	1,007	523	0
Virgin Islands	0	0	10,473,120	0	0	0	Ó	C	ò	0	0	1,070 0	ددا 0	۲۵۲ 0	0/	0
Virginia	17	8	27,549,792	172	25	203	2	2	4		1	4,206	747	361	94	Ū
West Virginia	13	10	22,912,000	411	14	205	1	1	1	0	0	4,206	553	540	182	200,000
Wisconsin	1	0	500,000		1	0	0	0	ò	0	0	27	333	0	182	200,000
	•		300,000		'	v	v		v		Y	41	0		U	.
TOTALS	570	550	677,993,073	4,011	550	4,802	50	51	63	12	6	115,764	14,234	11,856	3,306	28,444,974

*Did not report