

# 2009 FREE WILL BAPTIST YEARBOOK



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**National Association of Free Will Baptists, Inc.**

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# Minutes of the Seventy-second Annual Session of the National Association of Free Will Baptists, Inc. when convened in Charleston, West Virginia July 20-23, 2008

## Future Sessions of the Convention

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
2018	Little Rock, Arkansas	July 15-18

## Officers and Board Members

### General Officers

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

### General Board

#### 2009

North Carolina: Billy Keith  
Northeast Dist.: Jim Nason  
Northwest Dist.: Brent Nix  
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: George Harvey, Jr.  
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

#### 2011

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

### 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

#### 2009

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

#### 2010

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

#### 2011

Chris Clay (IN)  
Gary Fry (MO)  
J.L. Gore (MS)

### Board of Trustees of Free Will Baptist Bible College

**Chairman:** Terry Pierce, 763 CR 931, Tupelo, MS 38804

#### 2010

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

#### 2012

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

#### 2014

Bob Bass (TN)  
Richard Hendrix (AL)  
Rusty Russell (NC)



### Board of International Missions

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

#### 2010

Sherwood Lee (SC)  
Tom McCullough (MI)  
Danny Williams (AL)

#### 2012

Nelson Henderson (AR)  
Jerry Norris (MO)  
Randy Wilson (OK)

#### 2014

Paul Creech (GA)  
Jeff Manning (NC)  
Rob Morgan (TN)

### 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

Jack Daniel (GA)  
William Ferguson (MI)  
James Lowe (OH)

#### 2011

Ron Barber (OK)  
Tim Hall (KY)  
Milburn Wilson (TX)

#### 2013

Rick Cason (GA)  
Craig Cook (TN)  
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

#### 2009

Len Blanchard (GA)  
Rick Locklear (MI)  
Phil Whiteaker (AR)

#### 2011

Waymon Fields (AL)  
Mark Price (OH)  
Melvin Worthington (NC)

#### 2013

Brian Hurst (TN)  
Donnie Miles (SC)  
Wendell Walley (CA)

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

### Board of Randall House Publications

Chairman: Michael Waddell, 1980 CR 112, Florence, AL 35633

#### 2010

Tim Eaton (OK)  
Tim Owen (FL)  
Michael Waddell (AL)

#### 2012

Mark Braisher (OK)  
Edwin Hayes (OH)  
David Womack (IL)

#### 2014

Danny Dwyer (NC)  
Steve Lindsey (TN)  
Randy Scott (AR)

### Commission for Theological Integrity

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

#### 2009 Steve Ashby (OK)

#### 2010 Craig Shaw (OK)

#### 2011 Paul Harrison (TN)

#### 2012 Leroy Forlines (TN)

#### 2013 Matt Pinson (TN)

### Historical Commission

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

#### 2009 Robert Picirilli (TN)

#### 2010 Darrell Holley (TN)

#### 2011 Jeff Cockrell (SC)

#### 2012 Jack Williams (TN)

#### 2013 David Crowe (TN)

### Media Commission

Chairman: Keith Fletcher, P.O. Box 17306, Nashville, TN 37217

#### 2009 Keith Fletcher (TN)

#### 2010 Travis Penn (IL)

#### 2011 Monte McKenzie (GA)

#### 2012 Kevin Norris (MI)

#### 2013 Mark Ousley (TN)

### Music Commission

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

#### 2009 Daron Dwyer (NC)

#### 2010 Chris Truett (NC)

#### 2011 Donnie Burke (GA)

#### 2012 Doug Little (TN)

#### 2013 James Stevens (TN)



## Proceedings

The 72nd annual session of the National Association of Free Will Baptists met July 20-23, 2008, at the Charleston Civic Center in Charleston, West Virginia. "Walking in the Light" was the theme of the meeting. Keith Burden served as convention manager and Chris Truett was music coordinator.

### Sunday School – July 20, 2008

Sunday School began at 10:00 a.m. with Gary Goodfellow leading the congregation in singing "Blessed Assurance" and "Great Is Thy Faithfulness." Roger Tolliver led in prayer and introduced the Sunday School teacher. Jim Hutchison taught the lesson from Luke 12:4-12 on "In God We Trust."

### Sunday Morning – July 20, 2008

Morning worship began at 11:00 a.m. with Gary Goodfellow leading the congregation in singing "All Hail The Power," "Glorify Thy Name," and "Majesty." Roger Tolliver led in prayer and called for the offering. The offering was received while Leslie Wright sang "O What A Reason." The congregation sang "Praise Him, Praise Him," "I Sing Praises," and "Because He Lives." Roger Tolliver introduced the speaker and Leslie Wright sang "God Speaking." Ivan Asbury, pastor of Camp Creek Free Will Baptist Church in Huntington, West Virginia, preached on "Walking by Faith" from 2 Corinthians 5:7. "He Leadeth Me" was sung as the invitation and the service dismissed.

### Sunday Evening – July 20, 2008

Evening worship began with the McCorkle Free Will Baptist Church Choir singing "Oh My, My" with "I'll Fly Away" and "The Blood-Bought Church." The Mass Choir under the direction of Donnie Burke sang "We Have Come Into This House." Russell Cooper led as the congregation sang "All Hail The Power" and "Who Can Satisfy." Billy Hanna welcomed the body to Charleston and introduced the Mayor of Charleston, Danny Jones, who brought greetings on behalf of the city. Billy Hanna called for the offering and led in prayer. The McCorkle Free Will Baptist Church Choir sang "Something Happens" as the offertory. "The Days Of Elijah," "Blessed Be The Lord God Almighty," and "I Will Sing Praise" were sung by the congregation. Billy Hanna introduced the speaker and The Georgia Boys Quartet sang "Redemption Draweth Nigh." William Smith, Executive Secretary of the Georgia State Association of Free Will Baptists, brought the message on "Walking in the Spirit" from Galatians 5:16-26. "May The Love Of Jesus" was sung as the invitation. Rebecca Pugh named the committees for WNAC and the service was dismissed.

### Monday Evening – July 21, 2008

Evening worship began with the National YET Team singing "In The Cross Alone I Will Glory." Chad Donoho led the congregation in singing "The Solid Rock," "Forever," "Through It All," and "It Is Well With My Soul." The Mass Choir sang "In Christ Alone" under the direction of Chris Truett. Clerk Randy Bryant called the meeting to order and introduced the moderator, Tim York. The moderator appointed the following committees:

#### Credentials Committee:

Gene Norris (MI), Chairman  
Chris Clay (IN)  
Luther Morgan (WV)  
Paul Smith (FL)  
Rick Cash (AL)

#### Resolutions Committee:

Edwin Hayes (OH), Chairman  
Danny Dwyer (NC)  
Glen Johnson (VA)  
Don Matchett (AR)  
Keith Woody (TX)

#### Nominating Committee:

Gary Fry (MO), Chairman  
Randy Riggs (TN)  
Chris Sturgill (KY)  
Billy Hanna (GA)  
Mike Wade (OK)  
Sherwood Lee (SC)  
David Shores (IL)  
Dennis Kizzire (MS)

#### Obituary Committee:

J.L. Gore (MS), Chairman  
Zane Brooks (KS)  
Millard Sasser (CA)  
George Harvey (AZ)  
Jim Martin (IA)

Jim Cox, Promotional Secretary for West Virginia, welcomed the body to West Virginia. He then called for the offering and prayed the offertory prayer. The Mass Choir sang "It's Still The Cross" for the offertory. "To God Be The Glory," "You Are My King," and "Amazing Grace" were sung by the congregation. Jim Cox introduced the speaker. Jim Christian, pastor of the New Hope Fellowship Free Will Baptist Church in Cocoa, Florida, brought the message on "Walking in Truth" from 3 John 2-8. "Take My Life And Let It Be" was sung as the invitation and the service was dismissed.

### Tuesday Afternoon – July 22, 2008

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought a devotion from Philippians 2:5-11 on "The Example of Christ" 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 from 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. Gene Norris was recognized for his years of service on the Executive Committee. Motion carried to receive the reports and approve the budgets.

Director Ken Akers gave the report for Master's Men. Motion carried to receive the report and approve the budget.

Director Ray Lewis gave the report for the Board of Retirement and Insurance. John Brummitt gave the financial report. Motion carried to receive the report and adopt the budget.

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

The clerk read the Nominating Committee's report for General Board members with terms ending in 2011. Motion made to receive the report and elect the members nominated. Brent Nix was elected to fill the unexpired 2009 term for the Northwest District and George Harvey was elected to fill the unexpired 2010 term for Arizona.

The clerk read the Nominating Committee's report for Executive Committee members with terms ending in 2011. Gary Fry (MO), J.L. Gore (MS), and Chris Clay (IN) were elected.

Motion carried to remove the recommended appendix to Chapter IV, Section 1 of the Treatise from the table. Motion carried to adopt the appendix.

Leroy Forlines gave the report of the Commission for Theological Integrity. Motion carried to receive the report and adopt the budget. Matt Pinson was elected to the 2013 term on the commission.

Jack Williams gave the report of the Historical Commission. Motion carried to receive the report and adopt the budget. David Crowe was elected for the 2013 term.

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

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

Motion carried to table Item 4 of the General Board report until the 2009 convention.



## Tuesday Evening – July 22, 2008

Evening worship began at 7:00 p.m. with the Mass Choir singing, "Through The Fire" under the direction of Chris Truett. Donald Myers led the congregation in singing "How Great Is Our God" and "How Great Thou Art." Larry Powell welcomed the assembly, called for the offering, and led in prayer. The Mass Choir sang "Jesus, What A Savior You Are" as the offertory. "Tis So Sweet To Trust In Jesus," "My Savior's Love," and "My Jesus, I Love Thee" were sung by the congregation. Larry Powell introduced the speaker and The Temple Quartet sang "The Blood Will Never Lose Its Power." Dr. Stanley Outlaw, pastor of Cornerstone Free Will Baptist Church in Murfreesboro, Tennessee, preached from Ephesians 5:15-21 on "Walking Circumspectly." "Have Thine Own Way" was sung as the invitation and the service was dismissed.

## Wednesday Morning – July 23, 2008

The morning business session opened with Assistant Moderator William Smith reading Philippians 2:1-4 and leading in prayer.

Director Larry Powell gave the report of the Home Missions Department. Shane Wilson was presented a plaque and recognized for leading his church to self-supporting status. Motion carried to receive the report and adopt the budget.

President Matthew Pinson gave the report of Free Will Baptist Bible College. Tom Sass gave the financial report. Ralph and Margaret Hampton were recognized with a standing ovation in appreciation of their tenures of service at the college. Archie Ratliff and Gene Outland were presented plaques in appreciation for their 12 years of service on the board. Motion carried to receive the report and adopt the budget. Bob Bass (TN), Rusty Russell (NC), and Richard Hendrix (AL) were elected to the board for 2014 terms.

CEO/ Director Ron Hunter gave the report of Randall House Publications. Clarence Lewis gave the financial report. David Reece was presented a plaque in appreciation for his years of service on the board. Tim Hall from Lexington, Kentucky, was recognized as the Clear Teacher of the Year. Motion carried to receive the report and adopt the budget. Steve Lindsey (TN), Danny Dwyer (NC), and Randy Scott (AR) were elected to the board for 2014 terms.

Tim York gave the report from the committee to evaluate the International Mission's Restructuring Plan and the Together Way Plan. Motion carried to receive the report.

Director James Forlines gave the report of International Missions. Rob Conley gave the financial report. David Williford and Bill Van Winkle were recognized for their 12 years of service on the board. Jerry and Carol Pinkerton were recognized for their 36 years of service in the Ivory Coast. As a tribute to R. Eugene Waddell, his wife, Genevieve, and son, Michael, were presented a Bible and a Christian flag. The establishment of the Eugene and Genevieve Waddell Scholarship Fund for missionary children was announced.

## Wednesday Afternoon – July 23, 2008

The afternoon business session began with Assistant Clerk Ernie Lewis reading Galatians 6:1-10 and leading in prayer.

Director James Forlines resumed the report from International Missions. Motion made and seconded to receive the report, adopt the budget, and endorse the restructured funding plan. Motion carried to amend the motion by including Item 1 from the Resolutions Committee report. The motion, as amended, carried by a vote of 375 for and 58 against. Jeff Manning (NC), Paul Creech (GA) and Robert Morgan (TN) were elected to the board for 2014 terms.

Chris Truett gave the report of the Music Commission. Motion carried to receive the report and adopt the budget. James Stevens (TN) was elected to the 2013 term on the Commission.

Keith Fletcher gave the report of the Media Commission. Motion carried to receive the report and adopt the budget. Travis Penn (IL) was elected to fill the unexpired 2010 term and Mark Ousley (TN) was elected to the 2013

term on the Commission.

Executive Secretary Marjorie Workman gave the report for the Women Nationally Active for Christ. Danita High was introduced as the newly elected Executive Secretary for WNAC. Motion carried to receive the report.

Ron Hunter gave the report for NYC. Motion carried to receive the report.

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

The clerk read Item 2 from the Resolutions Committee report. Motion carried to receive the report.

Executive Secretary Keith Burden gave the report of the Budget Committee. Motion carried to receive the report and adopt the budgets.

The clerk read the report of the Obituary Committee. Motion carried to receive the report. A moment of silence was held in memory of these individuals and J.L. Gore led in prayer.

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. Bill Evans dismissed in prayer.

## Wednesday Evening – July 23, 2008

The evening worship was preceded by a video presentation on "Impact Charleston." The service began with Truth and Peace singing "Every Day, Lord" directed by Angie Deel. Keith Burden welcomed the body. The congregation sang "Take The Name Of Jesus With You" and "Hallelujah, To The Lamb" directed by Ben Crabtree. Home and international missionaries were introduced as the Mass Choir sang "In All The Earth." James Forlines and Larry Powell led in a commissioning service for new missionaries. Randy Wright, chairman of the Home Missions Board, prayed the commissioning prayer. Keith Burden introduced the speaker and called for the offering. Under the direction of Doug Little, the Mass Choir sang "O, What A Savior" as the offertory. Tim York, pastor of the Woodbine Free Will Baptist Church in Nashville, Tennessee, brought the message from Ephesians 5:8-14 on "Walking as Children of Light." "People Need The Lord" was sung as the invitation. The service concluded with the Mass Choir presenting a "Finale Medley" under the direction of Chris Truett.

## Credentials Committee Report

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

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

2. From the following district associations which are entitled to be represented by three delegates: Arizona, Canada, Colorado, Mexico Association, Mid-Atlantic, New Jersey, New Mexico, Northeast, and Northwest.

3. From the following local churches which are entitled to be represented by one delegate: Waipahu Free Will Baptist Church of Hawaii, the Free Will Baptist Church of St. Croix, Virgin Islands, and the Twin Valley Free Will Baptist Church of Wisconsin.

4. We recommend that the delegates from the state associations, district associations, and the local churches



listed above be seated for this session, along with their other delegates who are properly registered.

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

6. The Association of Mexico has reported but their fees have not been paid. We recommend that the delegation be seated contingent upon these fees being paid.

Submitted by the Credentials Committee:

Gene Norris (MI), Chairman

Chris Clay (IN)

Paul Smith (FL)

Luther Morgan (WV)

Rick Cash (AL)

## General Board Report

The General Board of the National Association of Free Will Baptists met July 21, 2008, in the Grand Ballroom of the Marriott Town Center in Charleston, West Virginia.

As a result of this meeting, we offer the following recommendations:

1. We heard the reports of the Executive Office, ONE Magazine, WNAC, Master's Men, Board of Retirement and Insurance, Free Will Baptist Foundation, Home Missions, Free Will Baptist Bible College, Randall House Publications, International Missions, Commission for Theological Integrity, Historical Commission, Music Commission, Media Commission, and Budget Committee. We recommend their reports be received and budgets adopted.
2. We recommend Little Rock, Arkansas, as the site for the 2018 convention.
3. We recommend that the moderator of the National Association be designated as the official observer for the National Association of Free Will Baptists at the International Fellowship of Free Will Baptists beginning January 1, 2009.
4. We recommend the following procedures for the nominating process of the National Association and that this be tabled until the 2009 convention.

### Election of Officers

**Section 10.** No person shall fill more than one office at the same time, or any office and a place on any standing board, except as he may become a member of the General Board by virtue of his office. No person shall serve on more than one standing board at the same time, except as he may become a member of the General Board by virtue of being chairman of the board of which he is an elected member. No member of the Executive Committee may be a member of any standing board except the General Board.

**Section 11.** The procedure for the election of officers of the National Association shall be as follows: The nominating committee shall be appointed by the moderator one year in advance. The committee shall consist of seven members, shall meet at least three months prior to the annual session and present at least one name for each vacant office, excepting the General Board and Executive Secretary. The funding of the committee shall come from the convention fund. A brief resumé shall be submitted with each nomination.

Nominations for the General Board shall be made on Tuesday afternoon of the annual session, and nominations for other offices on Tuesday or Wednesday.

After the committee's report the floor shall be open for further nominations and the election shall proceed in regular manner.

The above section is taken from the National Association's By-Laws and details the policies and procedures that relate to nominations for officers, boards, and commissions. While the process may be adequate to accomplish the task, it is not detailed enough to prevent flaws that allow inequality. These weak spots have been observed in this process.

1. Nominating Committee members are able to place themselves into nomination. (Whether anyone would deem this ethical or not is not the question. The truth is that there is no prohibition against such action.)
2. Nominating Committee members can be placed into nomination by an outside party.
3. Nominees are often submitted without resumes.
4. Board or agency endorsements are typical.
5. Nominations are "leaked" and not officially "released."
6. Personal calls to Nominating Committee members are commonplace.
7. No official deadline is observed.
8. Nominations from the floor of the national convention are accompanied by gratuitous endorsements.

In our opinion, these are flaws in the process. This is not to say that the abuses are criminal or that the people engaging in one or more of these actions are shameful (although some are), but they simply allow too much license.

Our suggestions for restructuring are as follows:

1. No Nominating Committee member's name shall be submitted for a position being considered by the committee.
2. If a Nominating Committee member is placed in nomination by a third party, then they should immediately resign (not recuse) from the committee or refuse the nomination. Consequently, the national moderator shall appoint a replacement.
3. The Nominating Committee must at all times function as a body. Therefore, all discussions and considerations should be resolved exclusively during committee meetings.
4. Soon after the national convention, a nomination schedule for the upcoming national convention should be published in ONE Magazine. In the communiqué the Nominating Committee chairman's address shall be published, and it should be stated that submissions for possible nominees must be in the chairman's hands by a set date before the Leadership Conference.
  - a. These submissions must be made in writing with the resumes attached, or they will not be considered.
  - b. The source of these submissions should be withheld by the chair. In other words, the committee would not know the source of the nominations, but would consider them only on the merit of the person's credentials.
5. The Nominating Committee's recommended nominations will be published in an issue of ONE Magazine early in the year.
6. Any other nomination after the December meeting would have to be submitted on the floor of the national convention.
  - a. Anyone could submit a name from the floor, but it must be accompanied by a resume to be read by the clerk.
  - b. If a nomination is made from the floor, the resume of the committee's nominee will also be read by the clerk.
  - c. If a resume is not available, only the nominee's name, occupation, address, and church membership may be stated.



# Nominating Committee Report

## Free Will Baptist Bible College

- 2014 Replacing Bob Bass (TN) ..... Bob Bass (TN)  
 Replacing Gene Outland (IL) ..... Rusty Russell (NC)  
 Replacing Archie Ratliff (NC) ..... Richard Hendrix (AL)

## International Mission Board

- 2014 Replacing Jeff Manning (NC) ..... Jeff Manning (NC)  
 Replacing Bill Van Winkle (TX) ..... Paul Creech (GA)  
 Replacing David Williford (TN) ..... Robert Morgan (TN)

## Randall House Publications

- 2014 Replacing Nuel Brown (CA) ..... Steve Lindsey (TN)  
 Replacing Danny Dwyer (NC) ..... Danny Dwyer (NC)  
 Replacing David Reece (TN) ..... Randy Scott (AR)

## Commission for Theological Integrity

- 2013 Replacing Matt Pinson (TN) ..... Matt Pinson (TN)

## Historical Commission

- 2013 Replacing David Crowe (TN) ..... David Crowe (TN)

## Media Commission

- 2010 Replacing Doug Kite (NC) ..... Travis Penn (IL)  
 2013 Replacing Mark Ousley (TN) ..... Mark Ousley (TN)

## Music Commission

- 2013 Replacing James Stevens (TN) ..... James Stevens (TN)

## General Board

- 2009 Northwest District (replacing A. Darrell Smith) ..... Brent Nix  
 2010 Arizona (replacing Charles Marshall) ..... George Harvey  
 2011 Indiana (replacing Chris Clay) ..... Chris Clay  
 Iowa (replacing Jim Martin) ..... Jim Martin  
 Kansas (replacing Zane Brooks) ..... Zane Brooks  
 Kentucky (replacing Chris Sturgill) ..... Chris Sturgill  
 Mexico Association (replacing Bud Bivens) ..... Bud Bivens  
 Michigan (replacing Gene Norris) ..... Gene Norris  
 Mid-Atlantic (replacing Wayne Hale) ..... Wayne Hale  
 Mississippi (replacing J.L. Gore) ..... J.L. Gore  
 Missouri (replacing Gary Fry) ..... Gary Fry  
 New Jersey (replacing William Brown) ..... William Brown  
 New Mexico (replacing Mark Shores) ..... Mark Shores

## Executive Committee

- 2011 Replacing Gary Fry (MO) ..... Gary Fry (MO)  
 Replacing J.L. Gore (MS) ..... J.L. Gore (MS)  
 Replacing Gene Norris (MI) ..... Chris Clay (IN)

## General Officers

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

## Nominating Committee:

- |                            |                     |
|----------------------------|---------------------|
| Will Harmon (AR), Chairman | Rick Dement (MO)    |
| Glenn Poston (TN)          | Rick Cason (GA)     |
| Chris Clay (IN)            | Dennis Kizzire (MS) |

## Approved *Treatise* Appendix on Marriage

The following will be 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.

## Evaluation Committee on the International Missions Proposed Funding Plan Report

The Committee met on December 4, 2007, at the Millennium Maxwell House Hotel in Nashville, Tennessee, and on July 1, 2008, at the National Offices in Antioch, Tennessee. As a result of these meetings, the Committee offers the following statement:

Having reviewed the International Missions Board's plan for restructuring missionary funding adopted by the Board in April of 2008 and as provided to the committee in writing, the committee deems that the plan does not violate the Together Way Plan as adopted by the National Association in 1992. The Together Way Plan is designed to allow for cooperative and/or designated giving to denominational agencies and does not specify how the agencies manage the funds.

### Committee Members:

- |                         |                     |
|-------------------------|---------------------|
| Tim York (TN), Chairman | Danny Williams (AL) |
| William Smith (GA)      | Randy Wilson (OK)   |
| Randy Bryant (FL)       | Tom McCullough (MI) |
| Ernie Lewis (IL)        | Keith Burden (TN)   |
| Melvin Worthington (NC) |                     |



# Resolutions Committee Report

I. WHEREAS, there are six attached resolutions from states and district associations regarding the proposed re-structuring of funding by the International Missions Board and

WHEREAS, it would serve this body well to discuss this issue in order to reach a denominational consensus on this essential priority of the Great Commission.

BE IT THEREFORE RESOLVED, that the concerns of these resolutions be addressed by this body in a full and complete discussion at the International Missions report.

II. WHEREAS, the West Virginia State Association of Free Will Baptists has done an outstanding job of hosting this 72nd session of the National Association of Free Will Baptists,

BE IT THEREFORE RESOLVED, that this body give a rising vote of thanks to our brethren in the state of West Virginia.

Respectfully submitted,  
Resolutions Committee  
Edwin Hayes (OH), Chairman  
Danny Dwyer (NC)  
Glen Johnson (VA)  
Don Matchett (AR)  
Keith Woody (TX)

## Resolution to the Northern Quarterly of the Cumberland Association of Free Will Baptists

Whereas the Free Will Baptist International Mission (FWBIM) is in the process of changing the format of giving to our missionaries, and

Whereas the FWBIM Board, FWBIM Staff and missionaries have given much prayer and thought to the proposed change, and

Whereas the proposed change will positively benefit all our FWB missionaries and their accounts, and

Whereas the proposed change will encourage our people to give to missions, not just missionaries, and

Whereas the vast majority of our FWB missionaries are in favor of this proposed change, and

Whereas people will still be able to designate their giving to a particular missionary through his/her missionary projects, and

Whereas the proposed change is expected to enable the accounts of our missionaries to stay in the black, and

Whereas it is acknowledged that the proposed system may have some possible conflicts that need to be worked out, and

Whereas we believe that through prayer, the leading of the Holy Spirit and wise counsel, the FWBIM Board and Staff will be able to work out any possible conflict...

Be it therefore resolved, that we, the Northern Quarterly of the Cumberland Association of FWBs, go on record as giving our support to the FWBIM Board and FWBIM Staff in this endeavor.

Be it further resolved that a copy of this resolution be sent to the FWBIM Department and the General Board of our FWB denomination, meeting July 20-23 in West Virginia.

The Northern Quarterly of the Cumberland Association, meeting Saturday, July 12, 2008, at the Harper Road FWB Church, Joelton, TN.

## International Missions Giving

Whereas the Lord Jesus Christ gave us the command to go ye into all the world and preach the Gospel to every creature (Mark 16:15) and to "teach all nations" (Matthew 28:19), providing us a clear communiqué relative to international missions, and

Whereas, over time and by God's grace, the Free Will Baptist denomination has developed the agency of the International Missions Board and offices (those serving in such capacities being selected by Free Will Baptist churches and ministering at the discretion of these churches across our denomination), and

Whereas, our International Missions Board and offices are understandably concerned about the current under-funding of many of our missionaries and also are wisely seeking a solution to the potentially chronic under-funding challenge of upcoming missionaries, and

Whereas, the International Missions Board (under the leadership of its current director) has chosen to make a major decision relative to its method of addressing this financial crisis without the vote, and therefore, the consent of the local Free Will Baptist churches, and

Whereas, Free will Baptist churches have historically given financially to the missions departments/causes in conjunction with their personal beliefs, consciences, and philosophies (including providing "designated" gifts), and

Whereas this novel plan does not include an avenue whereby those choosing to "designate" their giving are guaranteed their "designated" desires will be fully honored, thus forcing such congregations/individuals to forfeit a traditional and cherished right/privilege,

Therefore, we, the North Carolina Coastal Association of Free Will Baptists, do sincerely implore the International Missions Board and Director to continue seeking a plan of giving that will include all of our churches with their respective giving philosophies (including "designated" giving) and not needlessly alienate any of our churches by refusing to honor in full the designated gifts, and thereby potentially hurting both the cause of Christ and the missionaries themselves.

N.C. Association of Free Will Baptists  
Rudolph Outlaw, Moderator  
Tim Thompson, Clerk

This resolution was adopted by the North Carolina Association by a vote of 66 to 22 to be sent to the Executive Department, National Resolutions Committee for the National Association meeting in Charleston, West Virginia, and the International Missions Department.

## Resolution

We the members of the resolutions committee recommend to the Kentucky State Association of Free Will Baptists that we approve and support the recommendation of the International Missions Board to restructure the funding system of the missions board.

Resolutions Committee Members:

Rev. Arthur Click, Rev. Sheldon Wheeler, Rev. Matthew D. McKinney

To Whom It May Concern:

Brother this is the motion and the vote on the proposal. Rev. Jim Patton made the motion and Rev. Chris Sturgill seconded the motion. It was brought before the body of the Kentucky State Association of Free Will Baptists for a vote. The vote took place and was passed unanimously by the body.

Rev. Jeremy K. Estep, Kentucky State Clerk



### **Resolution Regarding the Proposal of Restructured Giving from the Board of International Missions**

Whereas the proposal from the Board of International Missions to restructure the denomination's method of support for all international missionaries has met strong and mixed response from the churches and pastors of North Carolina, and

Whereas the proposal appears to contain issues that raise questions regarding the autonomy of the local church, the integrity of designated giving, and a philosophy of missions that appears to be inconsistent with a great number of our churches, and

Whereas the date for the implementation of the proposed restructuring has been set arbitrarily by the Board of International Missions without approval of the National Association of Free Will Baptists, and

Whereas there are alternative, workable solutions that would resolve the divisions about the new program and advance the cause of the Great Commission with better stewardship of our resources,

Be it, therefore, resolved that the North Carolina Association of Free Will Baptists appeal to the National Association of Free Will Baptists that the proposal from the Board of International Missions be postponed from its January 1, 2010, implementation date, and

Be it further resolved, that the Board of International Missions begin an extensive study to receive proposals from pastors, churches, and veteran missionaries for a plan of missions support that would meet the challenges of modern international missions as well as harmonize with both the doctrinal and church polity positions of the National Association of Free Will Baptists.

This resolution was adopted by the North Carolina Association by a vote of 77 to 18 to be sent to the Executive Department, National Resolutions Committee for the National Association meeting in Charleston, West Virginia, and the International Missions Department.

### **Resolution to accompany the letter from the Texas State Association**

The Texas State Association of Free Will Baptists, meeting at the 94th Annual Session at Collin Creek FWB Church in Plano, voted unanimously to extend our complete support to the International Missions Vision and Plan to fund our missions program and to forward this resolution to the National Convention in Charleston, West Virginia, as information.

Respectfully submitted,  
Marcus A. Brewer, Clerk, Texas State Association of Free Will Baptists

### **Resolution Regarding the Approved International Missions Board Restructured Plan of Giving**

The Commonwealth of Virginia Free Will Baptists appreciate the International Missions effort to hear from local pastors all over the country. The churches of Virginia also applaud the obvious burden for souls by the International Missions Board. It is evident the restructuring process desired by the I.M Dept. is being implemented because projected giving for future missionaries will not be sufficient to keep them on the field. It is unfortunate our generation faces such apathy concerning the Great Commission. Yet after reading the report from International Missions, the Home Missions Board of Virginia proposes the following resolution to be presented at the 2008 Free Will Baptist National Convention:

- 1) Whereas we believe the autonomy of the local church should not be challenged in any manner and;
- 2) Whereas the proposed plan currently faces much adversity from many local churches in Virginia and;
- 3) Whereas the redistribution of local church contribution distorts the intent of the donor and;

- 4) Whereas we believe the new proposal will create an unhealthy distance between churches and missionaries and;
- 5) Whereas we believe the new program could promote a socialistic work ethic among missionaries (those with no initiative prospering) and;
- 6) Whereas the missionaries will suffer by a loss of support from dissenting churches and;
- 7) Whereas the local church pastor's desire to support certain missionaries should not be usurped by National employees or boards.

The Home Missions Department representing the State of Virginia would like to propose an immediate dismissal of the already approved plan. We suggest the International Missions Board allocate sufficient time to receive alternative proposals from Free Will Baptist pastors. Proposals that would appeal to all Free Will Baptists and meet the future missionary needs.

The Commonwealth of Virginia, the Missions Board, and Virginia's pastors love every person involved with International Missions. This proposal is not a result of personality conflicts, but a result of challenged biblical convictions. We do not oppose change because of change itself; but we do oppose change when we feel it is wrong. Free Will Baptist leaders, we go on record as saying this new proposal is wrong and will not be supported by many local churches in the Commonwealth of Virginia. Thank you in advance for reading and considering our resolution.

Signed by Virginia Officers, Executive Board, and Home Missions Board.

The Commonwealth of Virginia would not propose a dismissal of the International Missions plan without an alternative. In the meeting with the director and two other representatives from International Missions they asked for another plan. Here is our suggestion.

- 1) Reduce administrative overhead by 50% in the next six months and implement a hiring freeze (excluding missionaries) until funds to support 5 year wave is reached.
- 2) Ask state moderators to urge conference moderators of the non-giving areas in Free Will Baptist states to meet challenge of global missions (Bro. Forlines mentioned 60% of churches do not give anything to International Missions).
- 3) Look at areas like Japan and France to make sure money (over 20% of total budget) is used as efficiently as possible. Would the redistribution of funds to Cuba, India, Russia be more profitable for Jesus Christ and the Kingdom work.
- 4) Use computer technology (global conferences through computers) to keep informed of progress in lieu of paying regional directors.
- 5) Incorporate mentality of Home Missions by administrative staff raising all administrative expenses by year 2011.

We do not believe the above suggestions violate any biblical convictions held by any church. The mobilization of the director and retained staff will help build stronger relationships with local pastors and churches. It should also eliminate the "always asking for money" mindset of some churches. And lastly, we believe the new proposal will bring more finances for future missionaries. Much more than the current one being implemented in 2010.

Signed by the Moderator, Assistant Moderator, and Home Missions Board of Virginia:

Moderator: Marty Puckett

Assistant Moderator: Wayne Perry

Board Chairman: Hal Jones

Board Members: Glen Johnson, Dave Nobles, David Neitch, and Jack Blanton



**Minutes**  
of the  
**Seventy-third Annual Session**  
of the  
**Women Nationally Active for Christ**  
**Convention**  
of the  
**National Association of**  
**Free Will Baptists**  
when convened in  
**Charleston, West Virginia**  
July 21-22, 2008

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

**Executive Committee**

**President**

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**Executive Secretary-Treasurer**

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Jan Clay  
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317-862-0533  
okiejan@sbcglobal.net

Theme: Taught by the Bible, Led by the Spirit  
Scripture: I Corinthians 2:12-13  
Music Coordinator/Worship Leader: Abby Jarrell  
Pianist: Phyllis Smith  
Keyboardist: Jody Sullivan

**Proceedings**

WNAC Seminar  
Monday, July 21

Mothers, daughters, and granddaughters gathered in the Marriott Town Center Pavilion for tea to listen as Laura Thigpen, Mary Ruth Wisehart, Amanda Kilgore, and Lorene Miley shared stories of amazing grace in the lives of Free Will Baptist pioneer missionary women Laura Belle Barnard, Mabel Willey, Trula Cronk, and Lorene Miley. President Rebecca Pugh presided over the tea.



## Business Session

Tuesday, July 22

Women Nationally Active for Christ met Tuesday morning, July 22, 2008, at 8:30 a.m. in the Civic Center Coliseum in Charleston, West Virginia. President Rebecca Pugh presided over the meeting. The session opened with singing by a trio from Woodbine FWB Church in Nashville, Tennessee. Congregational singing followed, led by Abby Jarrell. The welcome was given by Jody Sullivan, West Virginia's WAC president, by saying hello in different ways. Rebecca Pugh called the 73rd session to order. Jan Clay led the convention body in prayer. The Credentials Committee, Chairperson Linda Harvey, AZ; Nell Money, OK; Shelia Williams, WV; Tenie C. Heath, TN, submitted the following report:

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

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

The following three local groups with no district or state conventions have submitted reports and paid fees: First Topeka, Kansas; St. Croix, Virgin Islands; Cheyenne, Wyoming.

In addition, there are 30 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$10 representation fee.

MSC to accept the report and seat the delegates.

A special tribute, "Postcards from the Journey" was presented to honor Marjorie Workman for her 10 years of service as executive secretary/treasurer of WNAC. The tribute highlighted her many years and multiple avenues of ministry. Testimonies were given by family, friends, and coworkers praising her life of leadership. WNAC's executive committee presented Marjorie with a symbolic banner and a cash gift for future travels.

Mrs. Workman began the executive secretary/treasurer's report by sharing a few words of encouragement to the women of Free Will Baptists to serve the Lord. She reported on the work of the executive committee in interviewing and nominating a new executive secretary-treasurer. She recognized the WNAC office staff for their encouragement and competence. She thanked the women for their response to special projects in Central Asia (Women's Prayer Fellowship and the Joy of Christmas), and for their continued support of WNAC's Foreign Student Scholarship Fund and the Missionary Provision Closet. She challenged the women to support the 20/20/20 Building for the Future project. Mrs. Workman thanked WNAC women for allowing her to serve them for the past ten years.

Motion carried to accept the report and adopt the Budget for 2009.

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

### Programs

1st: Sink or Swim, Pamela Hackett, Boiling Springs, SC

2nd: "That You May Know," Amanda Kilgore, Greeneville, TN

### Plays/Skits

1st: Look to the Light - Jesus is the Light, Cheryl Akers, Jacksonville, FL

2nd: A Heart That Gives All, Sandy Forman, Warren, AR

3rd: It's All About Choices, Joan Wilkes Shields, Florence, AL

### Photography

1st: El Capitan, Yosemite National Park, Fay Carrol Reid, Mantachie, MS

2nd: Mono Lake, Lee Vining, CA, Fay Carrol Reid, Mantachie, MS

3rd: Yaguina Head Lighthouse, Newport, OR, Fay Carrol Reid, Mantachie, MS

### Art

1st: Woman Within, Jeannie Cool, Piketon, OH

2nd: Living Water, Janis Williams, Antioch, TN

3rd: First Snow, Janice D. Jones, Smithfield, NC

## Devotional

1st: Heavier Than One Might Assume, Tracy Payne, Holdenville, OK

2nd: On Thin Ice, Tracy Payne, Holdenville, OK

3rd: The Harvest is Great, Pamela Hackett, Boiling Springs, SC

## Poetry

1st: Forever in Christ, Cathy Nethercutt, Charles Town, WV

2nd: I Am, Vicki Turner, Cartersville, MO

3rd: The Scrap Book, Ruth Bivens, Pharr, TX

## Articles

1st: Penny's Miracle, Pamela Hackett, Boiling Springs, SC

2nd: The Master Garden, Tracy Payne, Holdenville, OK

3rd: Giver of Life, Pamela Hackett, Boiling Springs, SC

## Scrapbooking

1st: Sending the Light, Kay Brown, Charleston, AR

2nd: Harmony, Leslie Nichols, Warren, AR

3rd: Inside the Fire, Kimberly Koch, North Little Rock, AR

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

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

a. International Mission Scholarship (\$2,100) to help student(s) studying at Seminario Bautista Libre de Panama in Chame, Panama.

b. Home Missions Scholarship (\$1200) to help students(s) in training for ministry at our two Mexico Bible Institutes: Altimira Bible Institute and the Seminary of the Cross in Reynosa at \$600 to each Institute.

2. We recommend that the Missionary Provision Closet be named the "Steward Provision Closet" in memory of Lucille and Wendell Steward from Michigan for their many years of labor for the Provision Closet.

3. We recommend that WNAC Endowment Fund be named the "Marjorie Workman Endowment Fund."

4. We resolve as the FWB women that we reaffirm our stand against same sex marriage and support an amendment to the US Constitution designating marriage as being a union between one man and one woman.

Motion carried to accept the recommendations. Those serving on this committee were Reva Baker, MO, chairperson; Dottie Wright, CA; Elfrieda Monday, SC.

The Appreciation Committee Chairperson Jan Clay, IN; Belinda Adair, AR; Brenda Hoilman, VA, submitted the following report: We the Appreciation Committee want to recognize the WNAC Executive Committee and the WNAC staff for their efforts and success in coordinating the 73rd annual session of Women Nationally Active for Christ. We want to thank the West Virginia Women Active for Christ and their President Jody Sullivan for their planning and provision as well as their hospitality for the WNAC convention. We are grateful to all of our musicians, speakers, and those who participated in the Monday afternoon Amazing Grace Tea, in the Tuesday business session and service, and in the WNAC Fellowship Luncheon. We also want to extend sincere heartfelt gratitude to outgoing WNAC executive secretary Marjorie Workman for her many years of faithful leadership and exemplary service to the Women Nationally Active for Christ.

Motion carried to adopt the Appreciation Committee's report.

Sarah Fletcher launched the new *Together in the Word* Bible study theme - "Taught by the Bible; Led by the Spirit" (1 Corinthians 2:12, 13). This theme will lead us back to the basics: revelation, redemption, and relationship. These three R's will remind us of those basic truths that form the foundation of our faith. Mrs. Fletcher reminded the convention that the Program Plan book is available for purchase and the meeting helps online will now require a code for accessibility.

The Registration Committee Shirley Jackson, MO, chairperson; Sue Keener, OH; Chris Kuhn, MI, submitted a partial report as follows:



Number of persons registered:

- WNAC National Officers (Standing Delegates) – 5
- State Presidents (Standing Delegates) – 12
- State Field Workers (Standing Delegates) – 14
- State Delegates (Elected Delegates) – 137
- Local WNAC Delegates (paying \$10 representation fee) – 30
- Total Delegates – 198

Non-Voting Attendees:

- Visitors – 626
- Missionaries (U.S. & International) – 51

Grand Total Registered – 879

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

Miscellaneous business items presented by the executive committee and actions taken were as follows:

1. The executive committee recommends Danita High for the position of executive secretary/treasurer. MSC to accept the recommendation.
2. The executive committee recommends that we appoint a membership study committee. Members will be Jonda Patton, Chairperson, Sandy Forman, Carmen McKenzie, and Heather Moody. This committee will explore how to increase membership. MSC to accept the recommendation.

Mrs. Workman charged Danita to be faithful in fulfilling her responsibilities as executive secretary-treasurer and to be an example of the believer in word, in conversation, in charity, in faith, and in purity. She led in prayer and presented her a gift. Danita gave a few words in acceptance of the position.

MSC to adjourn.

### 10:30 A.M. Missionary Service

Soul Purpose Trio called the assembly to worship with singing, congregational singing followed. Shirley Jackson challenged the attendees to give generously to the morning offering, and prayed the offertory prayer. Soul Purpose Trio sang during the offering. Rebecca Pugh introduced missionary Becky Derby. "Bless the Lord O, my soul: and all that is within me, bless his holy name. Bless the Lord, O my soul, and forget not all his benefits," Psalm 103:1-5. A passage Becky claimed as she battled breast cancer. Becky recounted her story of how God blessed her and how He was good to her and provided grace during her diagnosis and treatment. The morning offering totaled \$2063.28.

### Fellowship Luncheon

Tuesday, July 22  
12:00 – 2:00

The Fellowship Luncheon was held in the Marriott Town Center Grand Ballroom. Kristi Johnson, missionary to Alpedrete, Spain. She began by describing the town they lived in as having cobblestone streets, mom and pop stores, a pharmacy, a town like so many found in the United States. Alpedrete means "heart of stone" and this was a reminder of the spiritual hearts of the people in Spain. Kristi told of their outreach "encounters." Encounters with English, food, crafts, and Jesus and how their church came into existence so quickly. She feels as if they're pushing a boulder that won't move but this is what God is asking of them. They have been in Alpedrete for 10 years, serving this village with a "heart of stone." George Harvey dismissed in prayer. Each person received a treasure from various mission fields around the world provided by the West Virginia WNAC. Hostesses and missionaries at each table shared requests and fielded questions concerning these designated places.

### State Presidents and Field Workers Reception

A reception for state presidents and field workers was hosted by the WNAC staff in the Marriott Town Center Hawks Nest following the Tuesday evening service of the National Association.

## Synopsis of the Minutes of WNAC Executive Committee Meeting

Wednesday, December 5, 2007

The executive committee of WNAC met in the WNAC conference room. Members present were: Marjorie Workman, Rebecca Pugh, Shirley Jackson, Phyllis York, Linda Harvey, Diana Bryant, and Jan Clay. Plans were finalized for the 2008 Convention and the 2008 Ridgecrest retreat.

The committee approved: (1) Board member code of ethics (2) The audit proposal from Bellenfant & Miles, P.C. (3) Adopting a project for 2008-2009 entitled "Building for the Future 20/20/20" effective immediately. All monies designated for the 20/20/20 project will be equally divided between Villaba Spain, Chama, Panama, and WNAC endowment fund (4) Speakers for the convention seminar (5) Honorariums for convention seminar speakers (6) Changing the scripture for the retreat from Hebrews 2:1 to I Corinthians 2:12-13 (5) Recommending Danita High for the position of executive secretary-treasurer.

## Synopsis of the Minutes of WNAC Executive Committee Meeting

Sunday, July 20, 2008

The Executive Committee met in the Executive Board Room of the Marriott Town Center in Charleston, West Virginia. Members present were: Rebecca Pugh, Phyllis York, Linda Harvey, Shirley Jackson, Jan Clay, Diana Bryant, Marjorie Workman, and Danita High, executive secretary/treasurer nominee. President Rebecca Pugh called the meeting to order. Shirley Jackson gave the devotion concerning five lessons from God.

An overview of the scheduled events pertaining to the 73rd Annual Session of WNAC was reviewed. Motion carried to send recommendations on to the WNAC convention. The procedure for electing the executive secretary/treasurer was discussed. The 2007 Convention income and expenses, 2008 Convention budget, as well as the 2009 WNAC office budget, were reviewed. Executive Secretary-Treasurer Marjorie Workman gave her final report to the committee. Motion carried to send recommendations from the Executive Committee on to the WNAC convention.





## WOMEN NATIONALLY ACTIVE FOR CHRIST REPORT JULY 2008

**"TRAVEL LIGHT,"** this year's theme, hardly describes the WNAC Executive Committee's activities over the past few months. Newly-elected president, Rebecca Pugh, and newly elected members—Jan Clay and Diana Bryant—along with other Executive Committee members Linda Harvey, Shirley Jackson and Phyllis York have had the responsibility to seek out, interview and nominate a new executive secretary-treasurer. In addition to this extremely important task, they have planned a convention and a retreat. They deserve our thanks and gratitude for many hours spent lovingly serving our women.

"Taught by the Bible; Led by the Spirit" (1 Corinthians 2:12, 13), our new Together in the Word Bible study theme to be launched at this convention, will lead us back to the basics—revelation, redemption, and relationship. These three R's will remind us of those basic truths that form the foundation of our faith.

Looking back over ten years of serving WNAC as executive secretary, I have some **R's** to remember also. I have been **rescued** many times by a very competent staff—Yvonne Hampton, Sarah Fletcher, Diane Conn—and former staffers Wanda Powell, Martha Harris, Rhonda McReynolds and Suzanne (Franks) Barbosa. Together we have been a team, laboring to extend the Kingdom and always seeking ways to improve the WNAC ministry. They have supported me, pampered me—with chocolate—and encouraged me often.

Ministry is not without its **rewards**. The first ever Women's Prayer Fellowship in Central Asia was sponsored by WNAC in 2005. The need was presented; Women rallied to the cause; funds came. More than 500 women from five Central Asian countries came together to pray for the nations of Central Asia. WNAC sent out her very first overseas mission team to the conference. A second trip followed in 2007. This time, the **reward** was the faces of smiling children as they received their Joy of Christmas gifts. Over 5000 gifts were provided for orphans, handicapped, blind, sick, and poor children and some adults.

Knowing that recipients of WNAC's Foreign Student Scholarships have graduated and are serving in ministry positions around the world is also **rewarding**.

I **rejoice** over the progress in technology. We have gone from handwriting checks to a completely computerized bookkeeping system; from a black and white magazine to four color; from literally taking copy to the printer to transmitting copy via the internet and from snail mail to email.

The generosity of our women causes me to **rejoice**. They keep the Missionary Provision Closet well stocked; funnel more than half a million dollars each year to missionary causes; keep an office open and operating; and network together to fund special projects—an organ for FWBBC, furnishings for the Missionary in Residence house, the 50/50 Project, and now the 20/20/20 Building for the Future project.

Though I do not understand it, I **rejoice** that God permitted me to serve you—WNAC women and my denomination. Thank you for ten wonderful years.

Marjorie Workman  
Executive Secretary/Treasurer



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 statements of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Nationally Active for Christ, as of December 31, 2007 and 2006, 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.

*Bellenfant & Miles, P.C.*

March 10, 2008



**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2007 and 2006**

<u>ASSETS</u>		
	2007	2006
<b>ASSETS</b>		
Cash		
Accounts receivable	\$ 274,663	\$ 269,469
Inventory	9,067	10,449
Notes receivable, net of allowance for doubtful accounts of \$-0- (\$2,628 in 2006)	3,527	4,197
Accrued interest receivable	5,670	5,608
Property & equipment, at cost less accumulated depreciation of \$19,071 (\$22,903 in 2006)	292	2,541
	4,570	5,478
<b>TOTAL ASSETS</b>	<u>\$ 297,789</u>	<u>\$ 297,742</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 36,601	\$ 36,433
Deferred revenue - Note 7	34,741	37,707
<b>Total liabilities</b>	<u>71,342</u>	<u>74,140</u>
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted - (deficit)	(4,746)	4,153
Temporarily restricted	207,588	199,801
Permanently restricted	23,605	19,648
<b>Total net assets</b>	<u>226,447</u>	<u>223,602</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 297,789</u>	<u>\$ 297,742</u>

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)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
<b>UNRESTRICTED</b>		
<b>REVENUE AND OTHER SUPPORT:</b>		
Dues and fees	\$ 79,956	\$ 82,173
Designated contributions	369,696	346,126
Magazine and literature sales	84,063	84,261
Convention and retreat income	25,469	16,531
Gifts and offerings	68,677	109,009
Interest income	9,129	8,267
Rent income	3,632	3,629
Gain (loss) on value of investment	2,435	2,830
Net assets released from restrictions:		
Satisfaction of program restrictions	1,191	5,405
<b>Total revenue</b>	<u>644,248</u>	<u>658,231</u>
<b>EXPENSES</b>		
Salaries and wages	112,863	103,395
Payroll taxes and employee benefits	25,252	22,719
Cost of magazine and literature printing	42,602	46,822
Travel and promotion	3,291	3,340
Conventions and retreats	37,446	30,020
Office expense	8,808	9,724
Postage	3,242	5,629
Rent expense	27,552	27,663
Professional fees	5,725	5,170
Depreciation	1,508	1,534
Bad debts	2,102	-
Insurance expense	707	933
Dues and subscriptions	439	16
Special projects	12,618	47,538
Continuing education	185	566
Designated contributions	369,086	346,224
<b>Total expenses</b>	<u>653,426</u>	<u>651,293</u>
<b>Increase (decrease) in unrestricted net assets</b>	<u>(9,178)</u>	<u>6,938</u>

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)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
<b>TEMPORARILY RESTRICTED</b>		
Gifts and offerings	\$ 8,978	\$ 14,299
Interest income	279	294
Net assets released from restrictions:		
Satisfaction of program restrictions	(1,191)	(5,405)
Increase (decrease) in temporarily restricted net assets	8,066	9,188
<b>PERMANENTLY RESTRICTED</b>		
Gifts and offerings	3,957	780
Increase in permanently restricted net assets	3,957	780
Total increase in net assets	2,845	16,906
Net assets - beginning of year	223,602	206,696
Net assets - end of year	<u>\$ 226,447</u>	<u>\$ 223,602</u>

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)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 2,845	\$ 16,906
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,508	1,534
Bad Debts	2,102	-
Loss on disposition of property & equipment		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,382	1,245
(Increase) decrease in inventory	670	1,249
(Increase) decrease in accrued interest receivable	115	(295)
Increase (decrease) in accounts payable	168	7,165
Increase (decrease) in deferred revenue	(2,966)	(3,307)
Net Cash Provided (Used) By Operating Activities	<u>5,824</u>	<u>24,497</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Collection on loans receivable	1,470	360
New note made	(1,500)	-
Purchases of property and equipment	(600)	-
Net Cash Provided (Used) By Investing Activities	<u>(630)</u>	<u>360</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,194	24,857
Cash and cash equivalents at beginning of years	269,469	244,612
Cash and cash equivalents at end of years	<u>\$ 274,663</u>	<u>\$ 269,469</u>

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**  
**DECEMBER 31, 2007 and 2006**

**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 2007 and 2006.

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, 2007 and 2006**

**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
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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 \$-0- (\$2,628 in 2006).



**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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:

	2007	2006
Equipment	\$ 23,641	\$ 28,381
Less: Accumulated depreciation	(19,071)	(22,903)
	<u>\$ 4,570</u>	<u>\$ 5,478</u>

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2007	2006
Student Loan	\$ 101,119	\$ 100,938
Foreign Scholarship	5,553	3,448
Provision Closet	91,279	85,778
Free Will Baptist Bible College Mission House	9,637	9,637
	<u>\$ 207,588</u>	<u>\$ 199,801</u>

Permanently restricted assets are restricted to:

Endowment Trust	\$ 23,605	\$ 19,648
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**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 \$27,552 (\$27,663 for the year ended December 31, 2006).

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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 \$5,162 (\$4,830 in 2006). 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, 2007 and 2006, the cash deposits were fully insured.

The Organization also has \$217,981 (\$208,529 in 2006) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

**7. DEFERRED REVENUE**

Deferred revenue resulted from magazine subscriptions received for 2008 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, 2007 and 2006.



**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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 2007 was \$1,982 (\$1,982 for 2006).

Future minimum rental payments required are as follows:

Year ended December 31,	Amount
2008	\$ 1,651
Total	<u>\$ 1,651</u>

**2007 TOP TEN CONTRIBUTORS TO WNAC OFFICE SUPPORT**

**GENERAL FUND**

1. Arkansas	\$ 15,102.92
2. Tennessee	\$ 7,771.09
3. North Carolina	\$ 4,389.01
4. Missouri	\$ 2,492.15
5. Georgia	\$ 2,053.20
6. Alabama	\$ 1,479.99
7. Kentucky	\$ 1,175.00
8. Ohio	\$ 859.72
9. Michigan	\$ 849.00
10. Florida	\$ 785.00

**EMPHASIS OFFERING**

1. North Carolina	\$ 2,306.60
2. Arkansas	\$ 1,380.58
3. Missouri	\$ 1,050.83
4. Tennessee	\$ 810.00
5. Georgia	\$ 663.00
6. Alabama	\$ 543.00
7. Illinois	\$ 525.00
8. South Carolina	\$ 494.00
9. Virginia	\$ 218.20
10. Oklahoma	\$ 198.00

**PER CAPITA GIVING**

1. Tennessee	\$ 24.95
2. Arkansas	\$ 22.91
3. North Carolina	\$ 12.29
4. Florida	\$ 9.46
5. Missouri	\$ 8.59
6. Georgia	\$ 6.95
7. Alabama	\$ 6.72
8. Ohio	\$ 5.70
9. Kentucky	\$ 5.65
10. Kansas	\$ 5.22

**2007 Cash and Non-Cash Gifts  
to Missions/Missionary Objectives**

Cash gifts Sent Through WNAC	\$ 530,427.16
Sent Direct to International Missions	\$ 77,291.58
Sent Direct to Home Missions	\$ 18,584.14
Provision Closet (Non-Cash)	<u>\$ 33,384.15</u>
<b>TOTAL</b>	<b>\$ 659,687.03</b>



# WNAC RECEIPTS 2007

STATES	General Fund	Dues	Faith Promise	Emphasis	Endowment	Provision Closet	International Missions	Home Missions Programs	State Programs	Children's Homes	Colleges	Student Loan Fund	Foreign Student Scholarship	Mission Objectives	Rest of Family	Central Asia '07	TOTAL
AL	1,479.89	1,725.00	60.00	543.00	90.00		1,538.50	2,691.85	3,077.50	435.03	200.00		48.00	65.00	25.00	570.00	12,550.67
AR	15,102.92	11,670.00	255.00	1,050.83		364.00	7,780.11	14,020.16	28,535.80	2,090.72	486.80	115.00	105.00		50.00	760.00	82,366.34
AZ	530.00	360.00	120.00	85.00				150.00									1,245.00
CA	137.00	1,530.00		35.00		65.00	2,181.00	1,794.00	49.00	150.00	892.00		162.00			150.00	7,135.00
FL	785.00	1,245.00				100.00	2,406.50	474.90	3,820.00	205.00	200.00		200.00			450.00	9,885.40
FOREIGN			110.00														110.00
GA	2,053.20	5,910.00	1,450.00	663.00		335.00	12,832.17	5,438.49	7,925.98	775.00	907.25	105.00	318.75		100.00	555.00	39,368.84
IL	317.35	2,505.00		525.00		275.00	5,191.85	79.00									8,893.20
IN		540.00					560.00	3,074.00	3,074.00							175.00	7,423.00
KS	46.57	135.00															181.57
KY	1,175.00	3,285.00			3,000.00	1,000.00	38,851.29	8,415.91		6,530.00	157.00		100.00			100.00	62,814.20
MI	849.00	2,700.00					3,356.80	2,827.48		771.00				775.00			11,279.28
MO	2,492.15	6,105.00	170.00	1,380.58		100.00	7,594.83	6,397.64	90.40	98.52	426.60	133.33				371.00	25,362.05
MS	250.00	2,640.00					2,284.00	120.00	1,750.00	350.00							7,394.00
NC	4,389.01	8,160.00		2,306.60	57.00	888.75	29,667.02	13,505.46		2,704.75	6,053.94	165.00	223.00	3,184.46		480.00	71,804.99
NM	18.20	120.00					782.80	84.10									985.10
OH	858.72	2,365.00				125.00	7,417.70	3,341.41		520.00						740.00	15,368.83
OK	742.28	9,960.00	260.00	198.00	210.00	1,222.83	7,450.72	2,712.44		1,327.00	25.00	100.00	25.00		25.00	100.00	24,356.27
SC	116.55	6,681.00		494.00	250.00	1,349.00	22,191.62	6,424.66	1,968.67	5,621.72	296.00	178.00		7,097.00			52,857.22
TN	7,771.09	6,135.00	1,183.31	810.00	100.00	257.00	18,656.94	7,189.96	1,190.00	789.00	486.35	15.00	772.00	50.00	170.00	2,269.00	47,844.65
TX	496.90	2,175.00	110.00	50.00		135.00	1,506.24	3,393.25		280.00						358.00	8,504.39
UT		105.00															105.00
VA	408.00	1,950.00		218.20	250.00	154.00	3,176.59	4,741.37	20.00	20.00	180.00		50.00	325.00		11,493.16	415.00
VI	100.00	165.00											100.00	150.00			6,338.10
WV		1,365.00															120.00
WY		120.00															
Ret/Conv	3,258.56						4,310.11	1,445.04					1,533.00	1,758.00			12,304.71
Rest Fam	814.57																814.57
Together Way	1,503.62																1,503.62
TOTAL	45,696.88	79,651.00	3,718.31	8,359.21	3,957.00	6,380.58	183,594.89	89,136.12	51,491.35	22,668.54	10,321.94	811.33	3,637.75	13,404.46	370.00	7,228.00	530,427.16

## 2009 WNAC SALARIES AND BENEFITS BREAKDOWN

	2008	2009
<b>Executive Secretary-Treasurer</b>		
Salary	\$ 44,437.00	\$ 44,437.00
Social Security/Medicare	\$ 3,399.00	\$ 3,465.00
Retirement	\$ 2,222.00	\$ 1,333.00
Insurance	\$ 6,210.00	\$ 6,295.00
Travel/Life	\$ 225.00	\$ 200.00
Hospital	\$ 5,600.00	\$ 5,700.00
Dental	\$ 385.00	\$ 395.00
Christmas Bonus	\$ 855.00	\$ 855.00
<b>Total Salary and Benefits</b>	\$ 57,123.00	\$ 56,385.00
<b>Executive Assistant</b>		
Salary	\$ 33,602.00	\$ 34,602.00
Social Security/Medicare	\$ 2,571.00	\$ 2,698.00
Retirement	\$ 1,680.00	\$ 1,730.00
Insurance	\$ 6,160.00	\$ 6,245.00
Life	\$ 175.00	\$ 150.00
Hospital	\$ 5,600.00	\$ 5,700.00
Dental	\$ 385.00	\$ 395.00
Christmas Bonus	\$ 646.00	\$ 665.00
<b>Total Salary and Benefits</b>	\$ 44,659.00	\$ 45,940.00
<b>Editor</b>		
Salary	\$ 29,525.00	\$ 30,525.00
Social Security/Medicare	\$ 2,259.00	\$ 2,380.00
Retirement	\$ 1,476.00	\$ 1,526.00
Insurance	\$ 6,160.00	\$ 6,245.00
Life	\$ 175.00	\$ 150.00
Hospital	\$ 5,600.00	\$ 5,700.00
Dental	\$ 385.00	\$ 395.00
Christmas Bonus	\$ 568.00	\$ 587.00
<b>Total Salary and Benefits</b>	\$ 39,988.00	\$ 41,263.00
<b>Bookkeeper</b>		
Salary (16 hours per week @\$10.71 an hours)	\$ 10,400.00	\$ 8,911.00
Social Security/Medicare	\$ 200.00	\$ 697.00
Christmas Bonus	\$ 10,600.00	\$ 200.00
<b>Total Salary and Benefits</b>	\$ 10,600.00	\$ 9,808.00
<b>Grand Total of Salaries and Benefits</b>	\$ 152,370.00	\$ 153,396.00

NOTE: Editor's hospital insurance is presently not a WNAC incurred expense.



## WOMEN NATIONALLY ACTIVE FOR CHRIST 2009 Proposed Budget

Estimated Income:	2007 Budget	2007 Actuals	2008 Budget	2009 Budget
General Fund Income	\$ 50,000.00	\$ 32,927.90	\$ 45,000.00	\$ 45,000.00
Convention Offering	\$ 3,000.00	\$ 5,016.56	\$ 3,000.00	\$ 3,311.00
Convention Expense Gift	\$ 12,000.00	\$ 12,500.00	\$ 13,000.00	\$ 13,000.00
Delegate Fees	\$ 200.00	\$ 320.00	\$ 400.00	\$ 400.00
Dues	\$ 80,000.00	\$ 79,636.00	\$ 80,000.00	\$ 81,000.00
Interest Income	\$ 4,000.00	\$ 9,129.00	\$ 4,000.00	\$ 4,000.00
Literature Sales	\$ 14,500.00	\$ 9,613.72	\$ 15,000.00	\$ 12,000.00
TWG Magazine Subscriptions	\$ 80,000.00	\$ 73,525.48	\$ 85,000.00	\$ 83,000.00
Miscellaneous	\$ 1,088.00	\$ 17.40	\$ 2,000.00	\$ 1,000.00
Rest of the Family Offering	\$ 3,000.00	\$ 814.57	\$ 3,000.00	\$ 2,000.00
Emphasis Offering	\$ 9,500.00	\$ 8,403.75	\$ 10,000.00	\$ 10,000.00
Postage & Handling	\$ 1,000.00	\$ 923.46	\$ 2,000.00	\$ 1,500.00
Together Way	\$ 2,000.00	\$ 1,503.62	\$ 2,500.00	\$ 2,500.00
Endowment Trust Interest	\$ 1,000.00	\$ 2,434.56	\$ 1,500.00	\$ 3,000.00
Convention Luncheon Tickets	\$ 9,000.00	\$ 9,450.00	\$ 9,500.00	\$ 9,500.00
Travel Income	\$ 1,000.00	\$ 1,455.36	\$ 1,000.00	\$ 3,000.00
<b>Total Income</b>	<b>\$ 271,288.00</b>	<b>\$ 247,671.38</b>	<b>\$ 276,900.00</b>	<b>\$ 274,211.00</b>
<b>Estimated Expense:</b>				
Salaries	\$ 113,827.00	\$ 110,674.03	\$ 117,964.00	\$ 118,475.00
Employee Benefits				
Payroll Tax Expense	\$ 8,041.37	\$ 8,641.97	\$ 8,229.00	\$ 9,240.00
Employee Retirement	\$ 4,934.83	\$ 5,161.79	\$ 5,378.00	\$ 4,589.00
Health, dental, life insurance	\$ 16,625.00	\$ 11,448.72	\$ 18,530.00	\$ 15,000.00
Christmas Bonus	\$ 2,189.00	\$ 2,189.00	\$ 2,269.00	\$ 2,307.00
Insurance: Gen. & Workers' Comp.	\$ 1,000.00	\$ 652.14	\$ 800.00	\$ 800.00
Legal and Professional Services	\$ 5,500.00	\$ 5,725.00	\$ 6,000.00	\$ 6,200.00
Convention Expense	\$ 20,000.00	\$ 22,596.63	\$ 20,000.00	\$ 25,000.00
Executive Committee Expense	\$ 5,000.00	\$ 3,317.84	\$ 5,000.00	\$ 4,500.00
TWG Magazine Expense				
Mailing	\$ 3,000.00	\$ 2,510.84	\$ 3,000.00	\$ 3,000.00
Writers	\$ 600.00	\$ 840.00	\$ 600.00	\$ 1,000.00
Printing	\$ 30,000.00	\$ 28,620.00	\$ 32,000.00	\$ 31,500.00
Postage	\$ 3,000.00	\$ 4,528.98	\$ 4,000.00	\$ 5,000.00
Miscellaneous Expense	\$ 470.80	\$ 856.48	\$ 130.00	\$ 1,000.00
Office Rent	\$ 28,600.00	\$ 23,919.96	\$ 28,600.00	\$ 26,000.00
Office Supplies and Materials	\$ 6,000.00	\$ 2,233.59	\$ 5,000.00	\$ 3,000.00
Phone	\$ 3,000.00	\$ 1,919.66	\$ 2,500.00	\$ 2,500.00
Postage	\$ 3,500.00	\$ 3,172.54	\$ 4,500.00	\$ 4,000.00
Printing	\$ 4,000.00	\$ 476.50	\$ 3,500.00	\$ 1,000.00
Service Contracts	\$ 4,000.00	\$ 3,703.15	\$ 2,000.00	\$ 4,000.00
Subscriptions	\$ 200.00	\$ 438.91	\$ 200.00	\$ 500.00
Travel and Promotion	\$ 2,500.00	\$ 3,072.53	\$ 2,000.00	\$ 4,000.00
Continuing Education	\$ 1,800.00	\$ 184.89	\$ 1,500.00	\$ 1,000.00
Equipment (additions and repairs)	\$ 3,000.00	\$ 95.00	\$ 3,000.00	\$ 500.00
Special Projects	\$ 500.00	\$ 63.84	\$ 200.00	\$ 100.00
<b>Total Expenses</b>	<b>\$ 271,288.00</b>	<b>\$ 247,043.99</b>	<b>\$ 276,900.00</b>	<b>\$ 274,211.00</b>

## National Youth Conference Report

<b>Registration</b>	
NYC Adults	2,138
NYC Youth	1,820
 Total NYC Registered	 3,958
 <b>Truth and Peace Leadership Students</b>	 84
 <b>Competitive Entries</b>	 909
 <b>Reach That Guy</b>	
Volunteer hours	2,763
Volunteers over three-day period	464
Units of blood donated	86
 <b>Buck-A-Week Offering</b>	 \$8,821.71



## Registration Report

### National Convention

Board/Commission Member .....	41
Licensed Minister .....	37
Local Church Delegate .....	16
NAFWB Attendee .....	2425
NAFWB Staff .....	32
Ordained Deacon .....	145
Ordained Minister .....	653
State Delegate .....	68
<b>Total .....</b>	<b>3417</b>

### National Youth Conference

NYC Attendee .....	2145
NYC Child Attendee .....	134
NYC Grades 1-3 .....	298
NYC Grades 4-6 .....	375
NYC Grades 7-12 .....	815
NYC Preschool Worship .....	112
NYC Staff .....	90
<b>Total .....</b>	<b>3969</b>

### Women Nationally Active For Christ

WNAC Attendee .....	626
WNAC Local Delegate .....	32
WNAC Missionary .....	51
WNAC National Officer .....	5
WNAC Staff .....	4
WNAC State Delegate .....	148
WNAC State Field Worker .....	14
WNAC State President .....	12
<b>Total .....</b>	<b>892</b>

**Total Unduplicated Attendance: 5834**

## Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2009:

Executive Office (Includes:)	\$	735,674.00
Administrative	\$ 411,174.00	
Convention	<u>324,500.00</u>	
Free Will Baptist Bible College		6,432,800.00
(Includes \$1,425,000.00 in unrestricted gifts)		463,198.00
Free Will Baptist Foundation		5,000,000.00
Home Missions		8,184,538.00
International Missions		155,400.00
Master's Men		545,000.00
Retirement and Insurance		4,446,900.00
Randall House Publications		4,120.00
Commission for Theological Integrity		4,100.00
Historical Commission		3,600.00
Media Commission		<u>5,615.00</u>
Music Commission		
<b>TOTAL</b>	\$	25,980,945.00

All these ministries receive funds through The Together Way Plan except Randall House Publications which is self-sustaining.

The Budget Committee recommends that gifts received through The Together Way Plan be allocated to the national ministries on the following basis:

1. Underwrite the Executive Office Administrative Budget above designated gifts, not to exceed 45% of cooperative gifts.
2. Disburse the balance of cooperative gifts to the following national ministries according to these percentages:

Free Will Baptist Bible College	23.0%
International Missions	23.0%
Home Missions	18.0%
Retirement and Insurance	14.0%
Master's Men	14.0%
Free Will Baptist Foundation	6.0%
Commission for Theological Integrity	0.5%
Historical Commission	0.5%
Music Commission	0.5%
Media Commission	<u>0.5%</u>
<b>TOTAL</b>	100.0%

Respectfully Submitted, Your Servants,

Keith Burden, Executive Secretary  
 Matt Pinson, President of Free Will Baptist Bible College  
 David Brown, 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 Randall House Publications



# Obituary Committee Report

The following deaths were reported for the year of 2007:

## Alabama

Maxwell Harper, minister  
Duane Taylor, minister  
J.D. Wales, minister

## Arkansas

Gilbert Pixley, minister  
Albert Cox, deacon  
Curtis Dixon, deacon  
John Edington, Jr., deacon

## Georgia

Hubert L. Arnold, minister  
Larry E. Williams, minister  
Floyd Beecher, deacon  
Malcolm Freeman, deacon  
E.A. Welch, deacon

## Kansas

Clifford Ball, minister

## Missouri

Joe McDonald, minister  
Loy Smith, minister  
Doyle E. Williams, minister  
Lewis Ferrell, deacon  
Royce Hollis, deacon

## Ohio

Jack Blackburn, minister  
Charlie Bowman, minister  
Billie McCarty, minister  
George Kiser, minister  
Harrison Webb, minister  
Eugene Justice, deacon

## Oklahoma

J.B. Chism, minister  
Malcolm Fry, minister  
Edward Lance, minister

## South Carolina

Carl Barker, minister  
Herman Hyman, minister

## Tennessee

Lowell Ramsey, minister

## Texas

Allie Ferguson, minister  
Robert D. Davidson, deacon  
Ernie Fielding, deacon  
Alvin Halbrook, deacon  
Harold Trant, deacon

## Virginia

William Steele, minister

## West Virginia

James Adkins, minister  
Gernia Bailey, minister  
Jesse Chaffin, minister  
Marion "Hob" Crabtree, minister  
Ralph Hendrick, deacon  
Sal Workman, deacon

## Obituary Committee:

J. L. Gore (MS), Chairman  
Zane Brooks (KS)  
Millard Sasser (CA)  
George Harvey (AZ)

## The Executive Secretary's Report 2007

I passed the five-year mile marker in 2007 as executive secretary. During that time I have covered a lot of miles and witnessed many changes and significant developments within the denomination.

- **FINANCES**—The executive office has witnessed an incredible turnaround financially. Deficits have been erased and debts retired because (1) Free Will Baptists were *faithful* to give, and (2) good stewardship and sound management principles were applied. The auditor's report will confirm these conclusions. We remain humbly grateful.
- **ONE Magazine**—When we launched this denominational publication in 2004 we were convinced it was a step in the right direction and would become a strategic communication tool. It has far exceeded our expectations. Eric Thomsen is doing a fantastic job as managing editor. The "proof" is in the numbers. More than 6,100 new readers have been added to the mailing list. More than 58,000 individuals or families currently receive the bi-monthly publication. The 2009 magazine budget is based on income projections which call for no cost increase to participating departments for the fourth consecutive year. We remain pleasantly surprised.
- **CONVENTION**—We are experiencing growing pains. Some cities that once hosted our annual meeting can no longer accommodate our logistical needs. Formidable challenges have been encountered this year, particularly in the area of housing. Efforts are ongoing in an attempt to address these problems; however, there is no perfect solution. Future venues *should* present fewer difficulties. Additionally, escalating costs make maintaining the level of quality we've come to expect increasingly challenging. We remain cautiously optimistic.
- **TRAINING**—Effective leadership at the local church level remains a vital component in the success of our movement. This is especially true in the area of pastoral leadership. The executive office is committed to providing the resources and training our pastors need to be more effective. Beginning this fall state leaders will have the opportunity to participate in the Palmer Leadership Institute. Eventually, this tool will be available to local pastors on a regional basis. We remain committed to equip.
- **STAFF**—The executive office staff deserves a lot of credit for what has been accomplished. These "over achievers" have servant hearts. Despite the challenges faced, they have maintained positive attitudes and been highly productive. I remain deeply indebted.

I am grateful for the members of the executive committee. These men provide wisdom, support, vision, and encouragement for this office. Special thanks to Gene Norris for serving four consecutive full terms.

I appreciate the opportunity to serve you.

Keith Burden, CMP  
Executive Secretary



Statistical Summary 1993 – 2007						
Year	Beginning Membership Totals	Baptisms	Members Added	Members Lost	Net Increase	Ending Membership Totals
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
2007	313,444	7,044	10,008	5,330	4,678	318,122
<b>Totals</b>		<b>130,156</b>	<b>178,258</b>	<b>92,260</b>	<b>85,998</b>	

Tracking The Together Way Totals						
	Designated		Co-op		Total	
<b>2001</b>	3,170,082.84	-3.62%	736,040.45	3.89%	3,906,123.29	-2.29%
	81%		19%			
<b>2002</b>	3,253,772.40	2.64%	738,744.13	0.37%	3,992,516.53	2.21%
	81%		19%			
<b>2003</b>	3,515,300.09	8.04%	770,780.99	4.34%	4,286,081.08	7.35%
	82%		18%			
<b>2004</b>	3,631,305.92	3.30%	782,642.76	1.54%	4,413,948.68	2.98%
	82%		18%			
<b>2005</b>	3,946,786.84	8.69%	813,333.89	3.92%	4,760,120.73	7.84%
	83%		17%			
<b>2006</b>	4,193,622.91	6.25%	832,178.34	2.32%	5,025,801.25	5.58%
	83%		17%			
<b>2007</b>	4,168,077.00	-0.61%	874,548.07	5.09%	5,042,625.07	0.33%
	83%		17%			

**HHA** Hill, Harper & Associates  
Certified Public Accountants

Terry A. Hill  
Ernest R. Harper

### Independent Auditors' Report

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

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, 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 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, 2007 and 2006, 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.

*Hill, Harper & Associates*

April 30, 2008



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

Statements of Financial Position

December 31, 2007 and 2006

Assets	2007	2006
<b>Current assets:</b>		
Cash and cash equivalents	\$ 333,304	261,246
Funds held by Free Will Baptist Foundation	1,813	1,728
Receivables:		
Hymnal sales	2,681	862
Other departmental and agency charges	179	3,557
<b>Total receivables</b>	2,860	4,419
Inventory, at lower of cost (first-in, first-out method) or market	926	4,268
Prepaid expenses	21,385	20,499
<b>Total current assets</b>	360,288	292,160
<b>Fixed assets:</b>		
Office equipment and furniture	130,052	129,687
Automobile	25,720	25,720
Less accumulated depreciation	155,772	155,407
<b>Net fixed assets</b>	144,401	135,586
	11,371	19,821
	\$ 371,659	311,981
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ -	1,442
Funds held for Church on the Ridge building improvements	12,286	4,032
Relief contributions for future disasters	-	16,368
<b>Total current liabilities</b>	12,286	21,842
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Executive Office	260,750	230,447
Net investment in equipment	11,371	19,821
Special Projects	70,637	72,225
Convention Fund	16,615	(32,354)
<b>Total net assets</b>	359,373	290,139
	\$ 371,659	311,981

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2007 and 2006

	Executive Office	Special Projects	Convention Fund	2007 Totals	2006 Totals
<b>Revenues:</b>					
The Together Way Plan	\$ 5,042,625	-	-	5,042,625	5,025,801
Disbursed to agencies and departments	(4,629,434)	-	-	(4,629,434)	(4,632,270)
Executive Office portion of Together Way	413,191	-	-	413,191	393,531
Building Kingdom Stewards Seminars	2,850	-	-	2,850	17,071
Sales of hymnals	-	11,577	-	11,577	19,801
Gifts and offerings	1,062	-	8,088	9,150	10,238
Investment earnings	-	-	-	-	544
Convention fees	-	-	305,922	305,922	304,689
Other income	2,930	960	2,657	6,547	20,285
<b>Total revenues</b>	420,033	12,537	316,667	749,237	766,159
<b>Cost of hymnal sales:</b>					
Beginning inventory	-	4,268	-	4,268	14,545
Other costs	-	10,082	-	10,082	9,575
<b>Total cost of inventory</b>	-	14,350	-	14,350	24,120
Less ending inventory	-	926	-	926	4,268
<b>Cost of hymnal sales</b>	-	13,424	-	13,424	19,852
<b>Gross profit</b>	420,033	(887)	316,667	735,813	746,307
<b>Expenses of operations:</b>					
Executive Office	398,180	-	-	398,180	393,918
Special Projects	-	701	-	701	554
Convention Fund	-	-	267,698	267,698	264,636
<b>Total expenses</b>	398,180	701	267,698	666,579	659,108
<b>Increase in net assets</b>	21,853	(1,588)	48,969	69,234	87,199
<b>Net assets, beginning of year</b>	250,268	72,225	(32,354)	290,139	202,940
<b>Net assets, end of year</b>	\$ 272,121	70,637	16,615	359,373	290,139

See accompanying notes to financial statements.



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

**Statements of Functional Expenses**

For the years ended December 31, 2007 and 2006

	Executive Office	Special Projects	Convention Fund	2007 Totals	2006 Totals
<b>Expenses of operations:</b>					
Salaries	\$ 111,137	-	67,521	178,658	175,174
Housing allowance	23,667	-	-	23,667	24,000
Employee fringe benefits and health insurance	26,034	-	4,462	30,496	25,506
Payroll taxes	20,009	-	39	20,048	21,960
Travel	32,562	-	37,597	70,159	74,726
Executive Committee and General Board	449	-	6,390	6,839	8,215
Office rental	33,479	-	-	33,479	33,479
Depreciation	8,814	-	-	8,814	5,806
Legal and audit	3,920	-	3,857	7,777	4,044
Supplies, office expense	9,099	-	10,179	19,278	17,997
Printing and promotion	4,310	-	28,472	32,782	32,942
Postage / mail services	858	-	204	1,062	1,331
Telephone	1,663	-	310	1,973	2,513
Auditorium and other convention services	-	-	97,924	97,924	94,552
International Fellowship	240	-	-	240	240
The Together Way Plan	109	-	-	109	139
Copier lease	4,953	-	-	4,953	5,057
Church directory	-	701	-	701	517
Publications Committee	-	-	887	887	1,155
Church on the Ridge expense	-	-	3,565	3,565	-
Nominating Committee	-	-	3,146	3,146	-
Support to One Magazine	110,407	-	-	110,407	110,407
Building Kingdom Stewards Seminars	5,856	-	-	5,856	17,429
Other	614	-	3,145	3,759	1,919
<b>Total expenses</b>	<b>\$ 398,180</b>	<b>701</b>	<b>267,698</b>	<b>666,579</b>	<b>659,108</b>

See accompanying notes to financial statements.

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

**Statements of Cash Flows**

Years ended December 31, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>	\$ 69,234	87,199
Increase in net assets		
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	8,815	5,805
(Increase) decrease in:		
Receivables	1,559	1,688
Inventories	3,342	10,277
Prepaid expenses	(886)	(6,123)
Increase (decrease) in:		
Convention revenues collected in advance	-	(30,000)
Funds held for Church on the Ridge building improvements	8,254	4,032
Relief contributions for future disasters	(16,368)	1,647
Accounts payable and accruals	(1,442)	(744)
<b>Net operating activities</b>	<b>72,508</b>	<b>73,781</b>
<b>Cash Flows from Investing Activities</b>	<b>(365)</b>	<b>(18,652)</b>
Purchase of capital assets	(85)	(1,728)
Net Investment in funds held by Free Will Baptist Foundation		
<b>Net investing activities</b>	<b>(450)</b>	<b>(20,380)</b>
<b>Increase in cash and cash equivalents</b>	<b>72,058</b>	<b>53,401</b>
<b>Cash and cash equivalents, at beginning of year</b>	<b>261,246</b>	<b>207,845</b>
<b>Cash and cash equivalents, at end of year</b>	<b>\$ 333,304</b>	<b>261,246</b>

See accompanying notes to financial statements.



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

December 31, 2007 and 2006

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 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.

**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 2006 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 \$926 and \$4,268 at December 31, 2007 and 2006, 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 \$6,333 in 2007 and \$5,720 in 2006. 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 \$4,953 in 2007 and \$5,057 in 2006. The minimum annual payments required are \$6,919 for each of the years 2008 through 2011; and \$3,460 for 2012.

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 2007 and 2006.

**(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, 2006, 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 as their share of the funding for 2007 and 2006.

**(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, 2007 as compared to 2006 totals.

	2007		2006	
	Designated	Cooperative	Total	Total
<b>Receipts:</b>				
Alabama	\$ 4,696	2,313	7,009	8,579
Arkansas	704,489	224,256	928,745	858,667
California	30	11,889	11,919	14,993
Florida	943	20,018	20,961	15,556
Georgia	456,480	19,026	475,506	467,018
Illinois	185,462	30,692	216,154	202,111
Indiana	23,634	1,474	25,108	19,614
Kansas	899	1,188	2,087	2,894
Kentucky	1,400	8,525	9,925	17,487
Michigan	222,053	20,406	242,459	262,225
Mississippi	1,591	10,816	12,407	10,229
Missouri	588,330	221,659	809,989	816,554
New Mexico	6,868	469	7,337	6,014
North Carolina	22,769	50,648	73,417	76,744
Ohio	219,898	36,003	255,901	335,240
Oklahoma	706,185	160,256	866,441	838,528
South Carolina	677,088	430	677,518	686,758
Tennessee	175,539	29,337	204,876	217,531
Texas	84,419	6,508	90,927	101,692
Utah	-	3,344	3,344	1,817
Virginia	29,380	12,373	41,753	19,434
West Virginia	7,302	1,186	8,488	8,683
Canada	48,327	766	49,093	35,666
Contributions totaling \$2,500 or less	295	966	1,261	1,767
Total receipts	\$ 4,168,077	874,548	5,042,625	5,025,801
<b>Disbursements:</b>				
Executive Office	\$ 19,644	393,547	413,191	393,531
Free Will Baptist Bible College	257,914	100,630	358,544	371,992
FWB Foundation	2,429	28,860	31,289	29,993
Home Missions	1,083,747	86,580	1,170,327	1,107,383
International Missions	2,655,729	110,631	2,766,360	2,833,673
Master's Men	7,875	67,340	75,215	74,053
Retirement & Insurance	3,851	67,340	71,191	68,594
Commission for Theological Integrity	1,246	2,405	3,651	3,098
Historical Commission	526	2,405	2,931	2,810
Media Commission	665	2,405	3,070	3,212
Music Commission	831	2,405	3,236	3,204
Hillsdale Free Will Baptist College	36,644	-	36,644	37,803
Other	96,976	-	96,976	96,455
Total disbursements	\$ 4,168,077	864,548	5,032,625	5,025,801

**Executive Office**

**Budgets**

**2009  
EXECUTIVE OFFICE  
ADMINISTRATIVE BUDGETS  
FINANCIAL REPORT**

	2007 Budget	2007 Actuals	2008 Budget	2009 Budget
<b>PROJECTED EXPENSES</b>				
Salaries	\$156,437.29	\$172,764.72	\$159,026.31	\$166,352.74
Housing	40,000.00	23,666.67	40,000.00	40,000.00
Social Security	24,137.06	20,008.95	24,533.18	25,417.40
Retirement	7,821.86	6,332.76	7,951.31	8,317.63
Employees Insurance	23,732.66	17,838.45	26,069.49	27,757.62
(Dental/Disability/Health/Life/Travel)				
Convention Reimbursements	(71,431.57) *	(65,478.93)	(76,477.83) *	(79,083.00) *
Auditing/Legal	3,500.00	3,919.50	3,500.00	4,000.00
Copier Lease	4,800.00	4,953.23	5,000.00	7,500.00
Equipment Maintenance	500.00	500.00	500.00	500.00
Computer Supplies	2,500.00	7,018.08	3,000.00	4,000.00
Executive Committee	2,600.00	449.07	2,600.00	2,600.00
General Insurance	2,750.00	1,862.83	2,800.00	2,500.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Leadership Conference	250.00	0.00	250.00	100.00
Office Rental	33,479.00	33,479.04	34,076.88	34,674.72
(\$1.16 per sq. ft. x 2,491)				
Office Supplies/Expense	2,250.00	1,088.37	2,750.00	2,000.00
Other	1,500.00	113.80	1,500.00	250.00
Postage	1,500.00	857.88	1,700.00	1,200.00
Printing	2,500.00	722.57	2,000.00	2,000.00
Promotion	1,500.00	3,587.08	2,500.00	3,500.00
Books/Dues/Registrations	1,700.00	992.80	2,000.00	1,500.00
Telephone	3,000.00	1,662.79	3,000.00	2,500.00
Tog. Way Plan/Stewardship Education	300.00	109.18	300.00	200.00
Travel	27,500.00	35,611.87	35,000.00	37,500.00
Christmas Bonus (Extra Week's Salary)	1,516.82	2,334.61	1,516.82	1,577.49
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	1,516.82	1,516.82	1,516.82	1,577.49
One Magazine	110,406.80	110,406.84	110,406.80	110,406.80
Contingency Fund	6,023.53	0.00	5,479.70	2,085.37
<b>Totals</b>	<b>\$392,530.27</b>	<b>\$386,558.98</b>	<b>\$402,739.48</b>	<b>\$411,174.26</b>
<b>PROJECTED INCOME</b>				
The Together Way Plan	\$368,081.59	\$393,546.76	\$375,443.22	\$382,952.08
Cooperative Gifts	20,878.69	19,644.31	21,296.26	21,722.18
Designated Gifts	0.00	3,050.11	2,000.00	2,000.00
Travel Reimbursement	3,569.99	3,962.21	4,000.00	4,500.00
Other Income				
<b>Totals</b>	<b>\$392,530.27</b>	<b>\$420,203.39</b>	<b>\$402,739.48</b>	<b>\$411,174.26</b>

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



## Executive Office

## Salary Breakdown

## SALARY BREAKDOWN

	2007	2008	2009
Executive Secretary			
Salary	\$42,525.00 (2.5%)	\$43,462.88 (1.5%)	\$45,366.77 (3.0%)
Housing and Utilities	20,000.00	20,000.00	20,000.00
Social Security	9,566.33 (15.30%)	9,709.82 (15.30%)	10,001.12 (15.30%)
Retirement	2,126.25 (5%)	2,173.14 (5%)	2,268.34 (5%)
Insurance (Health/Dental/Life)	5,518.46	6,070.31	6,621.36
Disability/Travel	418.90	463.08	475.16
NOTE: Office car furnished.			
	80,154.94	81,879.23	84,732.74
Executive Administrator			
Salary	35,037.91 (2.5%)	36,689.05 (3.0%)	38,956.61 (4.0%)
Housing and Utilities	20,000.00	20,000.00	20,000.00
Social Security	8,420.80 (15.30%)	8,673.43 (15.30%)	9,020.36 (15.30%)
Retirement	1,751.89 (5%)	1,834.45 (5%)	1,947.83 (5%)
Insurance (Health/Dental/Life)	5,494.22	6,043.64	6,621.36
Disability/Travel	374.72	420.05	434.45
NOTE: Office car furnished.			
	71,079.54	73,660.62	76,980.61
Executive Accountant			
Salary	42,848.93 (2.5%)	42,848.93	44,562.89 (4.0%)
Social Security	3,340.98 (7.65%)	3,340.98 (7.65%)	3,474.62 (7.65%)
Retirement	2,142.45 (5%)	2,142.45 (5%)	2,228.14 (5%)
Insurance	5,730.50	6,303.55	6,560.66
Health/Life	5,138.18	5,652.00	5,804.17
Dental	592.32	651.55	756.49
Disability			
Christmas Bonus	252.81	252.81	262.92
	824.02	824.02	856.98
	55,139.69	55,712.74	57,946.21
Yearbook Coordinator/ Registration Coordinator			
Salary	36,025.45 (2.5%)	36,025.45	37,466.47 (4.0%)
Social Security	2,808.95 (7.65%)	2,808.95 (7.65%)	2,921.30 (7.65%)
Retirement	1,801.27 (5%)	1,801.27 (5%)	1,873.32 (5%)
Insurance	5,730.50	6,303.55	6,560.66
Health/Life	5,138.18	5,652.00	5,804.17
Dental	592.32	651.55	756.49
Disability			
Christmas Bonus	212.55	212.55	221.05
	692.80	692.80	720.51
	47,271.52	47,844.57	49,763.31

## Convention

## Budgets

CONVENTION BUDGETS  
Financial Report  
National Association of Free Will Baptists, Inc.  
July 20-23, 2008  
Charleston, WV

	2007 Budget	2007 Actuals	2008 Budget
<b>PROJECTED RECEIPTS</b>			
Booth Fees	\$29,000.00	\$31,950.00	\$28,000.00
Host State (West Virginia)	30,000.00	30,000.00	32,000.00
Local Church Representation Fees (\$100)	1,000.00	700.00	1,000.00
Offerings	8,500.00	8,088.10	8,000.00
Printing Income	10,450.00	10,013.01	10,000.00
Reimbursements	12,500.00	707.58	11,500.00
State Representation Fees (\$100 per church)	235,000.00	233,258.69	232,000.00
Truck Reimbursement	3,000.00	1,572.14	1,500.00
Other	2,500.00	377.35	500.00
<b>TOTALS</b>	<b>331,950.00</b>	<b>316,666.87</b>	<b>324,500.00</b>
<b>PROJECTED EXPENDITURES</b>			
Auditorium	87,450.00	79,853.83	128,440.00
Printing and Promotion	31,160.00	28,495.58	29,030.00
Convention Office	73,029.98	93,713.75	97,511.24
Convention Personnel			
Meals	4,228.00	4,228.00	4,392.00
Travel	8,171.17	3,984.99	5,639.13
Lodging	5,589.20	704.28	8,922.48
Convention Officials	5,451.70	6,056.54	5,814.60
Volunteer Staff	6,400.34	5,324.99	7,938.96
Honorariums	1,225.00	1,400.00	2,183.28
Decorator Services	10,300.00	7,976.53	15,173.00
Meal Functions	3,220.00	3,723.77	2,993.00
Executive Committee			
Meal and Motel Expenses	3,600.00	3,600.00	3,600.00
Pre-Convention Expenses	17,651.34	10,003.69	11,700.00
<b>Sub-Totals</b>	<b>257,476.73</b>	<b>249,065.95</b>	<b>323,337.69</b>
National Committee Expenses	17,000.00	17,886.56	24,700.00
Surplus Revenue (Operating Capital for Future Conventions)	57,473.27	49,714.36	(23,537.69) *
<b>TOTALS</b>	<b>\$331,950.00</b>	<b>\$316,666.87</b>	<b>\$324,500.00</b>

\*Realized losses relating to the 2008 Convention in Charleston, West Virginia, will be funded by a prior period convention surplus.



## Convention

## Budgets

**CONVENTION BUDGETS**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 20-23, 2008**  
**Charleston, WV**

	2007 Budget	2007 Actuals	2008 Budget
<b>PROJECTED RECEIPTS</b>			
Booth Fees	\$29,000.00	\$31,950.00	\$28,000.00
Host State (West Virginia)	30,000.00	30,000.00	32,000.00
Local Church Representation Fees (\$100)	1,000.00	700.00	1,000.00
Offerings	8,500.00	8,088.10	8,000.00
Printing Income	10,450.00	10,013.01	10,000.00
Reimbursements	12,500.00	707.58	11,500.00
State Representation Fees (\$100 per church)	235,000.00	232,258.69	232,000.00
Truck Reimbursements	3,000.00	1,572.14	1,500.00
Other	2,500.00	377.35	500.00
<b>TOTALS</b>	<b>331,950.00</b>	<b>316,666.87</b>	<b>324,500.00</b>
<b>PROJECTED EXPENDITURES</b>			
<b>AUDITORIUM</b>			
Rental	8,000.00	11,303.75	40,000.00
Flowers	500.00	535.98	500.00
Other			
First Aid Staff	2,750.00	1,890.00	3,840.00
Liability, ASCAP, BMI, CCLI Insurance	1,000.00	425.46	1,000.00
Music/Equipment	7,500.00	7,918.16	7,500.00
Offering Buckets	100.00	0.00	0.00
Signs	2,000.00	505.17	500.00
Sound System/AV Equipment	50,000.00	51,905.81	65,000.00
Union Personnel	6,000.00	0.00	6,000.00
Usher/Other Badges	600.00	17.00	100.00
Police Security/Badge Checkers	9,000.00	5,352.50	4,000.00
<b>TOTALS</b>	<b>87,450.00</b>	<b>79,853.83</b>	<b>128,440.00</b>
<b>PRINTING AND PROMOTION</b>			
Convention Materials			
Digest of Reports	8,950.00	8,265.74	9,300.00
Programs	2,510.00	2,752.11	2,080.00
Photos	100.00	23.95	50.00
Pre-Convention Printing/Art	3,000.00	892.70	1,000.00
ONE Magazine	16,600.00	16,561.08	16,600.00
<b>TOTALS</b>	<b>31,160.00</b>	<b>28,495.58</b>	<b>29,030.00</b>

## Budgets

## Convention

	2007 Budget	2007 Actuals	2008 Budget
<b>CONVENTION OFFICE</b>			
Audit	\$3,500.00	\$3,857.10	\$3,750.00
Convention Manager Package	32,758.98	53,534.07	57,043.04
Courtesy Car	100.00	23.16	50.00
Equipment Rentals	600.00	588.20	600.00
Computers, Printers	4,500.00	4,176.80	3,000.00
Copiers (2)/Paper	300.00	260.40	300.00
Tables/Chairs/Trash Cans, etc.	3,000.00	4,053.30	3,000.00
Office Expense/Supplies	450.00	204.49	300.00
Postage	14,000.00	15,241.49	16,000.00
Pre-Registration Salaries	1,071.00	1,165.97	1,224.00
Payroll Taxes	2,500.00	2,042.00	2,800.00
Pre-Registration Staff	200.00	103.66	214.20
Payroll Taxes	5,000.00	3,452.81	5,000.00
Pre-Registration (Supplies, Postage)	1,000.00	1,938.86	1,000.00
Registration (Supplies)	2,500.00	1,800.00	2,000.00
Registration Computers/Printers	650.00	310.44	150.00
Telephone	900.00	961.00	1,080.00
Two-Way Radios			
<b>TOTALS</b>	<b>73,029.98</b>	<b>93,713.75</b>	<b>97,511.24</b>
<b>CONVENTION PERSONNEL</b>			
<b>MEALS</b>			
Debbie Burden (27 meals @ \$12.00 each)	324.00	324.00	324.00
Keith Burden (36 meals @ \$12.00 each)	432.00	432.00	432.00
Vernon Florence (21 meals @ \$12.00 each)	288.00	288.00	252.00
Dari Goodfellow (24 meals @ \$12.00 each)	324.00	324.00	288.00
Melody Hood (30 meals @ \$12.00 each)	360.00	360.00	360.00
Steve Pate (18 meals @ \$12.00 each)	216.00	216.00	216.00
Eric Thomsen (30 meals @ \$12.00 each)	252.00	252.00	360.00
Roy Harris	432.00	432.00	0.00
Convention Interns (9)	1,600.00	1,600.00	2,160.00
<b>TOTALS</b>	<b>4,228.00</b>	<b>4,228.00</b>	<b>4,392.00</b>
<b>TRAVEL</b>			
Debbie Burden	0.00	0.00	0.00
Keith Burden	339.50	43.50	391.88
Vernon Florence	334.17	334.17	439.00
Dari Goodfellow	339.50	339.50	391.88
Melody Hood	339.50	0.00	531.00
Steve Pate	339.50	339.50	391.88
Eric Thomsen	339.50	339.50	521.49
Roy Harris	339.50	74.25	0.00
Convention Truck (Fuel/Meals/Trailer Rental)	5,100.00	1,893.72	2,272.00
Staff Expense Money	700.00	620.85	700.00
<b>TOTALS</b>	<b>8,171.17</b>	<b>3,984.99</b>	<b>5,639.13</b>
<b>LODGING</b>			
Keith Burden	150.00	3.20	0.00
Vernon Florence (6 nights @ \$139.28)	658.70	762.72	835.68
Dari Goodfellow (7 nights @ \$180.48)	706.40	637.83	1,263.36
Melody Hood (11 nights @ \$139.28)	794.70	784.97	1,502.08
Steve Pate (7 nights @ \$139.28)	658.70	592.55	974.96
Eric Thomsen (9 nights @ \$139.28)	564.60	632.55	1,253.52
Roy Harris	150.00	101.01	0.00
Convention Interns (14 nights @ \$139.28)	1,906.10	1,813.36	3,092.88
Comp Rooms	0.00	(4,623.91)	0.00
<b>TOTALS (Includes applicable tax and parking)</b>	<b>5,589.20</b>	<b>704.28</b>	<b>8,922.48</b>



Convention	Budgets		
	2007 Budget	2007 Actuals	2008 Budget
<b>CONVENTION OFFICIALS</b>			
Moderator - Tim York			
Travel	\$339.50	\$339.50	\$391.88
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$139.28)	816.90	1,480.16	835.68
Honorarium	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
	<b>1,772.40</b>	<b>2,435.66</b>	<b>1,843.56</b>
Clerk - Randy Bryant			
Travel	285.00	296.00	452.00
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$139.28)	764.70	702.72	799.68
Honorarium	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
	<b>1,665.70</b>	<b>1,614.72</b>	<b>1,867.68</b>
Assistant Moderator - William Smith			
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$139.28)	<u>764.70</u>	<u>762.72</u>	<u>835.68</u>
	<b>980.70</b>	<b>978.72</b>	<b>1,051.68</b>
Assistant Clerk - Ernie Lewis			
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$139.28)	<u>816.90</u>	<u>811.44</u>	<u>835.68</u>
	<b>1,032.90</b>	<b>1,027.44</b>	<b>1,051.68</b>
<b>TOTALS (Includes applicable tax and parking)</b>	<b>5,451.70</b>	<b>6,056.54</b>	<b>5,814.60</b>
<b>VOLUNTEER STAFF</b>			
Music Coordinator - Chris Truett			
Lodging (6 nights @ \$139.28)	816.90	963.84	835.68
News Coordinator			
Lodging (6 nights @ \$139.28)	665.52	0.00	835.68
Keyboardist - Deena Armstrong			
Lodging (5 nights @ \$139.28)	680.75	626.20	696.40
Photographer - Travis Penn			
Lodging (6 nights @ \$139.28)	665.52	0.00	835.68
Pianist - Brian Floyd			
Lodging (6 nights @ \$139.28)	680.75	782.75	835.68
Taping - Mike Anderson			
Lodging (7 nights @ \$139.28)	892.15	914.20	974.96
Usher Coordinator - Billy Walker			
Lodging (5 nights @ \$139.28)	637.25	585.60	696.40
Videographer - Dustin Stokes			
Lodging (6 nights @ \$139.28)	0.00	0.00	835.68
Translator Rooms			
Lodging (10 nights @ \$139.28)	<u>1,361.50</u>	<u>1,452.40</u>	<u>1,392.80</u>
<b>TOTALS (Includes applicable tax and parking)</b>	<b>6,400.34</b>	<b>5,324.99</b>	<b>7,938.96</b>
<b>HONORARIUMS</b>			
Jim Hutchinson	175.00	175.00	175.00
Ivan Asbury	0.00	175.00	175.00
William Smith	175.00	175.00	175.00
Jim Christian	175.00	175.00	175.00
Stanley Outlaw	175.00	175.00	175.00
Tim York	175.00	175.00	175.00
Bobby Welch	175.00	175.00	175.00
	<u>175.00</u>	<u>175.00</u>	<u>1,133.28</u>
<b>TOTALS</b>	<b>1,225.00</b>	<b>1,400.00</b>	<b>2,183.28</b>

Convention	Budgets		
	2007 Budget	2007 Actuals	2008 Budget
<b>DECORATOR SERVICES</b>			
Booth (80) Installation/Draped Tables/Union	\$5,000.00	\$6,728.18	\$8,125.00
Exhibitor Badges	300.00	44.00	150.00
Registration	3,000.00	716.10	3,000.00
Chairs, Counters, Skirted Tables, Carpet	500.00	488.25	500.00
Electricity/Masking Drape			
Stage	800.00		2,500.00
Carpet	0.00		0.00
Risers	200.00		38.00
Skirted Tables/Chairs	<u>500.00</u>	<u>0.00</u>	<u>860.00</u>
Skirting/Draping/Stage Set-Up			
<b>TOTALS</b>	<b>10,300.00</b>	<b>7,976.53</b>	<b>15,173.00</b>
<b>MEAL FUNCTIONS</b>			
Executive Committee	1,100.00	1,232.50	1,050.00
Dinner (30 people @ \$35.00)			
General Board Breakfast	1,100.00	1,557.75	935.00
(55 people @ \$17.00)			
State Leaders Breakfast	900.00	812.08	900.00
(45 people @ \$20.00)			
Presidents' Breakfast	<u>120.00</u>	<u>121.44</u>	<u>108.00</u>
(6 people @ \$18.00)			
<b>TOTALS</b>	<b>3,220.00</b>	<b>3,723.77</b>	<b>2,993.00</b>
<b>EXECUTIVE COMMITTEE</b>			
<b>MEAL AND MOTEL EXPENSES</b>			
(For the Executive Committee Meeting prior to the 2008 National Convention)			
Gene Norris	400.00	400.00	400.00
Gary Fry	400.00	400.00	400.00
Rick Cash	400.00	400.00	400.00
Glen Johnson	400.00	400.00	400.00
Tim Campbell	400.00	400.00	400.00
Keith Woody	400.00	400.00	400.00
J.L. Gore	400.00	400.00	400.00
Mike Wade	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
Fred Hanson			
<b>TOTALS</b>	<b>3,600.00</b>	<b>3,600.00</b>	<b>3,600.00</b>
<b>PRE-CONVENTION EXPENSES</b>			
Data Entry-Resolutions Data Base	1,033.34	400.45	500.00
Impact West Virginia	1,618.00	887.44	1,200.00
Pre-Convention Meetings/Site Inspections	<u>15,000.00</u>	<u>8,715.80</u>	<u>10,000.00</u>
<b>TOTALS</b>	<b>17,651.34</b>	<b>10,003.69</b>	<b>11,700.00</b>
<b>NATIONAL COMMITTEES EXPENSES</b>			
Executive Committee	12,500.00	11,175.50	11,500.00
Nominating Committee	500.00	3,146.10	3,200.00
"Church on the Ridge" Committee	4,000.00	3,564.96	0.00
Support Plan Evaluation Committee	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>
<b>TOTALS</b>	<b>17,000.00</b>	<b>17,886.56</b>	<b>24,700.00</b>
<b>SURPLUS REVENUE</b>			
(Operating Capital for Future Conventions)	<u>57,473.27</u>	<u>49,714.36</u>	<u>(25,537.69) *</u>
<b>GRAND TOTALS</b>	<b>\$331,950.00</b>	<b>\$316,666.87</b>	<b>\$324,500.00</b>
*Realized losses relating to the 2008 Convention in Charleston, West Virginia, will be funded by a prior period convention surplus.			



**2007**  
**The Together Way Plan Gifts/Executive Office**  
**Cooperative**

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$92.17	\$75.70	\$74.82	\$68.12	\$97.05	\$69.53	\$96.02	\$94.73	\$86.49	\$122.30	\$163.79	\$0.00	\$1,040.72
Arizona	0.00	45.14	97.65	0.00	0.00	44.78	0.00	0.00	84.38	0.00	0.00	95.63	367.58
Arkansas	12,137.49	7,161.95	8,146.03	10,088.39	6,871.31	7,307.13	11,881.76	5,916.84	7,737.20	6,758.13	9,732.44	7,176.49	100,915.16
California	584.01	398.06	445.71	464.70	702.25	386.34	421.63	372.40	442.10	403.27	352.46	377.09	5,350.02
Canada	26.82	20.73	22.46	22.16	42.77	24.34	21.51	35.23	0.00	65.20	28.97	34.52	344.71
Florida	0.00	0.00	2,250.00	0.00	0.00	0.00	2,258.11	0.00	0.00	3,000.01	0.00	1,500.00	9,008.12
Georgia	828.51	810.56	474.32	768.95	792.08	483.25	872.84	846.60	592.44	714.75	728.83	648.72	8,561.85
Illinois	1,206.68	882.61	981.74	3,027.95	1,099.58	578.28	956.17	879.85	1,175.96	1,355.90	835.29	831.38	13,811.39
Indiana	69.30	14.40	67.50	0.00	83.03	54.00	67.50	0.00	67.50	166.05	73.80	0.00	663.08
Iowa	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	43.29	52.70	26.06	46.16	46.84	25.01	69.65	39.83	45.80	4.50	90.29	44.66	534.79
Kentucky	198.21	380.25	408.90	439.58	223.09	380.07	261.94	207.60	411.46	207.43	377.82	340.11	3,836.46
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	678.44	1,071.34	931.73	426.17	1,560.91	213.26	120.01	1,783.62	370.14	811.69	536.29	679.32	9,182.92
Mississippi	321.81	446.11	212.86	474.01	395.61	861.88	0.00	732.48	0.00	353.62	365.01	703.82	4,867.01
Missouri	10,170.20	7,012.96	7,462.76	8,561.94	9,104.09	7,228.63	8,470.48	10,701.56	6,758.92	8,897.47	7,418.90	7,958.68	99,746.59
New Mexico	10.44	16.19	0.00	42.93	19.21	9.49	0.00	15.00	0.00	85.46	0.00	12.33	211.05
North Carolina	892.87	3,016.70	1,257.76	2,132.54	2,201.13	3,026.34	559.95	4,154.56	2,023.72	604.00	1,221.42	1,700.62	22,791.61
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	1,175.16	1,954.93	1,041.83	886.02	2,461.40	808.28	1,074.82	1,686.46	936.45	1,941.75	1,602.20	631.87	16,201.17
Oklahoma	7,568.72	6,944.65	4,132.50	6,137.40	5,948.87	6,687.86	5,535.13	6,388.29	6,105.36	5,162.32	6,672.02	4,831.95	72,115.07
South Carolina	7.75	15.04	15.16	17.34	17.03	14.80	27.83	14.86	13.29	15.01	14.07	21.30	193.48
Tennessee	3,364.86	621.95	1,016.31	824.76	751.32	967.23	1,659.76	707.97	952.12	811.98	1,104.14	419.10	13,201.50
Texas	518.24	0.00	202.05	0.00	709.08	0.00	500.49	241.30	114.04	0.00	643.31	0.00	2,928.51
Utah	193.28	107.10	88.65	103.28	112.95	0.00	241.65	159.75	0.00	178.20	173.93	146.03	1,504.82
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,577.15	0.00	0.00	0.00	2,990.70	5,567.85
West Virginia	30.65	29.25	19.06	80.28	0.00	0.00	112.09	78.16	0.00	63.39	98.08	22.84	533.80
Virgin Islands	22.50	0.00	0.00	45.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67.50
<b>TOTALS</b>	\$40,141.40	\$31,078.32	\$29,375.66	\$34,657.68	\$33,239.60	\$29,170.50	\$35,209.34	\$37,634.24	\$27,917.37	\$31,722.43	\$32,233.06	\$31,167.16	\$393,546.76

**2007**  
**The Together Way Plan Gifts/Executive Office**  
**Designated**

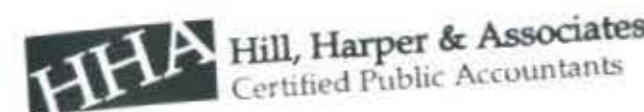
	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$340.38	\$138.12	\$233.06	\$242.15	\$260.77	\$177.66	\$222.84	\$384.36	\$68.58	\$274.09	\$174.67	\$168.41	\$2,685.09
Arizona	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	6.41	6.40	6.59	6.85	76.21	7.04	7.04	0.00	15.10	7.48	7.44	146.56
Florida	116.84	0.00	123.28	0.00	0.00	124.00	0.00	0.00	129.36	0.00	0.00	0.00	493.48
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	107.05	107.05	154.92	60.66	153.16	75.00	127.70	207.49	164.76	182.52	142.78	247.67	1,730.76
Indiana	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
Iowa	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	100.00	0.00	0.00	100.00	0.00	0.00	100.00	0.00	0.00	0.00	300.00
Michigan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	687.00	0.00	0.00	791.16
Mississippi	52.08	52.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	528.32	0.00	354.41	312.41	212.41	113.41	191.41	244.41	340.41	202.41	186.41	147.41	2,905.83
North Carolina	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
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	20.00	10.00	10.00	10.00	10.00	30.00	20.00	10.00	32.25	67.06	10.00	0.00	150.00
Oklahoma	112.99	0.00	55.42	25.35	25.35	69.91	31.23	10.00	0.00	20.00	0.00	0.00	394.21
South Carolina	501.83	372.70	441.27	269.29	496.39	598.07	203.92	673.27	246.72	628.38	580.31	634.18	5,646.33
Tennessee	0.00	74.96	372.28	144.40	94.55	161.13	462.96	10.00	276.21	487.74	74.17	0.00	2,450.89
Texas	0.00	0.00	0.00	177.60	80.53	0.00	41.82	44.68	74.80	0.00	200.00	0.00	419.43
Virginia	165.99	0.00	102.79	0.00	127.87	0.00	0.00	228.49	0.00	0.00	126.01	0.00	1,092.26
West Virginia	39.06	34.69	40.41	47.28	32.71	31.61	46.14	40.40	0.00	0.00	0.00	0.00	438.31
<b>TOTALS</b>	\$1,984.54	\$868.42	\$2,171.84	\$1,118.13	\$1,475.24	\$1,557.00	\$1,355.06	\$1,850.14	\$1,433.09	\$2,564.30	\$1,501.83	\$1,764.72	\$19,644.31



# 2007 Gifts to National Ministries

States	Executive	FWBBC	FWB Foundation	Home Missions	International Missions	Master's Men	Retirement & Insurance	WNAC	Commission for Theological Integrity	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$3,767.44	\$69,266.52	\$591.20	\$505,307.36	\$552,836.12	\$486.08	\$222.23	\$3,897.99	\$39.28	\$39.96	\$39.90	\$0.82	\$1,136,680.81
Alaska	0.00	0.00	0.00	4,000.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	4,025.00
Arizona	395.06	576.45	52.42	76,225.23	19,751.48	62.89	92.02	1,095.00	1.67	2.44	2.46	2.55	98,259.67
Arkansas	100,826.42	63,054.51	7,410.90	262,704.06	608,499.37	19,104.12	17,279.66	26,078.75	596.35	616.78	616.79	2.55	1,094,488.53
California	5,350.02	7,760.34	382.34	105,046.83	102,953.68	915.45	915.45	1,702.00	30.38	32.08	32.08	32.08	225,104.53
Canada	322.58	1,083.38	54.31	31,921.52	16,011.85	73.53	92.19	0.00	2.09	2.33	2.38	2.46	43,748.70
Colorado	0.00	0.00	0.00	91,050.00	18,794.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,186.44
Connecticut	0.00	2,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,560.00
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	1,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,650.00
Florida	9,501.60	78,987.56	660.59	86,780.83	251,910.80	1,681.39	1,541.39	2,030.00	46.15	55.05	55.05	55.05	433,285.26
Georgia	8,694.85	85,504.97	750.99	110,703.44	397,414.77	1,850.01	1,656.82	10,076.20	49.51	53.20	53.21	53.76	617,014.63
Hawaii	0.00	2,428.00	0.00	4,049.29	320.00	2,428.00	0.00	0.00	0.00	0.00	0.00	0.00	9,225.29
Idaho	0.00	225.00	0.00	7,563.58	7,435.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,253.61
Illinois	13,815.04	26,019.98	1,016.21	130,232.96	268,019.30	2,937.27	2,267.14	3,347.35	79.35	84.41	84.42	84.42	448,087.88
Indiana	2,393.84	5,546.57	329.51	34,102.22	69,963.61	113.46	492.82	540.00	239.87	284.92	4.04	4.04	114,014.90
Iowa	0.00	275.00	0.00	1,900.00	690.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,775.00
Kansas	534.79	2,386.96	39.22	25,247.76	12,891.88	91.51	91.51	7,460.00	2.99	3.26	3.26	3.26	41,477.97
Kentucky	3,873.10	16,643.39	315.32	91,053.73	134,023.58	1,431.70	695.31	1,460.00	21.81	23.69	23.72	23.84	255,589.00
Louisiana	0.00	650.00	0.00	9,371.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,021.44
Maine	0.00	150.00	0.00	6,806.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,956.00
Maryland	0.00	0.00	0.00	0.00	4,065.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,065.04
Massachusetts	9,337.52	17,894.82	72.84	150,840.94	187,318.14	2,860.00	1,829.19	3,540.00	53.29	56.08	56.08	56.71	374,752.84
Michigan	0.00	0.00	0.00	32,292.07	19,622.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51,914.55
Minnesota	0.00	0.00	0.00	0.00	3,515.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,515.00
Mississippi	5,650.17	45,369.40	356.81	141,724.43	115,703.99	1,232.81	832.81	2,860.00	29.48	29.76	29.76	29.76	311,883.26
Missouri	99,760.34	59,335.92	7,327.49	248,131.58	553,329.12	17,617.75	17,082.33	10,147.73	561.09	609.65	609.66	609.71	1,015,122.37
Montana	0.00	0.00	0.00	1,975.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,375.00
Nbraska	0.00	0.00	0.00	0.00	12,425.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,425.00
New Hampshire	0.00	0.00	0.00	5,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,500.00
New Jersey	0.00	11,590.00	78.82	1,250.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,878.82
New Mexico	217.48	276.65	21.45	6,736.42	3,860.00	36.11	42.92	139.20	1.36	1.33	1.34	1.36	11,334.62
New York	0.00	100.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	600.00
North Carolina	25,952.78	206,487.98	1,908.11	499,506.44	948,775.60	4,572.69	4,170.65	14,912.61	140.16	149.30	149.52	142.08	1,708,868.12
Northwest Association	0.00	260.00	0.00	0.00	162.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	422.00
Ohio	18,447.35	17,828.02	1,198.40	196,609.88	251,917.16	2,872.18	2,874.16	3,224.72	95.52	99.66	99.74	100.06	302,498.05
Oklahoma	72,552.14	26,316.33	5,328.18	400,059.87	699,203.58	13,903.74	12,385.16	11,370.28	41.59	44.00	44.10	44.17	1,214,854.06
Oregon	0.00	0.00	0.00	0.00	2,394.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,394.00
Pennsylvania	0.00	525.00	0.00	30,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,525.00
Rhode Island	5,949.22	93,979.25	133.23	200,850.41	613,472.22	33.10	276.00	7,541.55	2.05	2.05	2.15	2.50	829,782.87
South Carolina	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
Tennessee	15,773.12	290,981.57	2,962.13	810,404.25	1,558,598.34	8,463.42	5,313.68	15,999.40	533.62	265.48	265.60	2108.13	2,681,674.74
Texas	3,369.83	13,304.88	235.14	127,340.20	84,443.68	601.10	524.41	2,831.90	520.13	18.04	18.06	18.13	233,225.60
Utah	1,504.62	333.07	110.34	217.63	1,375.33	257.50	257.50	105.00	9.19	9.19	9.19	9.19	4,197.26
Virginia	1,626.06	21,158.75	408.31	196,103.47	173,201.41	0.00	960.42	2,825.20	15.92	34.03	34.03	34.03	396,402.63
Washington	0.00	2,254.38	0.00	2,514.38	2,770.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,549.38
West Virginia	6,042.63	8,156.62	72.85	112,790.75	125,108.96	249.34	568.32	1,365.00	222.82	222.82	222.88	222.88	254,967.27
Wisconsin	0.00	0.00	0.00	12,280.97	1,260.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,541.75
Wyoming	0.00	0.00	0.00	1,013.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,013.32
Puerto Rico	67.50	381.60	4.95	47,864.85	2,431.77	11.55	3.85	265.00	0.00	0.00	0.00	0.00	51,052.78
Virgin Islands	0.00	0.00	0.00	0.00	460.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	460.00
Foreign Countries	0.00	0.00	0.00	425,155.03	301,464.85	0.00	484.69	5,578.75	0.00	0.00	0.00	0.00	732,541.42
Other	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
Foundation	0.00	0.00	0.00	90,011.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90,011.86
WNAC	0.00	2,551.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,551.51
TOTALS	\$414,292.60	\$1,154,376.67	\$32,273.46	\$5,318,196.72	\$8,120,316.99	\$84,123.21	\$72,721.64	\$141,272.20	\$3,684.02	\$2,808.52	\$3,077.69	\$4,440.73	\$15,351,676.45

\*HM--Other includes interest, miscellaneous sources and sales.  
 \*M--Other includes miscellaneous sources, sales and interest income. All amounts exclude "exchange" gifts.  
 \*Master Men--Total does not include dues, sales, DRT, Conference or Foundation fees, or restricted Endowment contributions.  
 \*WNAC--Total does not include Memorial Student Loan Fund. Foreign Student Scholarship or gifts designated to other departments.



Terry A. Hill  
Ernest R. Harper

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

## Independent Auditors' Report

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, 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 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, 2007 and 2006, 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.

*Hill, Harper & Associates*

April 30, 2008



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

Statements of Financial Position  
December 31, 2007 and 2006

	<b>Assets</b>		
	<b>2007</b>	<b>2006</b>	
<b>Current assets:</b>			
Cash and interest bearing deposits	\$ 150,899	108,464	
Accounts receivable	11,175	27,182	
<b>Total current assets</b>	162,074	135,646	
<b>Property, plant and equipment:</b>			
Land and land improvements			
Building	214,296	214,296	
Building services equipment	1,542,760	1,519,574	
Departmental workstations	104,594	103,304	
	77,228	77,228	
Less accumulated depreciation	1,938,878	1,914,402	
	1,182,684	1,105,958	
<b>Net property, plant and equipment</b>	756,194	808,444	
	\$ 918,268	944,090	
	<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>			
Accounts payable			
Notes payable and long-term debt	\$ -	8,112	
	-	3,753	
<b>Total liabilities</b>	-	11,865	
<b>Net assets:</b>			
Operations	162,074	127,534	
Net investment in property, plant and equipment	756,194	804,691	
<b>Total net assets</b>	918,268	932,225	
	\$ 918,268	944,090	

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, 2007 and 2006

	<b>2007</b>		<b>2006</b>	
	<b>Operations</b>	<b>Services for Departments</b>	<b>Totals</b>	<b>Totals</b>
<b>Revenues:</b>				
Building rental	\$ 274,633	-	274,633	273,222
Reimbursement from departments	-	481,823	481,823	447,128
Interest income	1,802	-	1,802	1,556
Other	1,508	-	1,508	355
Net assets released from departmental reimbursements	481,823	(481,823)	-	-
<b>Net revenues</b>	759,766	-	759,766	722,261
<b>Expenses:</b>				
<b>Expenses incurred for departments:</b>				
Employee benefits	308,590	-	308,590	268,666
Stewardship office expense	4,118	-	4,118	3,650
Leadership Conference	23,406	-	23,406	22,812
Property and liability insurance	46,159	-	46,159	43,572
Telephone	16,591	-	16,591	18,825
Mailroom and other	83,003	-	83,003	84,099
	481,867	-	481,867	441,624
<b>Building operating expenses:</b>				
Salaries	64,787	-	64,787	60,962
Payroll taxes	4,821	-	4,821	5,503
Employee benefits	23,426	-	23,426	22,004
Janitorial services	29,873	-	29,873	29,180
Depreciation	76,726	-	76,726	82,475
Audit and legal	5,878	-	5,878	4,252
General insurance	22,376	-	22,376	18,515
Supplies and office expense	9,834	-	9,834	11,264
Utilities / telephone	33,530	-	33,530	31,984
Repairs and maintenance	10,047	-	10,047	11,422
Interest expense	316	-	316	1,055
Mailroom and other	10,242	-	10,242	12,353
	291,856	-	291,856	290,969
<b>Total expenses</b>	773,723	-	773,723	732,593
<b>Decrease in net assets</b>	(13,957)	-	(13,957)	(10,332)
<b>Net assets at beginning of year</b>	932,225	-	932,225	942,557
<b>Net assets at end of year</b>	\$ 918,268	-	918,268	932,225

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, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets		
Adjustments to reconcile decrease in net assets to net operating activities:	\$ (13,957)	(10,332)
Depreciation		
(Increase) decrease in receivables	76,726	82,475
Decrease in accounts payable and accruals	16,007	(24,901)
Net operating activities	(8,112)	(11,522)
<b>Cash Flows from Investing Activities</b>	70,664	35,720
Purchase of property and equipment		
Net investing activities	(24,476)	(48,643)
<b>Cash Flows from Financing Activities</b>	(24,476)	(48,643)
Repayment of debt		
Net financing activities	(3,753)	(6,950)
Increase (decrease) in cash and cash equivalents	(3,753)	(6,950)
Cash and cash equivalents, at beginning of year	42,435	(19,873)
Cash and cash equivalents, at end of year	108,464	128,337
<b>Supplemental disclosures:</b>	\$ 150,899	108,464
Interest paid	\$ 316	1,055

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2007 and 2006

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 2006 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:

**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.

	2006
	\$ 3,753
	3,753
Less current portion of notes payable and long-term debt	3,753
Long-term debt	\$ -

**(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 \$3,370 in 2007 and \$2,735 in 2006. 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 \$5,028 for 2007 and \$5,688 for 2006. The minimum payments required are: \$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 \$274,633 in 2007 and \$273,222 for 2006.

**(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.

**(7) 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, 2006, from which the summarized information was derived.

**Building Services**

**2009  
BUILDING SERVICES  
BUDGETS  
FINANCIAL REPORT**

**Budgets**

**PROJECTED INCOME**

	2007 Budget	2007 Actuals	2008 Budget	2009 Budget
Square Footage (20,470 @ \$1.16 = \$23,745.20 mo.)	\$273,221.76	\$274,632.96	\$280,029.60	\$284,942.40
Total Income	\$273,221.76	\$274,632.96	\$280,029.60	\$284,942.40

**PROJECTED EXPENSES**

	\$6,500.00	\$5,877.50	\$6,500.00	\$6,500.00
Audit & Legal	0.00	0.00	6,000.00	6,000.00
Replacement Reserve	4,500.00	3,860.31	5,000.00	5,000.00
General Supplies	22,630.62	20,055.73	25,000.00	25,643.14
Insurance (Employee)	24,200.00	22,376.46	26,750.00	32,000.00
Insurance (Plant)	35,000.00	29,872.88	38,500.00	38,500.00
Janitorial Services	3,500.00	2,361.64	3,500.00	3,500.00
Janitorial Supplies	12,500.00	8,430.47	12,500.00	12,500.00
Mail Room	2,000.00	1,263.82	4,000.00	4,000.00
Mail Truck	40,078.12	36,251.92	29,306.67	21,326.01
General Maintenance/Contingency Fund	7,500.00	4,599.19	7,500.00	7,500.00
Network Expense	4,869.96	4,821.26	5,016.05	5,217.03
Payroll Taxes (Employer's S.S.)	500.00	1,886.93	500.00	500.00
Postage Meter/UPS	2,803.55	3,369.81	2,887.66	3,609.74
Retirement	62,581.15	63,708.66	64,458.58	67,041.41
Salaries	5,000.00	4,409.41	6,000.00	6,000.00
Telephone	3,980.07	4,068.51	0.00	0.00
Telephone Voice Mail Lease	32,000.00	29,120.58	34,500.00	37,950.00
Utilities	1,078.29	1,078.29	1,110.64	1,155.07
Christmas Bonus/Extra Week's Salary	2,000.00	549.26	1,000.00	1,000.00
Other	2,000.00	549.26	1,000.00	1,000.00
Total Expenses	\$273,221.76	\$247,962.63	\$280,029.60	\$284,942.40



# Building Services

## BUILDING SERVICES SALARY BREAKDOWN

	2007	2008	2009
Maintenance Superintendent/ Mail Room Supervisor			
Salary	\$29,445.07 (2.5%)	\$30,328.42 (3.0%)	\$31,541.56 (4.0%)
Social Security	2,295.87 (7.65%)	2,364.74 (7.65%)	2,459.33 (7.65%)
Insurance (Dental/Health/Life)	15,400.00	16,940.00	16,940.00
Disability	173.73	178.94	186.10
Retirement	1,472.25 (5%)	1,516.42 (5%)	1,577.08 (5%)
Christmas Bonus	566.25	583.24	606.57
	49,353.17	51,911.76	53,310.63
Receptionist/Phone System Administrator/Assistant Bookkeeper			
Salary	26,626.08 (2.5%)	27,424.86 (3.0%)	28,521.85 (4.0%)
Social Security	2,076.07 (7.65%)	2,138.35 (7.65%)	2,223.88 (7.65%)
Insurance	6,899.80	7,589.78	8,348.76
Dental	379.02	416.92	458.61
Health/Life	6,520.78	7,172.86	7,890.15
Disability	157.09	161.81	168.28
Retirement	1,331.30 (5%)	1,371.24 (5%)	1,426.09 (5%)
Christmas Bonus	512.04	527.40	548.50
	37,602.38	39,213.44	41,237.36
Part time Worker			
Salary	6,510.00 (75 days)	6,705.30 (75 days)	6,978.00 (75 days)
Social Security	498.02 (2.5%/10.85 hr.)	512.95 (3.0%/11.18 hr.)	533.82 (4.0%/11.52 hr.)
	7,008.02	7,218.26	7,511.82

## Salary Breakdown



## 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, 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 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, 2007 and 2006, 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.

*Hill, Harper & Associates*

April 30, 2008



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

Statements of Financial Position  
December 31, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
<b>Current assets:</b>		
Cash and interest bearing deposits	\$ 203,819	113,131
Funds held by Free Will Baptist Foundation	25,399	24,110
Accounts receivable	7,790	22,631
<b>Total current assets</b>	<b>237,008</b>	<b>159,872</b>
<b>Fixed assets:</b>		
Furniture and equipment	12,624	8,457
Less accumulated depreciation	(4,164)	(2,141)
<b>Net fixed assets</b>	<b>8,460</b>	<b>6,316</b>
	<b>\$ 245,468</b>	<b>166,188</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 43,811	3,706
<b>Total liabilities</b>	<b>43,811</b>	<b>3,706</b>
<b>Net assets:</b>		
Unrestricted - operations	180,657	141,482
Permanently restricted - endowment funds	21,000	21,000
<b>Total net assets</b>	<b>201,657</b>	<b>162,482</b>
	<b>\$ 245,468</b>	<b>166,188</b>

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, 2007 and 2006

	<u>Unrestricted</u>	<u>2007</u>		<u>2006</u>
	<u>Operations</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
<b>Revenues:</b>				
Assessments to publish One Magazine from				
Free Will Baptist departments and agencies	\$ 419,657	-	419,657	419,657
Revenues from additional pages printed	2,500	-	2,500	14,166
Contributions	-	-	-	494
Endowment earnings	2,431	-	2,431	2,896
Other	389	-	389	-
<b>Total revenues</b>	<b>424,977</b>	<b>-</b>	<b>424,977</b>	<b>437,213</b>
<b>Expenses:</b>				
<b>Direct cost of publication:</b>				
Printing	177,274	-	177,274	163,626
Postage and mailing services	88,531	-	88,531	76,899
Design	31,752	-	31,752	26,605
Graphics expense	931	-	931	1,298
Writer's fees	1,634	-	1,634	1,632
<b>Total direct cost of publication</b>	<b>300,122</b>	<b>-</b>	<b>300,122</b>	<b>270,060</b>
<b>Employee compensation:</b>				
Salary	57,968	-	57,968	53,309
Payroll Taxes	4,369	-	4,369	4,432
Retirement	2,647	-	2,647	2,615
Other employee benefits	6,185	-	6,185	5,813
<b>Total employee compensation</b>	<b>71,169</b>	<b>-</b>	<b>71,169</b>	<b>66,169</b>
<b>Operating expenses:</b>				
Supplies and other office expense	9,154	-	9,154	6,227
Travel	3,334	-	3,334	2,443
Depreciation	2,023	-	2,023	1,472
<b>Total operating expenses</b>	<b>14,511</b>	<b>-</b>	<b>14,511</b>	<b>10,142</b>
<b>Total expenses</b>	<b>385,802</b>	<b>-</b>	<b>385,802</b>	<b>346,371</b>
<b>Increase in net assets</b>	<b>39,175</b>	<b>-</b>	<b>39,175</b>	<b>90,842</b>
<b>Net assets at beginning of year</b>	<b>141,482</b>	<b>21,000</b>	<b>162,482</b>	<b>71,640</b>
<b>Net assets at end of year</b>	<b>\$ 180,657</b>	<b>21,000</b>	<b>201,657</b>	<b>162,482</b>

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, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>		
Increase in net assets		
Adjustments to reconcile increase in net assets to net operating activities:	\$ 39,175	90,842
Depreciation		
Earnings credited to Funds Held by Free Will Baptist Foundation	2,023	1,472
	(1,289)	(1,819)
Increase (decrease) in accounts receivable		
	14,841	(22,631)
Increase (decrease) in accounts payable		
	40,105	(32,586)
<b>Net operating activities</b>	94,855	35,278
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets		
	(4,167)	(1,769)
<b>Net investing activities</b>	(4,167)	(1,769)
<b>Increase in cash and cash equivalents</b>	90,688	33,509
<b>Cash and cash equivalents, at beginning of year</b>	113,131	79,622
<b>Cash and cash equivalents, at end of year</b>	\$ 203,819	113,131

See accompanying notes to financial statements.

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

Notes to Financial Statements  
December 31, 2007 and 2006

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 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**

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.

**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 2006 financial statements may have been reclassified to conform to current year presentation.



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

**Summary of Significant Accounting Policies, continued**

**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.

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

The following assessments were made:

	2007	2006
Executive Office of the National Association of Free Will Baptists:		
Administrative budget	\$ 110,407	110,407
Convention budget	16,561	16,561
Free Will Baptist Foundation	44,163	44,163
Free Will Baptist Bible College	49,021	49,021
Board of Home Missions of the National Association of Free Will Baptists	67,348	67,348
International Missions of the National Association of Free Will Baptists	57,964	57,964
Master's Men	7,949	7,949
Randall House Publications of the National Association of Free Will Baptists	44,163	44,163
Board of Retirement and Insurance of the National Association of Free Will Baptists	22,081	22,081
	\$ 419,657	419,657

**(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 \$232,424 in 2007 and \$209,222 in 2006.

**(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 \$2,647 in 2007 and \$2,615 in 2006. 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.

**(6) 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, 2006, from which the summarized information was derived.

**ONE MAGAZINE**

**2009  
ONE MAGAZINE  
BUDGETS  
FINANCIAL REPORT**

Budgets

**REVENUE**

	2007 Budget	2007 Actuals	2008 Budget	2009 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	22,081.34	22,081.36	22,081.36
Endowment	500.00	1,143.00	500.00	1,000.00
Graphics	3,000.00	2,500.00	3,000.00	3,000.00
Postage	0.00	0.00	0.00	0.00
Subscription Revenue	0.00	388.75	0.00	400.00
	\$423,156.25	\$423,688.21	\$423,156.25	\$424,056.25

**Total Revenue**

**EXPENSES**

Salary & Benefits	\$67,240.00	\$67,169.35	\$69,257.21	\$71,845.57
Auto Allowance	4,000.00	4,000.10	4,120.00	5,000.00
Audit & Legal	0.00	0.00	3,250.00	4,000.00
Books, Dues & Registrations	0.00	0.00	0.00	1,500.00
Computer Software/Services	500.00	4,595.35	1,500.00	3,500.00
Design	34,320.00	25,872.28	38,000.00	32,000.00
Graphics	5,000.00	930.72	5,000.00	5,000.00
Mail Services	10,000.00	5,337.12	12,000.00	12,000.00
Mailing List Maintenance	1,500.00	0.00	1,500.00	1,500.00
Miscellaneous	2,646.25	4,735.30	4,222.79	3,910.68
Postage	115,000.00	78,051.63	100,000.00	85,000.00
Postal Returns	4,500.00	2,792.54	4,500.00	4,500.00
Printing	169,400.00	141,692.18	190,000.00	180,000.00
Promotion	400.00	868.04	1,000.00	2,000.00
Supplies	2,500.00	1,994.88	3,000.00	4,000.00
Telephone	150.00	27.83	150.00	300.00
Travel	3,000.00	3,334.04	3,500.00	4,000.00
Writer's Fees	3,000.00	1,634.10	3,000.00	4,000.00
	\$423,156.25	\$343,035.46	\$444,000.00	\$424,056.25

**Total Expenses**

\*Additional funds in the amount of \$20,843.75 are being provided in the 2008 Budget by accumulated surplus revenue.





Master's Men  
Free Will Baptist Men's Ministry  
General Director's Report

2007 marked the beginning of our next fifty years of ministry to Free Will Baptist men.

In 2007 Master's Men was involved in several work projects for our denomination. The three that were the most significant were the Impact Little Rock event where we helped construct a storage barn at the mission church in Cabot, AR; the first phase of the Ridge Church restoration project in New Durham, NH where our men worked during the first two weeks of August to replace the roof on the church as well as shore up some areas in the bell tower and roof structure, and landscaping the grounds at the Northern Lights Free Will Baptist Church in Fairbanks, AK, a Home Mission church.

Master's Men again partnered with WNAC to sponsor a Marriage Enrichment Conference in Branson, MO. Richard and Sandy Atwood were our speakers.

We continued our regional rallies with record-setting attendance at meetings in Columbus, OH at the Heritage Free Will Baptist Church and also in Hubert, NC at the First Free Will Baptist Church.

Master's Men once again enjoyed great fellowship at our Sports Fellowship events. We saw record numbers at our Deep South and National Golf Tournaments. We had perfect weather for our National Softball Tournament. This year Master's Men added a couple of fishing tournaments for fun and relaxation. We also added a motorcycle rally in California.

We have continued to grow, adding ten new chapters in 2007.

Our annual Father's Day Offering in June set a new record, which helped support our department and the many areas of our ministry.

We have enjoyed another great year of service to our local churches, to our denomination, and to our Savior.

Your fellow servant,

Ken

Kenneth W. Akers, General Director

### Synopsis of Board Meetings

#### March 2007

Board met for Board Meeting and Retreat in Pigeon Forge, TN. Seven members present. Approved last meeting minutes and financial report. Discussed Father's Day Offering. Bro. Ken presented new Leadership Seminar. Discussed ideas for expanding into a family ministry. Meeting adjourned.

#### December 2007

Board met at National Offices; all members present. Reviewed and approved minutes from previous meeting and financial report. Discussed Father's Day Offering. Discussed possible purchase of food prep trailer for DRT. Bro. Ken revealed new website for Master's Men, [www.fwbmastersmen.org](http://www.fwbmastersmen.org). Board approved purchase of new vehicle for director's use. Approved 2009 budget. Meeting adjourned.

TAMARA L. BECKMAN  
CERTIFIED PUBLIC ACCOUNTANT

6 SOUTH MADISON AVENUE  
COOKEVILLE, TN 38501  
OFFICE (931) 526-5489  
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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, 2007, 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 evaluating 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, 2007, 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 7, 2008  
Cookeville, Tennessee



**THE MASTER'S MEN  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007**

<b>Assets</b>		
Current Assets		
Cash	\$ 15,436.33	
Trust Account—Build a House	783.32	
Revocable Trust—Build a House	118.27	
Disaster Relief Trust	114,016.45	
Trust Account—Lifetime Members	101,050.00	
Interest Receivable	1,561.59	
Inventory	430.00	
Accounts Receivable	53,644.59	
Total Current Assets		\$ 287,040.55
Fixed Assets		
Equipment and Furniture	74,485.82	
Accum. Depreciation—Equip/Furn.	(53,109.03)	
Capitalized Leases	4,017.80	
Accum. Amortization—Cap. Leases	(3,315.34)	
Total Fixed Assets		22,079.25
Total Assets		\$ 309,119.80
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	3,047.57	
Payroll Tax Payable	338.19	
Accrued Wages	493.00	
Total Current Liabilities		3,878.76
Long-term Liabilities		
Notes Payable-HHR		15,000.00
Total Liabilities		18,878.76
<b>Net Assets</b>		
Temporarily Restricted	252,950.57	
Unrestricted	37,290.47	
Total Net Assets		290,241.04
Total Liabilities and Net Assets		\$ 309,119.80

The accompanying notes are an integral part of the financial statements

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**THE MASTER'S MEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Temporarily Restricted Assets	Unrestricted	Total
<b>Revenues &amp; Gains</b>			
Gifts and Donations	\$ 19,155.88	\$ 21,305.35	\$ 40,461.23
Dues from Members	-	18,117.46	18,117.46
Cooperative Program	-	67,112.51	67,112.51
Special Events	-	3,407.00	3,407.00
Tournament & Conference income	-	40,799.25	40,799.25
Interest Income	-	20,449.35	20,449.35
Total Revenues & Gains	19,155.88	171,190.92	190,346.80
<b>Net Assets Released from Restrictions</b>			
Disaster Relief	(21,047.56)	21,047.56	-
Build A House	-	-	-
Lifetime Memberships	-	-	-
Total Revenues, Gains & Other Support	\$ (1,891.68)	\$ 192,238.48	\$ 190,346.80
<b>Expenses</b>			
Salaries and Wages	-	66,965.00	66,965.00
PR Taxes and Benefits	-	10,381.87	10,381.87
Cost of Sales and Printing	-	9,766.16	9,766.16
Travel Expense	-	13,598.61	13,598.61
Conferences & Conventions	-	8,357.45	8,357.45
Office Expense	-	6,336.96	6,336.96
Equipment Expense	-	4,014.17	4,014.17
Telephone	-	2,371.22	2,371.22
Postage	-	1,914.87	1,914.87
Rent Expense	-	19,205.56	19,205.56
Professional Fees	-	1,750.00	1,750.00
Bookkeeping Expense	-	825.00	825.00
Ministry & Resource Development	-	2,028.00	2,028.00
Tournament Expense	-	25,998.95	25,998.95
Dues, Subscriptions, Fees	-	3,492.63	3,492.63
Depreciation Expense	-	3,564.27	3,564.27
Amortization Expense	-	200.89	200.89
Miscellaneous Expense	-	1,940.40	1,940.40
Total Expenses	\$ -	\$ 182,712.01	\$ 182,712.01
Change in Net Assets	(1,891.68)	9,526.47	7,634.79
Net Assets-Beginning of Year	254,842.25	27,764.00	282,606.25
Net Assets-End of Year	\$ 252,950.57	\$ 37,290.47	\$ 290,241.04

The accompanying notes are an integral part of the financial statement

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**THE MASTER'S MEN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b><u>Cash Flows from Operating Activities</u></b>		
Increase in Net Assets		\$ 7,634.79
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 3,564.27	
Amortization	200.89	
Interest on Investments	(20,449.35)	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	4,442.91	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	533.34	
Payroll Tax Payable	129.86	
Accrued Wages	133.00	
Total		(11,445.08)
Net Cash Provided by Operating Activities		(3,810.29)
<b><u>Cash Flows from Investing Activities</u></b>		
Purchases of Equipment	(15,100.00)	
Transfers to Trusts & Investments	(20,339.21)	
Interest Received	27,909.70	
Net Cash Used by Investing Activities		(7,529.51)
<b><u>Cash Flows from Financing Activities</u></b>		
Proceeds from Loan-HHR		15,000.00
Net Increase in Cash and Cash Equivalents		3,660.20
Beginning Cash and Cash Equivalents		11,776.13
Ending Cash and Cash Equivalents		\$ 15,436.33

The accompanying notes are an integral part of the financial statements

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**THE MASTER'S MEN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**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 and 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.

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#### Property, Equipment and Depreciation

Property and equipment are presented in the financial statements at cost and are depreciated by the straight-line method over the estimated useful lives of the assets ranging from 3-20 years.

#### Income Taxes

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

#### Estimates

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

#### Cash and Cash Equivalents

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

#### Note 2 – Property and Equipment

The following is a summary of property and equipment owned by the Department at December 31, 2007:

Equipment and furniture	\$ 74,485.82
Less: Accumulated Depreciation	< 53,109.03 >
Property and Equipment, Net	\$ 21,376.79

#### 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 2007 and accumulated amortization as of December 31, 2007 were \$200.89 and \$3,315.34, respectively.

#### Note 4 – Deferred Revenue

There were no deferred revenues for 2007.

#### Note 5 – Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2007.

Build a House campaign	\$ 50,180.59
Lifetime Membership	101,050.00
Disaster Relief	101,719.98
Total	<u>\$252,950.57</u>

#### Note 6 – Compensated Absences

There was no compensated absence balance at December 31, 2007.

#### Note 7 – Loan Payable

In December, 2007, Mater's Men purchased a Chevrolet HHR and entered into a Note Payable in the amount of \$15,000. First payment is due January 1, 2008.



**2009 Master's Men  
Financial Report**

Projected Expenses	2007 Budget	2007 Actuals	2008 Budget	Proposed Budget 2009
<b>Salaries</b>				
Director				
Salary				
Housing	39,393.00	35,200.00	39,393.00	39,393.00
Retirement	20,400.00	20,400.00	20,400.00	20,400.00
Insurance	2,990.00	2,795.00	2,990.00	2,990.00
<b>Total</b>	<b>69,283.00</b>	<b>65,516.06</b>	<b>69,283.00</b>	<b>69,283.00</b>
Secretary				
Wages(40hrs/wk@8.50)	17,680.00	11,234.00	17,680.00	17,680.00
FICA	1,097.00	692.47	1,097.00	1,097.00
MED	257.00	162.89	257.00	257.00
Insurance		988.08		700.00
<b>Total</b>	<b>19,034.00</b>	<b>13,077.44</b>	<b>19,034.00</b>	<b>19,734.00</b>
<b>Total Salaries</b>	<b>88,317.00</b>	<b>78,593.50</b>	<b>88,317.00</b>	<b>89,017.00</b>
<b>Office Operations</b>				
Automobile				
Rent				
Equipment & Supplies	22,580.00	19,205.56	23,133.00	3,600.00
Telephone	6,000.00	9,974.97	6,000.00	23,539.00
Postage	3,000.00	2,367.72	3,000.00	8,000.00
<b>Total</b>	<b>34,080.00</b>	<b>33,397.24</b>	<b>34,633.00</b>	<b>40,139.00</b>
<b>Accounting</b>				
Bookkeeping				
Audit	900.00	900.00	900.00	900.00
<b>Total</b>	<b>2,650.00</b>	<b>2,650.00</b>	<b>2,650.00</b>	<b>2,650.00</b>
<b>Resource Development</b>				
Printed Materials	7,200.00	7,949.28	7,200.00	9,000.00
<b>Department Travel</b>				
National Association	10,000.00	12,802.53	10,000.00	12,000.00
<b>Total Expenses</b>	<b>144,747.00</b>	<b>138,885.18</b>	<b>145,300.00</b>	<b>155,806.00</b>
<b>Projected Income</b>				
Dues	20,000.00	15,765.46	20,000.00	20,000.00
Father's Day Offering	11,617.00	12,476.61	12,170.00	13,600.00
Together Way	70,130.00	59,776.80	70,130.00	75,000.00
Softball	4,000.00	2,676.14	4,000.00	4,000.00
Golf	4,000.00	6,873.16	4,000.00	6,000.00
Gifts	17,000.00	8,209.36	17,000.00	14,800.00
Sales	5,000.00	2,435.75	5,000.00	5,000.00
Endowment Income	6,000.00	8,874.87	6,000.00	10,000.00
BAH	5,000.00	2,650.00	5,000.00	5,000.00
Master's Men Conference	2,000.00	4,905.00	2,000.00	2,000.00
<b>Total Income</b>	<b>144,747.00</b>	<b>124,643.15</b>	<b>145,300.00</b>	<b>155,400.00</b>



**Board of Retirement & Insurance  
Director's Report**

I begin my report this year by paying tribute to Rev. Herman Hersey, the first General Director of the Board of Retirement. Brother Herman went to be with the Lord on January 24, this year. Webster defines a visionary as someone who "thinks about the future with imagination or wisdom." That is a good description of Herman. Because of his vision, we now have two national departments, managing more than \$80M for Free Will Baptists.

Even though he was well known among Free Will Baptists for his extraordinary musical talent, preaching God's Word was Brother Herman's first priority. He viewed his musical gift as a tool to tell people about his Lord. He was a friend to pastors. After retiring from the Board of Retirement in 1993, he and Vernie moved to Jackson, TN, where he pastored the Victory Free Will Baptist Church until a few months before his death.

Brother Herman could say with Paul, "I have fought a good fight, I have finished my course, I have kept the faith." (II Timothy 4:7). He was one of our pioneers and will be missed.

In spite of the stock market, 2007 was a good year for the Board of Retirement. We averaged 6.375% returns for the year. You would be hard pressed to find another plan similar to ours that did better than that for 2007. Our lifetime average is 8.62%.

1 year - 2007	6.375%
3 years - 2005-2007	9.458%
5 years - 2003-2007	12.075%
10 years - 1998-2007	7.803%
Life of plan - 1969-2007	8.62%

We had a record 116 new enrollees in 2007. Since 1969 we have served 2321 participants through our program. We have 1543 active participants as I prepare this report.

Participant Breakdown



There are 1054 ordained ministers enrolled in our plan. That is 104 more than I reported two years ago. Two years ago only 13% of our churches were contributing to their pastor's retirement. That is now up to 24.4%.



The \$3,737,067 was also a record year for contributions to the plan. We have received \$28,997,511.68 in contributions since 1969.

The \$2,245,339 in withdrawals was also a record. There have been \$16,893,438.33 in withdrawals from the plan since 1969. We have 120 individuals receiving \$74,727.74 monthly income from us.

Our total assets reached \$43,206,397 last year. That was a 9.11% increase over 2006.



Our expense ratio fell below 1% for the first time in the history of our plan. We ended the year with .96% for the year. My goal is to see that below .75% before I retire.

Yes, 2007 was a good year, but as we face the future, we will continue to provide a retirement plan tailored to the needs of those employed by Free Will Baptists.

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

At the turn of the twentieth century in the USA, the life expectancy was approximately 47. When Social Security was introduced in 1935, the payout began at age 65 but life expectancy was only 59. In 1950, life expectancy was 68 and in 2005 it rose to 77.9 years and is continuing to rise.

In our own program 27% of the participants are over 60 years old. Notice their average account balance.

Age	Participants	Avg. Acct. Balance
Ages 22-29	77	\$2,756.68
Ages 30-39	257	6,655.02
Ages 40-49	351	14,990.80
Ages 50-59	477	26,159.27
Ages 60-69	319	44,627.05
Ages 70-79	93	55,606.09
Ages 80-84	9	14,405.12

Financial planners suggest combined retirement contributions from you and your employer should equal 10-15% of your annual income. However, making the recommended contribution may be too hard to do all at once. The key is to begin as early as you can and to save consistently.

Start Today!	
Goal:	\$200,000
8% earnings rate	
• Age 30	\$88/mo.
• Age 40	\$210/mo.
• Age 50	\$580/mo.

Although it can seem a challenging task, Free Will Baptists are fortunate to have an investment program that allows us to invest for retirement that also offers potential tax advantages.

With thousands of investment options available to ministers and church employees, why should they use this plan?

- ✓ First there are no sales commissions or front or back end sales load. This means that 100% of the money you contribute is invested directly to your account.
- ✓ This plan may also help you reduce your taxes.
- ✓ Tax sheltered contribution limits are much higher in this 403(b) plan than with an IRA.
- ✓ Ministers can request up to 100% of their benefits to be designated as a housing allowance.
- ✓ Through the church retirement plan your funds will be invested in Christian based socially screened investments.
- ✓ We use proven investment managers to manage plan funds.

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 hope you will allow us to be of service to you as you prepare for your future retirement through the plan established by Free Will Baptists for Free Will Baptists. Your decision to start investing in this plan could be one of the best decisions you can make for your church, your family and for yourself.

Our staff is here to serve you. We look forward to helping you prepare for your retirement years. Stop by our booth or give us a call @ 1-877-767-7738 (toll-free) and let us help you develop a plan suited for your needs.

In His Service,

D. Ray Lewis  
General Director



## Summary of Board Meetings

### May 1 & 2, 2007

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

Ray Lewis presented the Director's Report; followed by the quarterly financial report given by John Brummitt. Representatives of AIG and Homeland Healthcare Ins. presented a medical insurance program which was approved to be offered by the board.

Recommendations for adopting the "\$10 Club" were made and approved.

Budget was presented and adopted. Corporate officers were elected.

Board officers were elected.

### December 3, 2007

In Attendance: Jack Daniel, Rick Cason, Jack Ward, Milburn Wilson, Tim Hall, Ray Lewis, John Brummitt.

Financial Report through Nov. 30, 2007 was presented by John Brummitt. Director's Report was given by Ray Lewis. Board reviewed and approved reports, financial statements, and information from money managers.



BELLENFANT + MILES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists, (the "Board") as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists, as of December 31, 2007 and 2006, 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.

April 1, 2008

*Bellenfant & Miles, P.C.*



**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2007 and 2006**

**ASSETS**

	2007	2006
<b>OPERATING ASSETS</b>		
Cash and cash equivalents	\$ 29,754	\$ 35,973
Funds invested with Free Will Baptist Foundation	53,564	69,686
Total Operating Assets	83,318	105,659
<b>RETIREMENT ASSETS</b>		
Cash and cash equivalents		
Investment in marketable securities and instruments, at fair market value	1,741,116	701,544
Prepaid annuitant benefits	40,923,533	37,914,918
Notes receivable, net of allowance for doubtful accounts	1,000	-
Total Retirement Assets	540,748	601,473
Office Furniture, Equipment and Automobiles at cost, net of accumulated depreciation	43,206,397	39,217,935
<b>TOTAL ASSETS</b>	86,779	60,095
	<u>\$ 43,376,494</u>	<u>\$ 39,383,689</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable		
Accounts payable, accrued expenses and other liabilities	\$ 3,922,584	\$ 3,374,936
Total liabilities	13,462	11,725
<b>NET ASSETS</b>	3,936,046	3,386,661
Unrestricted		
Operations:		
Operating funds (deficit)	19,891	27,382
Designated for future assets purchases	53,564	69,686
Net invested in equipment	86,779	60,095
Total Operating Net Assets	160,234	157,163
Retirement Accounts:		
Net assets available for participants	39,199,391	35,745,968
Designated as reserve funds	80,823	93,897
Total Retirement Net Assets	39,280,214	35,839,865
Total net assets	39,440,448	35,997,028
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 43,376,494</u>	<u>\$ 39,383,689</u>

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 ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
<b>SUPPORT, REVENUE AND OTHER ADDITIONS</b>		
Contributions from participants	\$ 3,737,067	\$ 3,357,804
Investment income:		
Gains of investment portfolio:		
Net realized gains (losses)	3,481,763	1,624,324
Net unrealized gains (losses)	(2,127,767)	2,014,089
Total investment income	1,353,996	3,638,413
Interest and dividends from investments (net investment fees)	1,397,647	1,527,190
Total investment income	2,751,643	5,165,603
Income earned from interest bearing notes:		
Interest income	65,151	65,554
Total income earned from interest and sale of property	65,151	65,554
Forfeitures and late charges		
Gifts	-	147
Miscellaneous income	75,097	72,368
Total other income	75,097	72,515
Total additions	6,553,861	8,589,108
Allocation for Operations	(341,309)	(377,349)
Net additions after allocation for operations	\$ 6,212,552	\$ 8,211,759

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 ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007		2006	
	Retirement Accounts	Operations	Retirement Accounts	Operations
Net additions after allocation for operations	\$ 6,212,552	\$ 418,131	\$ 8,211,759	\$ 454,679
	\$ 6,630,683		\$ 8,666,438	
<b>EXPENSES AND OTHER DEDUCTIONS</b>				
Withdrawals from participants	2,245,339	-	2,245,339	-
Transfers to annuities by participants	295,204	-	295,204	-
Insurance deductions from participants accounts	40,685	-	40,685	-
Income allocated to annuitant obligations	190,975	-	190,975	-
Salaries	-	120,892	-	102,771
Housing	-	31,200	-	31,200
Fringe Benefits	-	49,803	-	46,831
Travel and promotional	-	47,912	-	29,287
Office supplies and expense	-	82,133	-	73,867
Occupancy	-	28,672	-	26,784
Board members expense	-	14,037	-	11,760
Legal and accounting	-	19,659	-	52,573
Depreciation	-	16,919	-	12,495
Miscellaneous	-	3,833	-	2,004
Total deductions	2,772,203	415,060	3,187,263	389,572
	3,440,349	3,071	3,443,420	65,107
Increase (decrease) in net assets				
NET ASSETS - beginning of year	35,839,865	157,163	29,018,120	92,056
NET ASSETS - end of year	\$39,280,214	\$ 160,234	\$35,839,865	\$ 157,163
				\$35,997,028

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  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007		2006	
	Retirement Accounts	Operations	Retirement Accounts	Operations
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from:	\$ 3,737,067	\$ -	\$ 3,737,067	\$ -
Contributions from participants and employers	-	75,097	-	72,368
Gifts	-	-	-	-
Income earned from interest and sale of loan property	65,151	-	65,151	-
Investment income	1,397,647	1,725	1,399,372	4,738
Forfeitures and late charges	-	-	-	147
Miscellaneous income	-	-	-	224
Cash paid for:				
Supplies and employees	(40,220)	(396,869)	(33,896)	(394,789)
Withdrawal of funds by participants	(2,541,543)	-	(2,541,543)	-
Income allocated to annuitant obligations	(190,975)	-	(190,975)	-
Net Cash Provided (Used)	2,427,127	(320,047)	3,564,084	(317,459)
By Operating Activities				3,246,625
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of office furniture and equipment	-	(43,603)	-	(26,954)
Investments:				
Purchases of investment securities	(32,778,378)	-	(32,778,378)	-
Funds invested with Free Will Baptist Foundation	-	16,122	-	3,037
Proceeds from sale of investment securities	31,123,759	-	31,123,759	-
Proceeds from sale of equipment	-	-	-	-
Notes receivable:				
New loans made	(403,717)	-	(403,717)	-
Collection of notes receivable	464,442	-	464,442	-
Net Cash Provided (Used)	(1,593,894)	(27,481)	(1,621,375)	(23,917)
By Investing Activities				(6,259,384)

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, 2007 and 2006**

	2007			2006		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Allocation for operations	\$ (341,309)	\$ 341,309	\$ -	\$ (377,349)	\$ 377,349	\$ -
Net to additions to (withdrawals from) annuities payable	547,648	-	547,648	(236)	-	(236)
Repayment of loan from Foundation	-	-	-	-	-	-
Net Cash Provided (Used) By Financing Activities	206,339	341,309	547,648	(377,585)	377,349	(236)
<b>INCREASE (DECREASE) IN CASH</b>	1,039,572	(6,219)	1,033,353	(3,048,968)	35,973	(3,012,995)
Cash and cash equivalents at beginning of years	701,544	35,973	737,517	3,750,512	-	3,750,512
Cash and cash equivalents at end of years	\$ 1,741,116	\$ 29,754	\$ 1,770,870	\$ 701,544	\$ 35,973	\$ 737,517
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Increase (decrease) in net assets	\$ 3,440,349	\$ 3,071	\$ 3,443,420	\$ 6,821,745	\$ 65,107	\$ 6,886,852
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation and amortization	-	16,919	16,919	-	12,495	12,495
Allocation for operations	341,309	(341,309)	-	377,349	(377,349)	-
Loss (gains) on investment transactions	(1,353,996)	-	(1,353,996)	(3,638,413)	-	(3,638,413)
Decrease (increase) in prepaid expenses	(1,000)	-	(1,000)	-	-	-
Increase (decrease) in accounts payable, accrued expenses and other	465	1,272	1,737	3,403	(17,712)	(14,309)
Total adjustments	(1,013,222)	(323,118)	(1,336,340)	(3,257,661)	(382,566)	(3,640,227)
Net Cash Provided (Used) By Operating Activities	\$ 2,427,127	\$ (320,047)	\$ 2,107,080	\$ 3,564,084	\$ (317,459)	\$ 3,246,625

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  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

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

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

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

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

The amount for each of these classes of net assets is presented in the Statements of Financial Position, and the amount of change in each class of net assets is displayed in the Statements of Activities and Changes in Net Assets. The Board had no temporarily or permanently restricted net assets at December 31, 2007 and 2006.

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

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**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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 compensation. Plan 2 requires the total of employer contributions, salary reduction and voluntary employee contributions to be at least 3% of the employee's compensation. A third plan exists that members may enter initially upon employment or when they lose eligibility to participate in Plan 1 or 2. Minimum contributions required by this plan are \$10 per month and can be made by any of the plan's contribution means. Total employer contributions and salary reduction contributions that may be made for a participant in any year shall not exceed the limits imposed by IRS Code Sections 402(g), 403(b) and 415.

Each participant's account is credited with contributions made by and on behalf of the participant. Allocations of Plan earnings are based on account balances and the plan elections made by each participant, as defined in the Plan, on the last day of each adjustment period. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

On retirement, death or disability, participants receive 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 2007 amounted to \$9,946 (\$8,727 for 2006).

**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.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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.

**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 estimate is adequate. Actual results could differ from those estimates.

**2. NOTES RECEIVABLE**

Following is a summary of notes receivable:

	2007	2006
Participant notes (net) secured by retirement account balances	\$ 9,906	\$ 8,719
Churches and agency notes secured by related real property	530,842	592,754
	<u>\$ 540,748</u>	<u>\$ 601,473</u>

The notes bear interest at various rates from 3.0% to 9.0% and mature at various dates from 2007 through 2012.



**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**3. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS**

	2007		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Mutual Funds	\$ 6,452,291	\$ 6,072,989	\$ 379,302
Common Stocks	22,120,240	21,395,641	724,599
U.S. Government Issues	10,335,893	10,033,709	302,184
Corporate Bonds	1,538,703	1,549,235	(10,532)
Foreign Equities	476,406	429,195	47,211
Total Investments	<u>\$ 40,923,533</u>	<u>\$ 39,480,769</u>	<u>\$ 1,442,764</u>

For 2007, total investment gain relating to marketable securities and instruments amounted to \$2,751,643 and consisted of investment gains of \$1,353,996 and interest and dividends of \$1,397,647 (net of investment fees of \$305,744). Investment income (loss) represented yields of 3.43% and 3.69% based on the average market value and average cost of such investments for 2007.

	2006		
	Market Value	Cost	(Depreciation) Appreciation
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	<u>\$ 37,914,918</u>	<u>\$ 33,898,467</u>	<u>\$ 4,016,451</u>

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.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**4. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES**

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

	2007	2006
Office furniture and fixtures	\$ 48,531	\$ 48,531
Computer hardware and software	90,081	46,478
Automobiles	40,428	40,428
	<u>179,040</u>	<u>135,437</u>
Less: Accumulated depreciation	(92,261)	(75,342)
	<u>\$ 86,779</u>	<u>\$ 60,095</u>

**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 (\$1.12 in 2006) per square foot per month. The Board shares the office with the Free Will Baptist Foundation. Beginning in 2007 the Foundation began paying one-half of the rent. Total lease payments were \$28,672 and \$26,784 for the years ended December 31, 2007 and 2006, 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, 2007 and 2006, the recorded liability amounted to \$3,922,584 and \$3,374,936 respectively. The actuary has determined that the current periodic benefit exceeded the reserve account at December 31, 2007 by \$52,141 (the reserve account exceeded the current periodic benefit by \$48,721 at December 31, 2006). Management has determined that there will be no pension benefit increases for 2007.

**7. INFORMATION REGARDING FINANCIAL INSTRUMENTS**

The Board has an accounting risk of loss in the areas of cash and cash equivalents, investments and notes receivable to the extent cash funds are not insured by a governmental agency, or notes receivable and investments are not secured by mortgages or guaranteed by the United States Government.



**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED**

The following table summarizes the Board's accounting risk of loss as of December 31, 2007 and 2006:

	2007		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 540,748	\$ 540,748	\$ -
Cash and cash equivalents	412,838	100,000	312,838
Funds invested with the Free Will Baptist Foundation	53,564	53,564	-
Short-term liquid investments	1,358,032	500,000	858,032
Corporate bonds	1,538,703	-	1,538,703
Mutual funds	6,452,291	-	6,452,291
Common stocks	22,120,240	-	22,120,240
U.S. Treasury notes and bills	10,335,893	9,482,751	853,142
Foreign Equities	476,406	-	476,406
	<u>\$ 43,288,715</u>	<u>\$ 10,677,063</u>	<u>\$ 32,611,652</u>
	2006		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk 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	-	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
	<u>\$ 39,323,594</u>	<u>\$ 10,513,999</u>	<u>\$ 28,809,595</u>

**8. RELATED PARTY TRANSACTIONS**

The Board had \$53,564 and \$69,686 invested with the Free Will Baptist Foundation, Inc. at December 31, 2007 and 2006, respectively.

**Board of Retirement and Insurance  
Proposed Budget for 2009**

	2007 Budget	2007 Actual	2008 Budget	2009 Proposed
<b>INCOME</b>				
Service Fees	\$413,463	\$341,309.50	\$469,700	\$468,400
Insurance Administrative Fees	500	2,587.58	800.00	800
The Together Way	70,000	70,617.02	70,000.00	72,000
Other State Gifts	300	404.69	500.00	500
Rest of the Family Offering	3,800	1,487.81	2,000.00	1,500
Interest Income	2,500	1,724.23	500.00	1,500
Miscellaneous Income	1,500	0.00	1,500.00	300
<b>TOTAL</b>	<b>\$492,063</b>	<b>\$418,130.83</b>	<b>\$545,000</b>	<b>\$545,000</b>
<b>EXPENSES</b>				
Salaries	\$153,923	\$120,891.71	\$159,280	\$149,776
Employee Benefits	67,667	49,803.06	71,615.34	71,417
Housing	31,200	31,200.00	31,200.00	31,200
Travel/Promotion	30,000	40,684.32	35,000.00	50,000
Auto Maintenance	7,500	7,228.00	7,500.00	10,000
Future Purchases/Auto	7,200	7,200.00	12,000.00	12,000
Hardware/Software Future Purchases	12,000	12,054.08	12,000.00	12,000
Plant Fund	40,000	28,672.14	40,000.00	35,000
Office Expense	40,000	37,707.05	45,000.00	45,000
Equipment	10,000	652.00	10,000.00	10,000
Education/Training	10,000	13,387.67	15,000.00	15,000
Publications	30,000	27,858.58	30,000.00	35,000
Board Expense	15,000	14,036.54	20,000.00	25,000
Legal	17,500	7,309.34	15,000.00	15,000
Auditing	8,000	12,350.00	15,000.00	15,000
Offsite Backup Storage	2,400	0.00	2,400.00	2,400
Website Development/Hosting/Maintenance	5,000	0.00	5,000.00	5,000
Software Maintenance	2,000	2,474.00	2,000.00	2,500
Depreciation Expense		16,918.94	15,000.00	
Miscellaneous	2,674	3,832.64	2,005.01	3,707
<b>TOTAL</b>	<b>\$492,063</b>	<b>\$434,260.07</b>	<b>\$545,000</b>	<b>\$545,000</b>



Board of Retirement and Insurance  
Salary and Benefits Breakdown

	2008	2009
<b>Director: Ray Lewis</b>		
Salary		
Housing/Utilities	38,591.73	41,383.40
Social Security/Medicare	31,200.00	31,200.00
Christmas Check	12,607.01	13,111.29
Retirement	1,584.59	1,647.97
Insurance	4,996.34	5,196.20
Life	7,908.38	8,308.66
Medical	1,277.76	1,341.65
Disability	6,144.47	6,451.69
Note: Office Car Furnished	486.15	515.32
<b>Total</b>	<b>96,888.05</b>	<b>100,847.52</b>
<b>Business Manager: John Brummitt</b>		
Salary		
Social Security/Medicare	41,776.80	43,447.87
Christmas Check	3,257.39	3,387.68
Retirement	803.40	835.54
Insurance	2,980.61	3,099.84
Life	6,630.95	6,964.96
Hospitalization	240.00	252.00
Disability	6,144.47	6,451.69
Note: Office Car Furnished	246.48	261.27
<b>Total</b>	<b>55,449.15</b>	<b>57,735.89</b>

4%

# FREE WILL BAPTIST Foundation

## Director's Report 2008

I like the book of Nehemiah because it is a story about a layman rebuilding the wall around Jerusalem. Most folks don't get very excited about building a wall and would most likely consider it a rather mundane job. Yet here is Nehemiah's story preserved as a part of God's word. Even more amazing is that God in His providence led Nehemiah to list the names of all the individuals who were involved in this project in chapter 3. Those names are forever preserved in God's word because they helped to build a wall.

I am encouraged by that because one of the conclusions we can draw from Nehemiah is that there are many things we can do for God which are considered ministry. Even mundane jobs like wall building can be ministry. Free Will Baptist Foundation does not send out International or Home missionaries. We do not educate Bible College students. We are not directly involved in men's or women's ministries. We do not publish Sunday School material or Biblically based books. All of us can easily point to those areas as ministry related. The Foundation's ministry is somewhat like Nehemiah's ministry in that most would consider what we do to be pretty mundane... like wall building.

I would submit that Free Will Baptist Foundation is doing ministry by helping all Free Will Baptist ministries in providing long term funding for their futures. In Chapter 2 verse 18 Nehemiah writes:

*"Then I told them of the hand of my God which was good upon me and also the king's words that he had spoken unto me. And they said, Let us rise up and build. So they strengthened their hands for this good work."*

I trust that the dramatic growth we have seen over the last several years is indeed evidence that God's hand is upon the ministry of the Foundation. While we are a ministry, we must be mindful of the king's words, or in our case the IRS's words, and make sure we do everything the right way in full compliance with tax laws. With God's help we certainly have done some building over the years. Another way to translate the last part of verse 18 is to say 'we have begun a good work'. I certainly do believe we have begun a good work, but the key word there is 'begun'. The Foundation has not even scratched the surface of what can be done through generous Free Will Baptist people who follow the leadership of God to give major and planned gifts that will have tremendous impact on the Kingdom.

I also like the way Nehemiah interrupts his narrative six times to offer a short one or two sentence prayer to God. For instance the last of these six short prayers is found in the final words of his book Nehemiah 13:31b:

1



*Remember me, O my God, for good.*

I would like to do the same and offer a few short prayers to God throughout my report.

Last year was another good year for the Foundation. Total assets were up \$5.3 million to near \$40 million. The breakdown of this increase is important as we saw large increases in permanent assets. Endowments grew by \$1.7 million and planned gifts increased by \$500,000. These funds are irrevocable and will benefit Free Will Baptist ministries till Jesus returns. Our revocable assets saw an increase of \$3.1 million in money management trusts.

*O Lord, as our assets increase, may our wisdom increase to manage them well.*

Our endowments performed quite well in 2007. Despite the fact that the market declined 3.8% in the last six months of 2007, our overall return was 10.3%. In 2007 Foundation endowments generated almost \$400,000 of income to various Free Will Baptist ministries. Our money management trusts were very competitive in 2007 with an interest rate of 4.9% for both periods.

*My God, watch over our investments, open the windows of heaven and pour out a blessing of earnings for your people and ministries.*

We are currently in discussion with six families who have made total commitments of \$7 million in planned gifts. These planned gift commitments will take perhaps ten years or longer to be completed. Many of these gifts involve real estate which is not moving very well at this time. Planned gifts are partially tax deductible, generate an income stream for the donor (sometimes tax free), often bypass capital gains taxes and ultimately go to a chosen FWB ministry.

While we are excited about the potential of the large gifts we do not want to imply that we are only interested in large gifts. We may only have hundreds of Free Will Baptist who can make a million dollar planned gift but we have thousands who can make \$5,000, \$50,000 or even \$100,000 planned gifts.

*Dear Lord, send Your Holy Spirit to speak to others about a planned gift to benefit Your Kingdom.*

While we are quite happy about the asset increase we are not happy with the fact that we lost around \$35,000 last year. Some of the reasons for this loss were out of my control as about \$17,700 was unbudgeted expenses related to employee transitions. These will not be recurring in 2008 or beyond.

However I did choose to exceed our equipment budget by over \$20,000. Some of this was in increased maintenance contracts to cover all of our equipment but, approximately \$15,000 was related to new equipment, software upgrades and enhancements. We changed to a new software system in the last half of 2006; but were unfortunately not experiencing all of the productivity increase we were seeking due to hardware deficiencies. The new software made it possible for our interest calculations to be made based on average daily balance. Our lack of computing horsepower made this calculation very time consuming on our old computers.

We also needed to make improvements in our laptops so that we could access our server remotely. Our computers needed to be able to handle graphics and desktop publishing better to help with our articles and ads for ONE magazine. In addition to computer purchases we also had updates and enhancements made to our software so that we could automate some of the work we were doing manually. While we will continue to have new equipment and software expense in the future we do not anticipate we will need the spending level we encountered in 2007.

While 2007 was a great year, 2008 has not started well. Our endowments will show a loss of almost 11% through June 30. That's the bad news. The good news is that despite this loss we will still be able to pay out earnings of 5% on most of our endowments. This is due to the fact that in 2003 our board wisely chose to start paying a flat 5% every six months. The excess earnings were retained in the endowments so that we would be able to pay 5% during market downturns. Since 2003 we have been able to build up enough excess earnings that we could suffer two six month periods of negative 20% and still have sufficient earnings to pay 5% for those periods to our older endowments.

Our rate for Money Management trusts has been reduced to 4.25% for the July-December 2008 period. However, despite the reduction we feel this is a very competitive rate in these turbulent times.

Finally, I would be remiss if I did not mention Herman Hersey's passing. Both the Board of Retirement and the Foundation owe a great debt to Brother Hersey for establishing both ministries. He was one of the few men in our movement who was looking ahead in 1969 and 1980. He could see the day when we would be working on million dollar planned gifts. Brother Hersey had faith that one day over \$400,000 of endowment income could be generated. I believe he could see the day when the Foundation would play a major role in helping individuals and ministries manage well the assets with which they have been blessed. I owe him a personal debt of gratitude for hiring me to work for both agencies. I told him before he died I am eternally grateful to him for extending me the opportunity to minister in these two organizations. My hope and prayer is that my tenure will be as productive as his.

*O Lord, send our denomination more men of vision*

David L. Brown

Director



FREE WILL BAPTIST FOUNDATION  
SYNOPSIS OF BOARD MEETING MINUTES

March 26, 2007

- All members were present for all or significant portions of the meeting except Roy Harris, Barry Simpson and Larry Powell, Home Missions.
- Audit, Financial Report, Director's Report and Proposed Budget were presented and approved.
- Board Officers and Corporate Officers were elected.
- The Chairman appointed a Staff Review Committee to acquire job descriptions from all employees.
- The Chairman appointed a Budget Committee.
- The Board approved raising the limit of equities in the Endowment investment pool from 60% to 70%.

December 3, 2007

- All members were present for all or significant portions of the meeting except Ken Akers, Masters Men and Larry Powell, Home Missions.
- Board clarified that the Director retains the authority to encourage and motivate contributions consistent with our corporate purposes and that the Director retain the authority to determine what ministries, agencies and /or institutions should be provided training.
- Board approved Cornerstone Management to be retained for management of all planned gift trust agreements effective January 1, 2008.
- Board approved a change in Revocable (Money Management) Trust pool investment policy to allow the Director to invest up 10% of the portfolio in AAA rated and insured Auction Rate Securities.
- The Staff Review Committee report accepting the staff job descriptions was presented and accepted.



BELLENFANT + MILES, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Free Will Baptist Foundation, Inc.

We have audited the accompanying statements of financial position of the Free Will Baptist Foundation, Inc., (the "Foundation") as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free Will Baptist Foundation, Inc., as of December 31, 2007 and 2006, 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.

April 8, 2008

*Bellenfant & Miles, P.C.*



**FREE WILL BAPTIST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2007 and 2006**

**ASSETS**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 724,725	\$ 428,633
Accrued earnings receivable	425,981	341,775
Other accounts receivable	50,984	-
Loan origination fees	2,940	3,940
Prepaid expenses	5,923	-
Office equipment and automobiles, net of accumulated depreciation	37,261	51,792
Investments, at fair market value		
Certificates of deposit	773,482	1,056,023
U.S. Government instruments	28,568,290	25,132,845
Common stocks	4,000,758	2,849,555
Foreign stocks	1,339,848	912,654
Real estate investments	1,652,354	2,111,209
Mutual funds	1,323,967	938,502
Corporate bonds	16,798	23,731
Municipal bonds	200,000	-
Trusts	215,170	204,801
Total investments	38,090,667	33,229,320
Notes receivable	103,409	111,149
<b>TOTAL ASSETS</b>	<b>\$ 39,441,890</b>	<b>\$ 34,166,609</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Operating liabilities:		
Accrued expense	\$ 5,780	\$ 1,642
Liabilities to beneficial owners		
Interest bearing revocable and savings trust	26,485,810	23,366,468
Future gifts interest payable	3,216,367	2,759,741
Funds held in trust	9,698,478	7,968,653
Total liabilities	39,406,435	34,096,504
<b>NET ASSETS</b>		
Unrestricted	35,455	70,105
Total net assets	35,455	70,105
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 39,441,890</b>	<b>\$ 34,166,609</b>

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, 2007 and 2006**

	2007	2006
<b>REVENUE AND SUPPORT</b>		
Investment income:		
Interest and dividends, net of investment fees	\$ 1,852,110	\$ 1,568,663
Realized gains (losses) on sale of investments	665,292	190,138
Unrealized gains (losses) from investments	231,041	(226,397)
Total investment income	2,748,443	1,532,404
Support through "The Together Way" Plan and other contributions	33,901	32,794
Interest income - note receivable	5,699	1,104
Endowment income	311	282
Total revenue and support	2,788,354	1,566,584
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(2,337,057)	(1,387,942)
Revenue and support after allocations	451,297	178,642
<b>EXPENSES</b>		
Salaries and benefits	235,278	203,197
Equipment expense	20,095	7,702
Travel and promotion	67,504	53,331
Board expense	19,169	17,541
Office expense	19,209	12,837
Rent expense	25,980	25,980
Printing and publications	2,171	3,720
One magazine	45,641	46,946
Training and education	20,888	19,957
Legal and accounting	9,540	5,939
Depreciation	14,531	9,487
Amortization of loan origination fees	1,000	60
Interest	-	9,254
Miscellaneous	4,941	754
Total expenses	485,947	416,705
Increase (decrease) in operating net assets	(34,650)	(238,063)
Net assets - beginning of year	70,105	308,168
Net assets - end of year	<b>\$ 35,455</b>	<b>\$ 70,105</b>

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, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for:		
Contributions	\$ 33,499	\$ 32,930
Interest and dividends	1,767,904	1,569,724
Other income	6,010	1,386
Cash paid to suppliers and employees	(472,783)	(406,532)
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(2,337,057)	(1,387,942)
Net Cash Provided (Used) By Operating Activities	(1,002,427)	(190,434)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of office equipment and automobiles	-	(29,581)
New loans made	(15,000)	(85,000)
Principal payments received on notes receivable	22,740	4,556
Proceeds from sale of investment securities	6,412,772	8,270,936
Purchase of investment securities	(10,427,786)	(10,131,393)
Net Cash Provided (Used) By Investing Activities	(4,007,274)	(1,970,482)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	7,924,643	(4,332,367)
Contributions to funds held in trust	(2,618,850)	5,694,380
Borrowing on line of credit	-	500,000
Repayment on line of credit	-	(500,000)
Net Cash Provided (Used) by Financing Activities	5,305,793	1,362,013
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	296,092	(798,903)
Cash and cash equivalents at beginning of years	428,633	1,227,536
Cash and cash equivalents at end of years	\$ 724,725	\$ 428,633
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (34,650)	\$ (238,063)
Depreciation	14,531	9,487
Realized and unrealized (gains) losses on investment transaction	(896,333)	36,259
Decrease (increase) in accrued investment income	(84,206)	1,197
Decrease (increase) in other accounts receivable	(402)	-
Decrease (increase) in loan origination fees	1,000	60
Decrease (increase) in prepaid expenses	(5,923)	-
Increase (decrease) in operating liabilities	3,556	626
Net Cash Provided (Used) By Operating Activities	\$(1,002,427)	\$ (190,434)

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

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**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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 Foundation and changes therein are classified as follows:

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

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

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

The amount for each of these classes of net assets is presented in the 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, 2007 and 2006.

**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 2007 and 2006.

**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.

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**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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 straight-line 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:

	2007		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
Certificate of deposit	\$ 773,482	\$ 795,009	\$ (21,527)
U.S. Government instruments	28,568,290	28,390,863	177,427
Common stocks	4,000,758	4,057,156	(56,398)
Foreign stocks	1,339,848	1,105,989	233,859
Mutual Funds	1,323,967	1,304,084	19,883
Corporate bonds	16,798	25,005	(8,207)
Trusts	215,170	215,170	-
Municipal bonds	200,000	200,090	(90)
Land held for resale	315,000	315,000	-
Real estate investment trust	1,337,354	1,334,549	2,805
Total Investments	\$ 38,090,667	\$ 37,742,915	\$ 347,752

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**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**2. INVESTMENTS - CONTINUED**

	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

Total investment income amounted to \$2,748,443 for 2007, consisting of investment gains of \$896,333 and interest and dividends of \$1,852,110. This investment income represents yields of 7.71% and 7.75% based on the average market value and average cost of such investments for 2007.

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 4.72% based on the average market value and average cost of such investments for 2006.

**3. NOTES RECEIVABLE**

Notes receivable consist of obligations from related parties as follows:

	2007	2006
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	\$ 20,500	\$ 28,500
6.0% note receivable due in 60 monthly installments of \$290 through 2013, relating to the purchase of a vehicle by the Free Will Baptists Master's Men.	15,000	-

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**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**3. NOTES RECEIVABLE - CONTINUED**

	2007	2006
7.5% note receivable due in 60 monthly installments of \$1,703 through 2011 by Randall House Publications. This note is unsecured.	\$ 67,909	\$ 82,649
	<u>\$ 103,409</u>	<u>\$ 111,149</u>

**4. INTEREST BEARING REVOCABLE AND SAVINGS TRUST**

The Foundation maintains revocable trusts and savings trusts which totaled \$26,485,810 and \$23,366,468 at December 31, 2007 and 2006, 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 \$1,923,351 and \$1,644,618 and gift annuities amounting to \$1,293,016 and \$1,115,123 as of December 31, 2007 and 2006, 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, 2007 and 2006, the permanently restricted endowment funds totaled \$9,698,478 and \$7,968,653, 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, 2007 and 2006:

**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED**

	2007		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 361,136	\$ 100,000	\$ 261,136
Short term liquid investments	363,589	363,589	-
Certificate of deposit	773,482	700,000	73,482
U.S. Government instruments	28,568,290	28,568,290	-
Common Stocks	4,000,758	-	4,000,758
Foreign stocks	1,339,848	-	1,339,848
Mutual funds	1,323,967	-	1,323,967
Corporate bonds	16,798	-	16,798
Municipal bonds	200,000	-	200,000
Land held for resale	315,000	-	315,000
Real estate investment trust	1,337,354	-	1,337,354
Trusts	215,170	-	215,170
Receivables	580,374	-	580,374
Total Investments	<u>\$ 39,395,766</u>	<u>\$ 29,731,879</u>	<u>\$ 9,663,887</u>

	2006		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk 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	<u>\$ 34,110,877</u>	<u>\$ 26,400,171</u>	<u>\$ 7,710,706</u>



**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**8. OFFICE EQUIPMENT AND AUTOMOBILES**

A summary of office equipment and automobiles is as follows:

	2007	2006
Automobiles	\$ 26,869	\$ 26,869
Office equipment	11,203	11,203
Software	29,581	29,581
	67,653	67,653
Accumulated Depreciation	(30,392)	(15,861)
	<u>\$ 37,261</u>	<u>\$ 51,792</u>

**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 square feet of office and storage space for \$1.12 (\$1.12 in 2006) per square foot per month. Beginning in 2006 the Foundation began paying one-half of the rent. Total lease payments were \$25,980 and \$25,980 for the years ended December 31, 2007 and 2006 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, 2007 or 2006.

**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 \$9,112 (\$9,298 in 2006). 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.

**FOUNDATION BUDGET**

	Actual 2006	Actual 2007	Approved 2007	Approved 2008	Proposed 2009
<b>INCOME</b>					
The Together Way	\$ 30,270	\$ 31,052	\$ 29,500	\$ 30,500	\$ 32,000
Gifts	\$ 300	\$ -	\$ 1,200	\$ 300	\$ 250
Rest of the Family Offer	\$ 1,194	\$ 2,345		\$ 1,200	\$ 2,500
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ 1,425
Endowments	\$ 282	\$ 311	\$ 275	\$ 300	\$ 100
Miscellaneous	\$ 1,029	\$ 504	\$ 100	\$ 100	\$ 435,000
Management Fees	\$ 145,567	\$ 417,085	\$ 370,000	\$ 365,453	\$ -
<b>Total</b>	<b>\$ 178,642</b>	<b>\$ 451,297</b>	<b>\$ 401,075</b>	<b>\$ 397,853</b>	<b>\$ 471,275</b>
<b>EXPENSES</b>					
Salaries	\$ 125,389	\$ 159,953	\$ 147,683	\$ 148,879	\$ 156,124
Salaries Part-Time	\$ -	\$ -	\$ -	\$ -	\$ -
Housing	\$ 29,534	\$ 17,228	\$ 17,745	\$ -	\$ 56,843
Employee Benefits	\$ 48,274	\$ 60,881	\$ 45,503	\$ 56,128	\$ 7,500
Auto Depreciation	\$ 4,319	\$ 6,374	\$ 6,374	\$ 5,388	\$ 50,000
Travel	\$ 31,646	\$ 45,031	\$ 35,000	\$ 32,000	\$ 47,000
Magazine Expense	\$ 46,946	\$ 45,642	\$ 48,000	\$ 47,000	\$ 19,000
Board Expense	\$ 17,541	\$ 19,169	\$ 14,000	\$ 14,000	\$ 24,000
Promotion	\$ 21,684	\$ 22,473	\$ 30,000	\$ 22,000	\$ 14,000
Office Expense	\$ 8,447	\$ 9,752	\$ 7,000	\$ 8,500	\$ -
Interest	\$ 9,254				\$ 27,381
Rent	\$ 25,980	\$ 25,980	\$ 27,059	\$ 26,958	\$ 2,500
Printing	\$ 2,439	\$ 243	\$ 4,500	\$ 2,500	\$ 750
Publication	\$ 1,281	\$ 1,928	\$ 1,000	\$ 750	\$ 16,000
Training & Education	\$ 19,957	\$ 20,888	\$ 24,000	\$ 13,500	\$ 10,000
Auditing	\$ 5,919	\$ 8,780	\$ 8,000	\$ 6,500	\$ 100
Legal	\$ 20	\$ 760	\$ 1,000	\$ 50	\$ 4,000
Bank Fees	\$ 219	\$ 1,000	\$ 1,000	\$ 100	\$ 5,500
Telephone Expense	\$ 2,109	\$ 4,494	\$ 2,400	\$ 2,500	\$ 2,500
Postage	\$ 2,063	\$ 2,179	\$ 1,500	\$ 2,500	\$ 19,000
Equipment	\$ 12,870	\$ 28,251	\$ 7,500	\$ 8,500	\$ 1,000
Miscellaneous	\$ 814	\$ 4,941	\$ 1,000	\$ 100	\$ -
<b>Total</b>	<b>\$ 416,705</b>	<b>\$ 485,947</b>	<b>\$ 430,264</b>	<b>\$ 397,853</b>	<b>\$ 463,198</b>
	\$ (238,064)	\$ (34,650)	\$ (29,189)	\$ -	\$ 8,077
	\$ 203,197	\$ 238,062	\$ 210,931	\$ 205,007	\$ 212,967



FREE WILL BAPTIST FOUNDATION  
SALARIES AND BENEFITS

APPROVED 2007		APPROVED 2008		PROPOSED 2009	
<b>William Evans (7 Months)</b>		<b>David Brown</b>		<b>David Brown</b>	
Salary	\$21,473.00	Salary	\$69,879.00	Salary	\$72,674.16
Soc Security/Medicare	\$7,039.00	Soc Security/Medicare	\$5,345.74	Soc Security/Medicare	\$5,559.57
Retirement	\$2,745.00	Retirement	\$3,493.95	Retirement	\$3,633.71
Hospitalization Insurance	\$2,785.00	Hospitalization Insurance	\$14,149.68	Hospitalization Insurance	\$13,712.52
Life Insurance	\$441.00	Life Insurance	\$193.80	Life Insurance	\$179.40
Dental	\$177.00	Dental	\$923.40	Dental	\$988.08
Disability	\$227.00	Disability	\$412.29	Disability	\$428.78
	\$34,887.00		\$94,397.86		\$97,176.22
<b>David Brown</b>		<b>Richard Davis</b>		<b>Richard Davis</b>	
Salary	\$59,830.00	Salary	\$50,000.00	Salary	\$53,000.00
Soc Security/ Medicare	\$4,576.00	Soc Security/ Medicare	\$3,825.00	Soc Security/ Medicare	\$4,054.50
Retirement	\$4,188.00	Retirement	\$2,500.00	Retirement	\$2,650.00
Hospitalization Insurance	\$12,739.00	Hospitalization Insurance	\$14,149.68	Hospitalization Insurance	\$13,712.52
Life Insurance	\$198.00	Life Insurance	\$193.80	Life Insurance	\$179.40
Dental Insurance	\$750.00	Dental Insurance	\$923.40	Dental Insurance	\$988.08
Disability Insurance	\$357.00	Disability Insurance	\$295.00	Disability Insurance	\$312.70
	\$82,638.00		\$71,886.88		\$74,897.20
<b>Dotty Moore</b>		<b>Dotty Moore</b>		<b>Dotty Moore</b>	
Salary	\$27,769.00	Salary	\$29,000.00	Salary	\$30,450.00
Soc Security/ Medicare	\$2,124.00	Soc Security/ Medicare	\$2,218.50	Soc Security/ Medicare	\$2,329.43
Retirement	\$1,388.00	Retirement	\$1,450.00	Retirement	\$1,522.50
Hospitalization Insurance	\$4,775.00	Hospitalization Insurance	\$4,916.52	Hospitalization Insurance	\$4,916.52
Life Insurance	\$134.00	Life Insurance	\$133.80	Life Insurance	\$133.80
Dental Insurance	\$303.00	Dental Insurance	\$350.52	Dental Insurance	\$350.52
Disability Insurance	\$161.00	Disability Insurance	\$171.10	Disability Insurance	\$179.66
	\$36,654.00		\$38,240.44		\$39,882.42
<b>Richard Davis (8 months)</b>					
Salary	\$30,664.00				
Soc Security/ Medicare	\$2,345.80				
Retirement	\$1,533.20				
Hospitalization Insurance	\$3,183.00				
Life Insurance	\$89.00				
Dental Insurance	\$101.00				
Disability Insurance	\$183.00				
	\$38,099.00				
Total Salaries	\$192,278.00	Total Salaries	\$204,525.18	Total Salaries	\$211,955.84



Home Missions North America Report 2007

Dear Friends of Home Missions,

We are focused on planting churches in Jerusalem, Judea and Samaria! God has granted our department great success in church planting this past year 2007. Our missionaries are preaching repentance and faith in Christ alone for salvation. The world has come to our doorstep. Thank you for standing with us in support as we build bridges to families in North America.

New Missions Projects

Dana and Betty Booth, Jim and Sylvia Martin, Rochester, NY  
Rigo and Erica Lumbreras, Detroit, MI  
Tim and Angie Riggs, Mobile, AL  
David and Charity Sexton, Marc and Casie Neppi, Suffolk, VA  
Mark and Donna Thomas, Jason and Holly Weaver, Pueblo, CO  
Roger and Sandy Raper, Kahului, Maui, Hawaii

Church Planters Appointed 2007

Ken and Shirley Cooper, Glennville, WV  
Michael and Holly Hutton, Spring Hill, TN  
Jeremy and Jill Lightsey, San Antonio, TX  
Kent and Jeanna Nelson, St. Croix, VI  
Scott and Dawn Real, Overland Park, KS

Cross Cultural Ministries

Thank you, Free Will Baptists, for your continued enthusiastic support of our efforts to reach the Hispanics, Korean, and Russian communities with the gospel message. We have had tremendous support for the tribal ministry at White Earth Reservation in Ogema, Minnesota. Our missionaries are reporting some twenty



different nationalities attending services on Sundays and for Bible Studies. Our seminary in South Carolina has trained 58 graduates to reach out to the forty million Hispanics in North America.

#### Missionaries to the Military

Our chaplains are leading many of our military men and women to faith in Christ stateside and in Iraq, Afghanistan, and around the world. We are grateful that God has kept them safe. Only one chaplain has been injured. Captain Chaplain David Trogon was injured from an explosion in Baghdad and has recovered.

#### Mexico Ministries

The work in Mexico is thriving. We are approaching the one hundred mark in the number of churches and missions in that great mission field. God has blessed us with wonderful pastors and missionaries there. Our seminaries in Reynosa and Altamira are doing an outstanding job training ministers and missionaries for the harvest field. Many of our stateside churches are partnering with sister churches throughout Mexico.

#### Financial Support, Tremendous!

Free Will Baptists across the United States are contributing to our soul winning efforts by prayer and financial support. Thank you, friends of Home Missions, for an increase in giving to \$5.1 million. This past year the Church Extension Loan Fund loaned out almost \$5,000,000 to our missions and churches to build new and additional facilities. Thank you for your wonderful support.

Rev. Larry A. Powell  
General Director

#### Home Missions Department

##### April 24, 2007

The Personnel Committee recommends to the National Home Mission Board, that we hire David and Charity Sexton from Suffolk, Virginia, as joint missionaries with the Virginia State Home Missions Board.

M/S/C to accept the Personnel Committee's recommendation.

The Roy Thomas Memorial Trust was completed on May 7, 2007. The Home Mission Board congratulates and commends Richard Adams for his diligence in completing this trust.

On May 10, 2007 the Home Mission Board North America voted to start another trust in the name of Richard and Carolyn Adams Endowment Trust. The new Director of Development, David Crowe, will begin immediately to raise the funds for this endowment.

##### July 18, 2007

M/S/C David Crowe gave a report on the Ridge Church which is located in New Durham, NH. A motion was made to give \$10,000.00 toward the restoration of the Ridge Church at this time and another \$10,000.00 in 2008. The monies will be given to the Executive Office to set up a trust fund.

M/S/C to approve Kent Nelson as a National Home Missionary to St. Croix, Virgin Islands.

##### December 3-5, 2007

M/S/C to give recognition at the National Convention in Charleston, West Virginia, to all missionaries who have brought their work to self-supporting status by giving them a plaque.

M/S/C A motion was made that individuals, state mission boards, state leadership and churches present proposals from the National Home Mission Board to the General Director in form of a letter no later than four weeks prior to any Board meeting. The General Director will present these proposals and requests to the Board for their consideration during their regular meeting.

M/S/C to approve Roger Raper as a National Home Missionary to Kahului, Maui, Hawaii.

##### Election of Officers:

Chairman Randy Wright  
Assistant 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 statements of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2007 and 2006, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 13 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 audit 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.

March 10, 2008

*Bellenfant & Miles, P.C.*

## **BOARD OF HOME MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS OF THE UNITED STATES OF AMERICA, INC. STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2007 and 2006**

	<u>ASSETS</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ 522,432	\$ 419,985
Investments	12,310	20,888
Investments in Church Extension Fund	365,938	364,292
Accounts receivable - related party	122,270	212,550
Inventory	31,088	17,289
Property & equipment, at cost less accumulated less accumulated depreciation of \$77,866 (\$75,183 in 2006)	<u>180,761</u>	<u>161,827</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,234,799</u>	<u>\$ 1,196,831</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 9,295	\$ 7,733
Capital lease payable	<u>11,126</u>	<u>14,074</u>
<b>Total liabilities</b>	<u>20,421</u>	<u>21,807</u>
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted		
Operating	867,518	828,164
Board designated	<u>343,255</u>	<u>343,255</u>
<b>Total Unrestricted</b>	<u>1,210,773</u>	<u>1,171,419</u>
Temporarily Restricted	<u>3,605</u>	<u>3,605</u>
<b>Total net assets</b>	<u>1,214,378</u>	<u>1,175,024</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,234,799</u>	<u>\$ 1,196,831</u>

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, 2007 and 2006**

	2007	2006
<b>UNRESTRICTED</b>		
<b>REVENUES</b>		
Cooperative program	\$ 191,793	\$ 165,251
Designated contributions	768,197	721,809
Management fees - Note 4	183,600	182,700
Interest income	23,495	26,781
Dividend income	11	10
Gain (loss) on sale of property & equipment	2,422	(82)
Unrealized gain (loss) on value of investment	(8,589)	9,159
Net assets released from restrictions:		
Restrictions satisfied by payments	3,867,332	3,674,204
Total revenue	<u>5,028,261</u>	<u>4,779,832</u>
<b>EXPENSES</b>		
Administrative expenses	1,121,575	1,106,386
Missionary expenses	3,626,015	3,371,075
Missionary land & building	241,317	303,129
Total expenses	<u>4,988,907</u>	<u>4,780,590</u>
Increase (decrease) in unrestricted net assets	<u>39,354</u>	<u>(758)</u>
<b>TEMPORARILY RESTRICTED</b>		
<b>REVENUES</b>		
Cooperative program	978,534	942,132
Designated contributions	2,888,798	2,732,072
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,626,015)	(3,371,075)
Missionary land & building	(241,317)	(303,129)
Increase (decrease) in temporarily restricted net assets	<u>-</u>	<u>-</u>
Total increase (decrease) in net assets	<u>39,354</u>	<u>(758)</u>
Net assets - beginning of year	<u>1,175,024</u>	<u>1,175,782</u>
Net assets - end of year	<u>\$ 1,214,378</u>	<u>\$ 1,175,024</u>

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, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 39,354	\$ (758)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Deprecation	24,125	18,378
(Gain) loss on sale of property & equipment	(2,422)	82
(Gain) loss on value of investment	8,589	(9,170)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	90,280	29,328
(Increase) decrease in inventories	(13,799)	(333)
Increase (decrease) in accounts payable and accrued expenses	1,562	(17,856)
Net Cash Provided (Used) By Operating Activities	<u>147,689</u>	<u>19,671</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Redemption of investments	20,000	269,573
Acquisition of investments	(21,657)	(224,016)
Proceeds from the sale of property & equipment	4,000	-
Purchases of property and equipment	(44,637)	(5,538)
Net Cash Provided (Used) By Investing Activities	<u>(42,294)</u>	<u>40,019</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital lease payments made	(2,948)	(1,874)
Net Cash Provided (Used) by Financing Activities	<u>(2,948)</u>	<u>(1,874)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>102,447</u>	<u>57,816</u>
Cash and cash equivalents at beginning of years	<u>419,985</u>	<u>362,169</u>
Cash and cash equivalents at end of years	<u>\$ 522,432</u>	<u>\$ 419,985</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Capital lease obligation incurred for use of equipment	<u>\$ -</u>	<u>\$ 15,948</u>
Interest paid	<u>\$ 724</u>	<u>\$ 574</u>

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.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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 2007 or 2006.

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, 2007 and 2006.

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**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

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

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

**Property and Equipment and Depreciation:**

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

Automobile	5 years
Office furniture and equipment	3 - 20 years

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

**Cash Equivalents:**

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

**Inventory:**

Inventory is stated at the lower of cost (first in, first out method) or market. Inventory consists of books, pamphlets, videos, door hangers and various other small items.

**Investments:**

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

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**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**2. PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	2007	2006
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	61,161	54,530
Office furniture & equipment	92,466	77,480
	258,627	237,010
Less: Accumulated depreciation	(77,866)	(75,183)
	\$ 180,761	\$ 161,827
Depreciation for the year	\$ 24,125	\$ 18,378

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2007	2006
Church Extension Loan Fund	\$ 3,605	\$ 3,605
	\$ 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 \$183,600 (\$182,700 at December 31, 2006) 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 \$365,938 (\$364,292 at December 31, 2006). 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 \$122,270 (\$212,550 at December 31, 2006).

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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 \$56,247 (\$56,244 for the year ended December 31, 2006).

**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, 2007, the excess amount over the federally insured limit was \$422,432 (\$319,985 in 2006). 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 \$365,938 (\$364,292 in 2006) 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.



**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**9. INVESTMENTS**

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

	December 31, 2007		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 144,684	\$ 12,310	\$ (132,374)

Investment return is summarized as follows:

Net realized and unrealized income (loss)	\$ (8,589)
---	------------

	December 31, 2006		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 144,684	\$ 20,888	\$ (123,796)

Investment return is summarized as follows:

Net realized and unrealized income (loss)	\$ 9,159
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**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 \$58,347 (\$55,257 in 2006). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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:

	\$ 3,672
2008	3,672
2009	3,672
2010	1,224
2011	12,240
	(1,114)

Less amount representing interest

\$ 11,126

Present value of net minimum lease payments

The depreciation expense related to this office equipment amounted to \$3,190.



**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, 2007 and 2006**

	2007	2006
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries and wages	\$ 368,896	\$ 364,555
Payroll taxes	14,748	15,358
Housing allowance and employee benefits	99,167	98,800
Retirement	11,885	11,979
Cost of literature	21,953	12,126
Promotion expense	65,852	84,677
Utilities	17,922	14,722
Office expense	31,362	35,195
Printing and postage	48,921	69,607
Rent expense	56,247	56,244
Professional fees	6,500	4,175
Auto and travel expense	165,338	133,646
Board meeting expense	14,784	12,997
Insurance expense	87,664	85,346
Telephone	3,300	3,312
Together Way Office	1,131	1,623
Scholarships	3,000	8,000
Flowers and gifts	2,876	2,656
Bank service charges	74	107
Miscellaneous	5,258	2,961
One magazine	69,848	69,348
Interest expense	724	574
Depreciation	24,125	18,378
Total administrative expenses	1,121,575	1,106,386
<b>MISSIONARY EXPENSES</b>		
Salary and wages	2,763,534	2,652,723
Retirement	46,462	43,278
Promotion expense	7,464	
Printing and postage	115,164	117,547
Literature	86,360	85,050
Auto and travel expense	205,952	236,221
Insurance expense	45,577	38,095
Designated contributions	196,668	88,814
Miscellaneous other expense	158,834	109,347
Total missionary expenses	3,626,015	3,371,075
<b>MISSIONARY LAND &amp; BUILDINGS</b>		
	241,317	303,129
Total Expenses	\$ 4,988,907	\$ 4,780,590

	2007	2008	2009
<b>General Director: Larry Powell</b>			
Salary	\$53,259.99	\$55,397.79	\$57,599.72
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$2,800.00	\$2,900.00	\$3,000.00
Retirement	\$3,562.99	\$3,669.89	\$3,752.98
Insurance*	\$12,500.00	\$13,500.00	\$14,500.00
<b>TOTALS</b>	\$90,122.98	\$93,467.68	\$96,852.70
Office car furnished			
<b>Director of Development: Richard Adams</b>			
Salary	\$37,948.36	\$3,311.23	
Housing	\$21,600.00	\$1,800.00	
Utilities	\$2,800.00	\$250.00	
Retirement	\$2,977.41	\$255.56	
Insurance*	\$8,000.00	\$450.00	
<b>TOTALS</b>	\$73,325.77	\$6,066.79	
Office car furnished			
Retired 1/31/2008			
<b>Director of Missionary Assistance: Richard Atwood</b>			
Salary	\$37,948.36	\$39,734.81	\$41,574.85
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$3,700.00	\$3,800.00	\$3,900.00
Retirement	\$2,977.41	\$3,066.74	\$3,126.34
Insurance*	\$16,000.00	\$17,000.00	\$18,000.00
<b>TOTALS</b>	\$82,225.77	\$85,201.55	\$88,201.19
Office car furnished			
<b>Director of Church Growth/Development: David Crowe</b>			
Salary	\$41,548.36	\$43,334.81	\$45,174.85
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,500.00	\$3,600.00	\$3,700.00
Retirement	\$2,977.41	\$3,066.74	\$3,126.34
Insurance*	\$16,000.00	\$17,000.00	\$18,000.00
<b>TOTALS</b>	\$82,025.77	\$85,001.55	\$88,001.19
Office car furnished			
Director of Development 2/1/2008			
Insurance: Travel, Life, Health, Dental			



Year 2007:	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$450,000.00	\$448,096.09	\$2,800,000.00	\$2,763,534.40	\$3,250,000.00	\$3,211,630.49
Personal Revivals	\$20,000.00	\$20,000.00			\$20,000.00	\$20,000.00
Retirement	\$15,000.00	\$11,884.93	\$45,000.00	\$46,461.56	\$60,000.00	\$58,346.49
Insurance	\$85,000.00	\$87,664.33	\$50,000.00	\$40,959.84	\$135,000.00	\$128,624.17
Health Spending	\$10,000.00	(\$32.67)			\$10,000.00	(\$32.67)
Auto and Travel	\$100,000.00	\$171,972.21	\$200,000.00	\$206,202.00	\$300,000.00	\$378,174.21
Postage	\$20,000.00	\$24,923.70	\$55,000.00	\$41,037.28	\$75,000.00	\$65,960.98
Printing	\$70,000.00	\$35,998.62	\$70,000.00	\$74,127.05	\$140,000.00	\$110,125.67
Promotion/Advertising	\$50,000.00	\$65,852.14	\$5,000.00	\$7,464.08	\$55,000.00	\$73,316.22
Office Supplies/Maintenance	\$20,000.00	\$31,510.21			\$20,000.00	\$31,510.21
Utilities	\$15,000.00	\$17,449.71			\$15,000.00	\$17,449.71
Board Expense	\$15,000.00	\$13,130.76			\$15,000.00	\$13,130.76
Literature	\$25,000.00	\$21,953.13	\$85,000.00	\$86,359.56	\$110,000.00	\$108,312.69
Rent	\$60,000.00	\$56,246.40			\$60,000.00	\$56,246.40
Phone and FAX	\$5,000.00	\$3,295.57			\$5,000.00	\$3,295.57
Depreciation	\$20,000.00	\$16,296.18			\$20,000.00	\$16,296.18
Payroll Taxes	\$12,000.00	\$11,952.40			\$12,000.00	\$11,952.40
Medicare Taxes	\$3,000.00	\$2,795.32			\$3,000.00	\$2,795.32
Legal and Audit	\$4,000.00	\$6,500.00			\$4,000.00	\$6,500.00
Together Way	\$2,000.00	\$1,130.40			\$2,000.00	\$1,130.40
Misc.	\$2,000.00	\$5,257.89	\$25,000.00	\$84,707.35	\$27,000.00	\$89,965.24
Scholarships	\$5,000.00	\$3,000.00			\$5,000.00	\$3,000.00
Flowers/Gifts	\$2,000.00	\$2,876.00			\$2,000.00	\$2,876.00
Misc. Receipts						
Build My Church						
Land/Building	\$130,000.00	\$196,667.44			\$10,000.00	\$56,787.12
Foreign Missions Exchange						
ONE Magazine						
Bank service charges						
Copier Lease						
TOTALS	\$1,140,000.00	\$1,329,528.00	\$3,360,000.00	\$3,666,297.29	\$4,800,000.00	\$4,995,825.29

# 2008 Budget:

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



# 2009 State Quotas

Alabama	\$495,000.00
Alaska	\$7,500.00
Arizona	\$75,000.00
Arkansas	\$285,000.00
California	\$130,000.00
Canada	\$15,000.00
Colorado	\$70,000.00
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
Indiana	\$60,000.00
Iowa	\$5,000.00
Kansas	\$15,000.00
Kentucky	\$95,000.00
Louisiana	\$25,000.00
Maine	\$5,000.00
Massachusetts	\$5,000.00
Michigan	\$200,000.00
Mid-Atlantic	\$35,000.00
Minnesota	\$2,000.00
Mississippi	\$175,000.00
Missouri	\$225,000.00
Montana	\$1,500.00
New Hampshire	\$3,000.00
New Jersey	\$1,500.00
New Mexico	\$5,000.00
New York	\$5,000.00
North Carolina	\$400,000.00
Ohio	\$200,000.00
Oklahoma	\$360,000.00
Oregon	\$7,000.00
Other Income	\$250,000.00
Other States	\$25,000.00
Pennsylvania	\$30,000.00
South Carolina	\$175,000.00
Tennessee	\$575,000.00
Texas	\$150,000.00
Utah	\$10,000.00
Virgin Islands	\$50,000.00
Virginia	\$190,000.00
Washington	\$7,500.00
West Virginia	\$120,000.00
Wisconsin	\$25,000.00
WNAC	\$140,000.00
Wyoming	\$2,500.00
TOTAL	\$5,000,000.00

# 2009 Budget:

	Administrative	Missionary	Total
Salaries/Housing	\$475,000.00	\$3,000,000.00	\$3,475,000.00
Personal Revivals	\$15,000.00		\$15,000.00
Retirement	\$10,000.00	\$55,000.00	\$65,000.00
Insurance	\$80,000.00	\$45,000.00	\$125,000.00
Health Spending	\$10,000.00		\$10,000.00
Auto and Travel	\$150,000.00	\$250,000.00	\$400,000.00
Postage	\$25,000.00	\$55,000.00	\$80,000.00
Printing	\$65,000.00	\$70,000.00	\$135,000.00
Promotion/Adv.	\$70,000.00	\$8,000.00	\$78,000.00
Off. Supplies/Maint.	\$30,000.00		\$30,000.00
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	\$90,000.00	\$115,000.00
Rent	\$60,000.00		\$60,000.00
Phone/Fax	\$5,000.00		\$5,000.00
Depreciation	\$15,000.00		\$15,000.00
Payroll Taxes	\$12,000.00		\$12,000.00
Medicare Taxes	\$3,000.00		\$3,000.00
Legal/Audit	\$7,000.00		\$7,000.00
Together Way	\$1,500.00		\$1,500.00
Misc.	\$2,500.00	\$40,000.00	\$42,500.00
Scholarships	\$5,000.00		\$5,000.00
Flowers/Gifts	\$2,000.00		\$2,000.00
Misc. Receipts		\$25,000.00	\$25,000.00
Land/Building		\$250,000.00	\$250,000.00
FM Exchange		\$10,000.00	\$10,000.00
TOTALS	\$1,102,000.00	\$3,898,000.00	\$5,000,000.00





# **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of Church Extension Loan Fund (a nonprofit organization), as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Church Extension Loan Fund, as of December 31, 2007 and 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.

March 10, 2008

*Bellenfant & Miles, P.C.*

## **CHURCH EXTENSION LOAN FUND STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2007 and 2006**

	<u>ASSETS</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ 407,289	\$ 1,451,263
Certificate of deposit	24,984,919	23,671,434
Notes receivable	156,156	147,946
Accrued interest receivable	-	772
Prepaid unrelated business taxes		
Property & equipment, at cost		
less accumulated depreciation of \$12,233	44,783	9,650
(\$16,430 in 2006)		
	<u>\$ 25,593,147</u>	<u>\$ 25,281,065</u>
<b>TOTAL ASSETS</b>		
	<u>LIABILITIES AND NET ASSETS</u>	
<b>LIABILITIES</b>		
Accounts payable - related party	\$ 122,270	\$ 212,550
Accrued interest	282	240
Revocable and irrevocable trusts	1,757,269	1,732,443
Note payable - automobile	18,837	-
Notes payable	21,547,993	21,412,048
Other accrued liabilities	31,636	-
Accrued unrelated business income tax	784	-
	<u>23,479,071</u>	<u>23,357,281</u>
Total liabilities		
<b>NET ASSETS</b>		
Unrestricted	<u>2,114,076</u>	<u>1,923,784</u>
	<u>2,114,076</u>	<u>1,923,784</u>
Total net assets		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 25,593,147</u>	<u>\$ 25,281,065</u>

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, 2007 and 2006**

	2007	2006
<b>OPERATING</b>		
<b>REVENUES</b>		
Investment income	\$ 10,404	\$ 18,484
Interest income on notes receivable	1,811,195	1,674,963
Total revenue	1,821,599	1,693,447
<b>EXPENSES</b>		
Interest expense	1,379,656	1,189,115
Office expense	15,437	11,982
Auto and travel	19,928	17,255
Management fee - Note 4	183,600	182,988
Promotion	23,564	15,171
Postage	2,243	2,696
Professional fees	7,275	3,717
Depreciation	6,070	4,016
Build My Church Project expense	60,000	53,369
Transfer to Free Will Baptists Home Missions	122,270	212,550
Unrelated business income tax	1,556	588
Total expenses	1,821,599	1,693,447
Increase (decrease) in operating net assets	-	-
<b>BUILD MY CHURCH - NOTE 5</b>		
<b>REVENUES</b>		
Designated Contributions	190,292	95,102
<b>EXPENSES</b>	-	-
Increase (decrease) in Build My Church net assets	190,292	95,102
Total increase (decrease) in net assets	190,292	95,102
Net assets - beginning of year	1,923,784	1,828,682
Net assets - end of year	<u>\$ 2,114,076</u>	<u>\$ 1,923,784</u>

The accompanying notes are an integral part of these financial statements.  
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**CHURCH EXTENSION LOAN FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	\$ 190,292	\$ 95,102
Increase (decrease) in net assets		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,070	4,016
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(8,210)	(20,686)
(Increase) decrease in prepaid unrelated business income tax	772	(772)
(Increase) decrease in accounts payable	(90,280)	(29,328)
Increase (decrease) in accrued interest payable	42	40
Increase (decrease) in other accrued liabilities	31,636	-
Increase (decrease) in deferred compensation	-	(96,210)
Increase (decrease) in unrelated business income tax	784	(1,347)
Net Cash Provided (Used) By Operating Activities	131,106	(49,185)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	(3,767,931)	(3,985,806)
Additions to notes and bonds receivable	2,454,446	2,130,422
Collection on notes receivable	-	1,000,000
Redemption of certificate of deposit	(22,366)	(5,851)
Purchases of new equipment	(1,335,851)	(861,235)
Net Cash Provided (Used) By Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	97,964	144,389
Additions to trust	(73,138)	(79,275)
Terminations of trust	4,038,312	3,993,133
Additions to notes payable	(3,902,367)	(3,569,414)
Repayment of notes payable	160,771	488,833
Net Cash Provided (Used) by Financing Activities		
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,043,974)	(421,587)
Cash and cash equivalents at beginning of years	1,451,263	1,872,850
Cash and cash equivalents at end of years	<u>\$ 407,289</u>	<u>\$ 1,451,263</u>
<b>SUPPLEMENTAL DISCLOSURES</b>	\$ 1,813,389	\$ 1,672,761
Interest received	\$ 1,379,614	\$ 1,189,075
Interest paid	\$ (41,203)	\$ (5,851)
Property and equipment purchased	18,837	-
Less: Amount of note payable used to purchased equipment	<u>\$ (22,366)</u>	<u>\$ (5,851)</u>

The accompanying notes are an integral part of these financial statements.  
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**CHURCH EXTENSION LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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 \$11,375 unrelated business income for 2007 (\$4,918 for 2006).

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

**Basis of Accounting:**

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

**Basis of Presentation:**

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

**Use of Estimates:**

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

**Contributions:**

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

**CHURCH EXTENSION LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**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 straight-line basis over the useful lives of the assets generally as follows:

Automobile	5 years
Office equipment	5 years

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

**Investments:**

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

**Notes receivable:**

The Fund loans money to Free Will Baptist Churches, primarily Home Mission Churches, for the purchase of land and buildings. Each church is required to give a first mortgage on the property or sign a deed of trust. Principal and interest on the loans is payable monthly at 7.5% (7.5% in 2006) 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:

2008	\$ 1,254,499
2009	1,351,890
2010	1,456,840
2011	1,569,938
2012	1,691,817
Thereafter	17,659,935
	<u>\$ 24,984,919</u>



**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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:

	2007	2006
Automobile	\$ 44,936	\$ 14,000
Office equipment	12,080	12,080
	57,016	26,080
Less: Accumulated depreciation	(12,233)	(16,430)
	<u>\$ 44,783</u>	<u>\$ 9,650</u>

**3. NOTES PAYABLE**

Notes payable consist of 4.5 - 6% (4.5 - 6% in 2006) 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 \$183,600 (\$182,988 at December 31, 2006) 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 \$122,270 (\$212,550 at December 31, 2006).

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**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 and 2006**

**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 \$60,000 (\$53,369 at December 31, 2006) were made subsequent to year-end to the land funds of two Home Mission's Churches from the interest earned on loans made with Build My Church contributions. The second phase of the Build My Church program called the Roy Thomas Memorial Fund reached \$1,000,000 during the year. The interest earned from the loans made with the money given through the Roy Thomas Memorial Fund will be used to assist the Home Missions General Fund. A third phase of the Build My Church program called the Richard and Carolyn Adams Endowment Fund has begun. The interest earned from the loans made with the money given to the Richard and Carolyn Adams Endowment fund will be used to provide missionary assistance. The total amount given through the end of the year is \$2,082,592 (\$1,894,300 at December 31, 2006).

**6. CONCENTRATION OF CREDIT RISK**

The Fund maintains cash deposits in excess of the federally insured amount of \$100,000. At December 31, 2007, the excess amount over the federally insured limit was \$307,289 (\$1,351,263 in 2006). 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, payables, accrued interest payable and other accrued liabilities: 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, 2007 and 2006.

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, 2007 and 2006.

**8. CONCENTRATION**

Included in notes receivable at December 31, 2007 are thirty-six loans which total \$15,034,359 (thirty-four loans which total \$14,371,968 in 2006). This balance represents 60.17% (60.71% in 2006) of total notes receivable.

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**CHURCH EXTENSION LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**8. CONCENTRATION (CONTINUED)**

Notes payable include eighty-five notes which total \$16,092,009 or 74.68% (ninety-one notes which total \$15,949,280 or 74.49% in 2006) of total notes payable. Of these ninety-one (ninety-one in 2006) notes payable, two total \$1,019,452 or 4.73% (two notes total \$989,633 or 4.62% in 2006) 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, 2007 amounted to \$136,178 (\$141,099 at December 31, 2006).

**10. 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:

	2007	2006
Current payable	\$ 1,556	\$ 588
Deferred taxes	-	-
	<u>\$ 1,556</u>	<u>\$ 588</u>

**11. NOTE PAYABLE**

The Fund entered into a note payable for the purchase of an automobile on December 28, 2007. The note is due in sixty payments of \$313.95 with the first payment being due February 11, 2008 and the last payment being due on January 11, 2013. The interest loan on this note is zero percent. The balance on the note at December 31, 2007 was \$18,837.

The aggregate maturities on the note are as follows:

2008	\$ 3,453
2009	3,767
2010	3,767
2011	3,768
2012	3,768
Thereafter	314
	<u>\$ 18,837</u>

## President's Report Free Will Baptist Bible College, 2008

Free Will Baptist Bible College's mission is to educate leaders to serve Christ, His church, and His world through Biblical thought and life. We're as committed to this mission today as we were at our founding in 1942. Since that time, thousands of graduates have made an impact on their world for Christ and His gospel. Some have spent their lives in the harvest fields as ministers and missionaries. Others have served as salt and light in education or healthcare or the marketplace, while offering lay leadership to local churches. FWBBC is continuing this rich tradition of giving our students a classically-rooted Christian education to equip them to fulfill God's calling for them.

### Alumni Impact

Let me give you just one example of how this is playing out. It's the story of three alumni couples who have committed themselves to gospel ministry in the U.S. Virgin Islands: Kent and Jeanna Nelson, Jamie and Monica Greenway, Stephen and Rejyna Beck.

In early 2007, a Mississippi pastor and 1998 FWBBC graduate (Kent Nelson) asked God to help him assemble an "A" Team for a unique ministry in St. Croix, Virgin Islands. Nelson needed an administrator for the 215-student St. Croix Christian School, a Spanish instructor, a curriculum specialist, a fix-it expert to oversee campus maintenance, and gifted church workers. By August 2007, God had answered Nelson's prayers with a six-member "A" Team, five of whom were FWBBC graduates and alumni.

Team members sold their homes and vehicles and relocated to the Virgin Islands, where Kent Nelson pastors the Free Will Baptist Church in St. Croix. Stephen Beck, a former electrical engineer with the aerospace industry, grandson of L.C. Johnson (first president of FWBBC), and an FWBBC alumnus, is administrator of St. Croix Christian School, as well as Nelson's associate pastor. Beck's wife, Rejyna (1995 FWBBC graduate), teaches Spanish at the school. Monica Greenway (1991 FWBBC graduate) teaches physical education and manages the school's Satellite Curriculum Uplink. Her layman husband, Jamie, supervises school maintenance and reaches out into the community to mentor troubled young men. Jeanna Nelson (Kent's wife and 1998 FWBBC graduate) serves as church secretary and provides essential child care for the Becks' four young children.

Pastor Kent Nelson said, "Thank God for the balanced education I received at Free Will Baptist Bible College. Ministry presents complex and diverse challenges that can never be duplicated in a classroom. That's why FWBBC's broad principle-driven education prepares students to adapt when ministry takes unexpected turns. The value of an FWBBC education exceeds textbooks and lectures when a network of like-minded people bring together their collective knowledge and skills in a ministry endeavor. Every day here at the Christian school in St. Croix, a staff peppered with FWBBC graduates and alumni expand the Kingdom work. The core values and professional training we received at FWBBC now shape the lives of young people from the Caribbean Islands. Thank you, FWBBC! Please send more workers into the harvest field."

### Expanding Academic Programs

God is still calling young Free Will Baptists to serve Him. And God is still using Free Will Baptist Bible College to give them the education they need to make a difference in their world for Christ and His gospel. That's why we continue to expand our program offerings, to extend our mission to meet the needs of greater numbers of Free Will Baptist students.



This year, for the first time, we offered a degree in biology education and a 2+2 agreement with a local university to allow FWBBC students to earn a nursing degree. We had our first two pre-med students on campus. Students are also benefiting from pre-law preparation at FWBBC. This year, for example, our student body president, Matthew Bracey, was accepted into a number of prestigious law schools. We continue to move forward with strategic plans for more degree programs that will help our graduates serve as salt and light in the world.

This year we've also been working hard planning for our new, two-year online Associate of Science (A.S.) degree in Ministry. Pending approval by SACS, our regional accrediting body, for the first time, students will be able to receive a complete degree in ministry from Free Will Baptist Bible College online, without ever leaving their homes.

This degree program was born out of a concern for hundreds of pastors, youth and Christian education ministers, and lay leaders who have answered God's call and are serving in bi-vocational or full-time ministry but have never had the opportunity to move across the country to earn a theology and ministry degree from a Free Will Baptist perspective.

Now, Free Will Baptists will have an opportunity to complete a two-year, regionally and nationally accredited degree in theology and ministry from FWBBC. Rather than taking online courses at institutions that teach doctrines contrary to Free Will Baptist doctrine, they can now take Bible courses from professors like Garnett Reid, a successful Free Will Baptist pastor and minister who since 1982 has taught the Bible to two generations of students at FWBBC. They can take ministry courses from professors like Terry Forrest, who has successfully planted and grown Free Will Baptist churches for 36 years and now brings that experience to bear in teaching a new generation of pastors and church planters.

It's truly a milestone that adult students for the first time have the opportunity to complete a regionally and nationally accredited online degree under the teaching of Free Will Baptists who faithfully teach our doctrine and practice. Please pray for this new and exciting program!

We continue to see gains in the numbers of students who are answering the call to full-time Christian ministry and majoring in ministry fields at FWBBC. More students are also attending seminary and earning master's degrees in theology and ministry. This is why we're pursuing our strategic plan to offer an M.A. degree in theology and ministry.

This degree would allow recent college graduates to earn a master's degree in one year, or adult students in ministry to earn a master's degree in two-to-four years, combining week-long intensives with extension courses and other distance-learning offerings. To plan and implement a master's degree program like this constitutes a major substantive change with our accrediting bodies. It takes time and money. So we need your prayers and support as we move toward the fulfillment of this important goal to provide more students with educational tools that will enhance their ministries in this complex twenty-first century climate.

### Spiritual Growth

The 2007-2008 academic year has been a good one for Free Will Baptist Bible College. We've been blessed this year with students who have hearts and minds for God and desire to grow spiritually in a way that encompasses the heart, the mind, and the will. Daily chapel services have centered on the Word of God. This year we've been stressing the importance of developing godly wisdom in a culture that militates against it, and we've emphasized the importance of being salt and light in a world that is in desperate need of Christ's gospel.

The student body, under the leadership of Matthew Bracey, embraced as their spiritual theme "Meant to Love." We've seen signs of growth and maturity in our students as they've engaged in weekly Christian service ministries, served in local churches, devoted themselves to Christ together in nightly Spiritual Life groups, helped the poor and hurting in myriad ways, and engaged the world around them with God's truth.

For instance, four days after killer tornadoes roared through Middle Tennessee this February destroying homes and uprooting lives, 25 FWBBC faculty and students volunteered to help in the massive clean-up effort to assist local residents. The students worked seven hours in bracing cold temperatures removing debris, operating chain saws, and encouraging neighbors who had lost everything in the twisters.

Less than a month later, 29 FWBBC students and faculty gave up their spring break and boarded airplanes to France and New York for another kind of ministry outreach. The New York team witnessed on street corners, prayed with more than 700 people, and saw eleven people converted. The France team distributed tracts, ministered in an English language conversation ministry with missionaries, performed manual labor at the Nantes Church, and participated in a city-wide meeting of evangelical churches.

We stress with our students that spirituality is not just about the "religious" aspects of life. It encompasses all of life; we should take every thought captive to the obedience of Christ, bowing to His lordship in the whole of life, intellectually, emotionally, relationally, morally.

### Finances and Enrollment

The financial picture this year has been a challenging one. The *Chronicle of Higher Education* recently carried a story on how difficult it is for small private colleges to maintain high enrollments in tough economic times. This has been true at FWBBC. We suffered our first downturn in enrollment in a number of years, and this has affected our income.

FWBBC does not have large endowments to help us when situations like this occur. We encourage our people to remember FWBBC through planned gifts to endowment funds. Strong endowments will help us weather difficulties like the one we now face. Because of these difficulties, we are anticipating a deficit for the 2007-2008 fiscal year. However, the long-term financial position of the college remains strong, and our history of conservative financial management has placed us in good stead as we move forward.

The enrollment picture for this coming fall looks much more promising. Right now (May) we have more applicants for this fall than we had at registration in August 2007! Please pray for these applicants that they will be wise and prayerful about their decision to attend Free Will Baptist Bible College. And please email us at [recruit@fwbbc.edu](mailto:recruit@fwbbc.edu) or call us at 1-800-76-FWBBC if you know of any students who would be good candidates for FWBBC.

### Engaged Faculty and Staff

Our faculty and staff continue to be engaged in their churches, communities, and the academic profession. They minister in the local church and associational levels, as commission members in the National Association of Free Will Baptists, and as board members of charitable organizations. Let me name a few of their accomplishments:

- Dr. Michael Phillips, athletic director and program coordinator for Exercise Science and Physical Education, received his Ph.D. degree in Health and Human Performance with concentrations in Physical Education and Sports Management, in December.
- Dr. Kevin Hester, who teaches Bible and history, had his first book published by Paternoster Press, on Gregory the Great. The book is part of Paternoster's Studies in Christian History and Thought series.



- Mr. Tom Sass, vice president for financial affairs, serves on the board of directors of the Nashville Rescue Mission.
- Dr. James Stevens, chairman of the Department of Music, was the featured clinician at the prestigious Sunmin Church Music Workshop in Seoul, Korea, where he launched a new book of piano arrangements, as well as two new choral anthems.
- Mrs. Carol Reid, the Librarian at FWBBC, was named secretary of the Commission on Accreditation of the Association for Biblical Higher Education, one of FWBBC's accrediting bodies.
- Dr. Thurman Pate, chairman of the Department of Teacher Education, was elected chairman of Nashville's Metro Council for Teacher Education, which represents Metropolitan Nashville Public Schools and the colleges of education at area colleges and universities.
- Dr. Milton Fields, vice president for institutional planning, was elected to another term as a commissioner on the Commission on Accreditation of the Association for Biblical Higher Education (FWBBC is the only college that has two members on the Commission).

### New Employees

We added three new full-time employees this year. Two of these are in the area of recruitment and enrollment management: Heath Hubbard, our new director of recruitment, who began his duties in December, and Rachel Dennis, our new enrollment counselor, who began work in April. These new employees have brought a rush of energy into recruitment activities at the college, and are already meeting with enthusiastic reviews from our constituency. The Library also added a new employee, Lance Williams, who has served as a student employee and was named library circulation manager in January.

### Retiring Employees

We said good-bye to two valued members of the Free Will Baptist Bible College family this year: Ralph and Margaret Hampton. Brother Hampton had retired four years ago as a full-time instructor, was named Professor Emeritus, and agreed to serve part-time as chairman of the Department of Biblical and Ministry Studies. He is now laying aside those duties and moving into a well-deserved full retirement. Mr. Hampton has served Free Will Baptist Bible College for 50 years—48 years as a teacher and two years on paid sabbatical while receiving his master's degree. Mrs. Hampton will be retiring after 37 years as Library Manager.

### Campus Activities

We tell our students that FWBBC is a *community* of faith and learning. And like in any other community, numerous activities take place other than classroom instruction. Whether community-wide musical concerts such as "Christmas on Richland" each December or Choral Union presentations like this spring's "Meet Me in St. Louis," campus life at FWBBC is a kaleidoscope of events and happenings.

The academic year kicks off with our annual Block Party and Parade welcoming students to the friendly world of FWBBC. Then Rush Week sweeps the campus as societies vie to attract incoming students as members. Each day after lunch, GMF (Global Missions Fellowship) provides information and prayer moments regarding international missionary outreach. Growth Groups promoting spiritual, emotional, and psychological health dot the landscape. Project Pumpkin provides October opportunities to interact with neighborhood children. Tasty events such as the fall North Carolina Barbecue and the spring Boiled Blue Grass assure our students that the denomination and the college faculty/staff appreciate them.

Hardly a week passes without special events planned with students in mind. They're asked to participate in Senior Days and Welcome Days to acquaint visiting potential students with FWBBC. They help host the Flames Christmas Basketball Tournament for Christian schools in December and round up canned goods for the Souper Bowl of Caring as a community outreach effort. Student Wellness Emphasis Week in January focuses on strategic student needs and features guest presenters who address key emotional, spiritual, and

### Free Will Baptist Bible College

psychological concerns. S.W.E.A.T. (Student Wellness Exercise Any Time) nudges students to pursue an active lifestyle and become health-conscious.

Whether it's the annual Red Cross Blood Drive on campus, the Freshman Essay Contest, the Junior/Senior Banquet, Student Film Night, intramural athletic competition, Marriage Enrichment Seminars, a lively round of Family Feud, or dozens of other student-oriented functions, FWBBC campus life is a happy whirlwind that creates a sense of family and belonging.

### Forlines Lectures and Bible Conference

Since 1992, FWBBC has sponsored the annual *F. Leroy Forlines Lectures* each spring as an educational forum for the highest quality of evangelical scholarship. The series brings well known speakers to campus who address issues related to theology, philosophy, worldviews, global evangelism, and other topics. This year's speaker, Dr. Leland Ryken, is one of evangelicalism's foremost scholars and is the literary stylist for the *English Standard Version* of the Bible. Dr. Ryken spoke four times in two days (February 4-5) to faculty and students. He has authored, co-authored, or edited more than 25 books, including his most recent work, *The English Standard Version Literary Study Bible*.

The 2008 Bible Conference (March 2-6) featured the outstanding ministries of Dr. Erwin Lutzer, senior pastor at Moody Church in Chicago, and Dr. Eddie Moody, pastor of Tippet's Chapel FWB Church (Clayton, NC) and chair of the Department of Counselor Education at North Carolina Central University. Dr. Lutzer spoke four times in plenary sessions and delivered a widely-attended workshop on becoming a counter-cultural influence in today's pluralistic world. Dr. Moody spoke twice in plenary sessions and twice in his trademark counseling workshops. He also participated in a book-signing introducing his new book, *First Aid for Emotional Hurts*.

FWBBC's Barry Raper, program coordinator for the Christian Education and Youth Ministry Department, preached twice in plenary sessions and delivered a timely workshop on youth culture and ministry. Dr. Garnett Reid preached a powerful sermon on leadership from the life of Moses, and Dr. Jack Williams presented an inspiring lecture on leadership in the National Association of Free Will Baptists.

### Relocation

In November, the college initiated a contract for the purchase of a 66-acre campus site in Gallatin, Tennessee, a 26-minute drive from the college's current West End Avenue campus. The college selected the site after looking carefully at more than 100 potential properties in the Nashville area. We expect to close the contract in July 2008.

The board and administration could not be more pleased with the purchase arrangements. We believe that we received an excellent price from the owner for this prime property. The confidentiality clause to which we agreed will be lifted as soon as the contract has closed, and we will share more details with our constituency.

The site meets all the criteria the college set at the beginning of its land search: Much like the current campus, the new property is close to a limited access freeway, being about 7/10 of a mile off of State Route 386 (Vietnam Veterans Boulevard). It is near medical and educational resources, and job opportunities for students, is surrounded by new housing developments, and is still in the Greater Nashville area.

The rapid economic growth of Sumner County is witnessing rapid population growth and attracting high-end shops, malls, jobs, healthcare facilities, and an array of restaurants and high-end housing developments. For example, Sumner Station, an \$18-million regional healthplex-wellness center, has just opened less than



a mile from the campus. The new Streets of Indian Lake, a high-end retail development a short six-minute drive from the campus, recently opened for business.

Within five minutes of the campus are both affordable homes for faculty and staff, as well as Fairvue Plantation and Foxland, high-end housing developments that provide job opportunities similar to what the college's current Belle Meade surroundings have offered FWBBC students for decades. Sumner County's exploding economy, along with Gallatin's inviting small-city atmosphere, means that the college will have the benefits of the larger Nashville community as well as the charm and convenience of the Gallatin and Hendersonville communities.

The college has been warmly welcomed by city officials as well as business and educational leaders in Gallatin and Sumner County. Gallatin Mayor Jo Ann Graves, for example, said, "Gallatin welcomes Free Will Baptist Bible College. This is truly a historic and exciting time for our city and communities around us. FWBBC will bring us a great college with a tremendous, rich tradition of education and community service. It will change our city for the better, and we could not be more pleased."

Please pray for the college as we aggressively market the West End campus to prospective buyers. Despite the current economic climate, we continue to have strong interest from buyers. Although the Nashville real estate market has slowed from its blistering pace, it has continued to maintain strong values. The Nashville area is seen across the nation as one of the relatively robust markets that developers want to be in. So we are hopeful and are waiting on God to bring us the buyer He would have purchase our campus.

### Thank You

It is exciting to watch Free Will Baptist Bible College grow and develop. We are adding new academic programs to meet the needs of Free Will Baptist students and churches. We are moving forward expectantly with plans for a new campus that will allow for future growth. Yet all of this is happening to bring students into a unique Christian community of faith and learning, to help them discover God's Kingdom purpose for their lives, and to give them the tools to fulfill that calling. God is using our students and alumni to expand His Kingdom. And He is using you, as you pray for the college, support it financially, and recommend it to prospective students. We thank you for your steadfast support as we continue to fulfill our mission.

## Financial Aid Report 2007-2008

Type of Aid	Number of Recipients	Amount of Aid
Institutional Loans .....	42	\$ 85,986.73
Student Worker Earnings .....	85	138,685.94
FWBBC Scholarships .....	473	637,253.91
TN Grant/Scholarship Programs .....	46	180,053.00
Federal SEOG .....	33	20,420.00
Federal Pell Grant .....	117	292,914.56
Federal Work-Study Program .....	9	25,550.00
Federal Academic Competitiveness Grant .....	18	15,150.00
Federal Subsidized Stafford Loan .....	180	777,872.00
Federal Unsubsidized Stafford Loan .....	84	341,612.00
Federal PLUS Loan Program .....	39	354,499.00
Alternative Loans .....	63	397,002.00
External Scholarships .....	112	208,452.00
<b>Total Financial Aid Administered, 2007-2008 .....</b>		<b>\$3,475,451.14</b>

## Welch Library Report

### Athena Collection Statistics:

Reference .....	4,652
General Collection .....	55,316
Curriculum Lab .....	1,710
Audiovisuals .....	793
Remainder .....	1,606
Music Collection .....	761
Ministry Lab .....	91
E-books .....	22,233
ERIC Microfiche .....	74,630
Historical Collection .....	79
<b>Total Athena Count: .....</b>	<b>161,871</b>



## Registration Report 2007-2008

Enrollment ..... 346

## Enrollment Breakdowns by:

States					
Alabama .....	10	Kansas .....	3	Oregon .....	2
Arkansas .....	16	Kentucky .....	8	South Carolina .....	13
California .....	2	Maryland .....	1	South Dakota .....	1
Colorado .....	1	Michigan .....	18	Tennessee .....	115
Florida .....	12	Missouri .....	19	Texas .....	4
Georgia .....	13	Mississippi .....	7	Virginia .....	15
Idaho .....	1	North Carolina .....	47	West Virginia .....	2
Illinois .....	15	Ohio .....	10	International .....	4
Indiana .....	5	Oklahoma .....	2	The student body represents 25 states (USA) and 3 other countries (Canada, Korea, and Mongolia)	

## Classification

Freshman .....	91
Sophomore .....	73
Junior .....	62
Senior .....	84
Special .....	1
Non-degree seeking part time .....	35

## Other Categories

Full-time .....	260	Dorm .....	216	New .....	63
Part-time .....	86	Commuter .....	74	Continuing .....	205
Male .....	176	Adult Degree Program .....	27	Readmits .....	23
Female .....	170	Lifetime Learning .....	29	Special .....	1
Single .....	266	Free Will Baptist .....	310	Transfer .....	19
Married .....	80	Other .....	36	Non-degree seeking part-time .....	35

## Vocational \*

Pastoral .....	31	General Studies .....	11	Undeclared .....	18
Youth Ministry/Christian Ed. ....	27	History .....	5	Non-degree seeking part-time .....	36
Missions .....	29	Music .....	13	Post-bac TE*** .....	8
Ministry Emphasis .....	16	Psychology .....	21	*There are some pastoral students listed in other majors.	
Business .....	44	Science/Nursing .....	6	**Teacher Education includes these areas: Bible, Early Childhood, Elementary, English, History, Music, and Physical Education.	
English .....	9	Special .....	1	***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.	
Exercise Science .....	7	Teacher Education** .....	72		

## Salary Breakdowns

	2006-2007	2007-2008	2008-2009
President*	\$65,564	\$67,531	\$67,531
Salary	5,016	5,166	5,166
Social Security	6,229	7,091	8,239
Retirement	11,638	11,167	8,346
Medical Insurance	192	225	225
Life Insurance	\$88,639	\$91,180	\$89,507
Provost	\$53,198	\$54,794	\$54,794
Salary	4,070	4,192	4,192
Social Security	5,054	5,753	6,685
Retirement	4,314	0	0
Medical Insurance**	192	225	225
Life Insurance	\$66,828	\$64,964	\$65,896
Vice President for Institutional Advancement	\$47,398	\$48,820	\$48,820
Salary	3,626	3,735	3,735
Social Security	4,503	5,126	5,956
Retirement	8,826	8,711	6,513
Medical Insurance	192	225	225
Life Insurance	\$64,545	\$66,617	\$65,249
Vice President for Financial Affairs	\$51,533	\$53,079	\$53,079
Salary	3,942	4,061	4,061
Social Security	4,896	5,573	6,476
Retirement	4,314	4,255	0
Medical Insurance**	192	225	225
Life Insurance	\$64,877	\$67,193	\$63,841

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



## Synopsis of Minutes Board of Trustees

August 30, 2007

In a conference call, the Board of Trustees approved the administration's recommendation to initiate a contract for the purchase of a future campus site in Gallatin, Tennessee.

December 5-6, 2007

The Board of Trustees received reports from various departments of the college. The Board approved the administration's recommendation to offer an online Associate of Science (A.S.) degree in ministry. The Board received updates on the relocation of the campus, including the contract on the Gallatin property.

May 7-8, 2008

The Board of Trustees received reports from various departments of the college. The Board met with Gallatin city officials, including the mayor and members of the city council. The Board received updates on the relocation of the campus, including a presentation by the college's architects and meetings with the college's real estate attorney and civil engineer. The Board elected its 2008-2009 officers: Terry Pierce, chairman; Bob Bass, vice chairman; Mark Stripling, secretary.



Free Will Baptist  
Bible College

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## 2007-08 Financial Report

**HHA** Hill, Harper & Associates  
Certified Public Accountants

### Independent Auditors' Report

Terry A. Hill  
Ernest R. Harper

The Board of Trustees  
Free Will Baptist Bible College:

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, 2008 and 2007, 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, 2008 and 2007, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hill, Harper & Associates*

July 9, 2008



# FREE WILL BAPTIST BIBLE COLLEGE

## Statements of Financial Position

May 31, 2008 and 2007

	Assets	2008	2007
<b>Current assets:</b>			
Cash and cash equivalents		\$ 1,385,550	1,567,085
Investments in marketable securities, at market value		35,559	34,871
Accounts receivable, net of allowance for doubtful accounts of \$45,000 in 2008 and 2007			
Prepaid expenses		291,184	401,564
<b>Total current assets</b>		<b>28,360</b>	<b>13,394</b>
<b>Non current assets:</b>		<b>1,740,653</b>	<b>2,016,914</b>
Cash:			
Restricted for endowments		851,564	834,731
Restricted for student loans		329,947	349,080
Investments in marketable securities, at market value:			
Restricted for endowments		268,889	243,083
Held under life income agreements		-	5,262
Campaign pledges		133,000	85,000
Loans to students, less allowance for doubtful loans of \$67,000 in 2008 and \$43,000 in 2007			
Note receivable - related party		128,766	157,869
<b>Total non current assets</b>		<b>200,000</b>	<b>200,000</b>
<b>Property, plant and equipment:</b>		<b>1,912,166</b>	<b>1,875,025</b>
Investment in property, plant and equipment		9,099,876	8,676,894
Accumulated depreciation		4,124,886	3,886,701
<b>Net property, plant and equipment</b>		<b>4,974,990</b>	<b>4,790,193</b>
<b>Total assets</b>		<b>\$ 8,627,809</b>	<b>8,682,132</b>
	<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>			
Accounts payable and accrued expenses		\$ 239,708	220,574
Current portion of long-term debt		7,768	7,067
Notes payable		70,111	89,241
Student deposits and agency funds		172,458	133,178
Accrued salaries		151,893	149,133
Deferred revenues - summer school and other		42,433	54,866
<b>Total current liabilities</b>		<b>684,371</b>	<b>654,059</b>
<b>Other liabilities:</b>			
Long-term debt		1,404,280	1,457,866
Asset retirement obligation		201,277	188,550
<b>Total liabilities</b>		<b>2,289,928</b>	<b>2,300,475</b>
<b>Net assets:</b>			
Unrestricted funds		4,575,349	4,556,684
Temporarily restricted funds		258,839	266,244
Permanently restricted funds		1,503,693	1,558,729
<b>Total net assets</b>		<b>6,337,881</b>	<b>6,381,657</b>
<b>Total liabilities and net assets</b>		<b>\$ 8,627,809</b>	<b>8,682,132</b>

See accompanying notes to financial statements.

# FREE WILL BAPTIST BIBLE COLLEGE

## Statements of Activities and Changes in Net Assets

For the years ended May 31, 2008 and 2007

	2008			Total 2008	Total 2007
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds		
<b>Revenues:</b>					
Tuition and fees	\$ 2,524,368	-	-	2,524,368	3,012,240
Federal grants and contracts	-	40,446	-	40,446	40,906
Private gifts	1,423,144	181,599	48,710	1,653,453	1,482,198
Investment income, including endowment income	59,306	48,841	7,466	115,613	148,439
Gain (loss) on investment transactions	(5,992)	2,621	28,333	24,962	20,586
Revenues of auxiliary enterprises	984,549	-	-	984,549	1,143,952
Donor redesignation of gift	-	100,000	(100,000)	-	-
Other sources	27,900	275	(39,545)	(11,370)	(21,891)
	5,013,275	373,782	(55,036)	5,332,021	5,826,430
<b>Net assets released from restrictions</b>	<b>381,187</b>	<b>(381,187)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenues</b>	<b>5,394,462</b>	<b>(7,405)</b>	<b>(55,036)</b>	<b>5,332,021</b>	<b>5,826,430</b>
<b>Expenditures:</b>					
<b>Educational and general:</b>					
Instruction	1,679,819	-	-	1,679,819	1,631,086
Academic support	439,665	-	-	439,665	432,861
Student services	650,891	-	-	650,891	770,206
Institutional support	1,624,205	-	-	1,624,205	1,715,443
<b>Total educational and general expenditures</b>	<b>4,394,580</b>	<b>-</b>	<b>-</b>	<b>4,394,580</b>	<b>4,549,596</b>
<b>Auxiliary enterprises:</b>					
Dormitories	483,839	-	-	483,839	500,598
Dining hall	481,879	-	-	481,879	514,019
Bookstore	7,390	-	-	7,390	7,222
Snackshop	8,109	-	-	8,109	8,093
<b>Total auxiliary enterprises expenditures</b>	<b>981,217</b>	<b>-</b>	<b>-</b>	<b>981,217</b>	<b>1,029,932</b>
<b>Total expenditures</b>	<b>5,375,797</b>	<b>-</b>	<b>-</b>	<b>5,375,797</b>	<b>5,579,528</b>
<b>Increase (decrease) in net assets</b>	<b>18,665</b>	<b>(7,405)</b>	<b>(55,036)</b>	<b>(43,776)</b>	<b>246,902</b>
<b>Net assets at beginning of year</b>	<b>4,556,684</b>	<b>266,244</b>	<b>1,558,729</b>	<b>6,381,657</b>	<b>6,134,755</b>
<b>Net assets at end of year</b>	<b>\$ 4,575,349</b>	<b>258,839</b>	<b>1,503,693</b>	<b>6,337,881</b>	<b>6,381,657</b>

See accompanying notes to financial statements.



FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2008 and 2007

	2008				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2008	Total 2007
<b>Cash flows from operating activities</b>					
Cash collected from students	\$ 3,528,520	-	-	3,528,520	4,143,827
Federal grants	-	40,506	-	40,506	39,927
Federal Pell grants considered to be agency fund transactions	317,526	-	-	317,526	295,592
Private gifts and grants	1,448,040	176,576	-	1,624,616	1,278,838
Investment income	47,376	49,988	-	97,364	117,126
Other revenues	26,752	275	-	27,027	13,392
Cash paid for scholarships, to vendors and for payroll	(4,723,865)	(381,187)	-	(5,105,052)	(5,232,848)
Cash paid for Federal Pell grants	(317,526)	-	-	(317,526)	(295,592)
Net operating activities cash flows	326,823	(113,842)	-	212,981	360,262
<b>Cash flows from investing activities</b>					
Marketable securities purchased	-	-	(1,073)	(1,073)	(346,488)
Proceeds from sale of marketable securities	1,204	-	3,600	4,804	667,726
Proceeds from sale of plant assets	-	-	-	-	779,284
Expended for plant assets	(329,920)	-	-	(329,920)	(440,528)
Note receivable advances	-	-	-	-	(200,000)
Student notes receivable, net change	-	-	(8,023)	(8,023)	(31,991)
Net investing activities cash flows	(328,716)	-	(5,496)	(334,212)	428,003
<b>Cash flows from capital activities</b>					
Campaign pledges receivable collected	-	7,500	-	7,500	-
Gifts received for:					
Endowments and student loans	-	-	(51,290)	(51,290)	56,816
Proposed new campus	-	49,523	-	49,523	18,042
Other student loan transactions:					
Interest income on student loans and investment income	-	-	7,466	7,466	15,412
Collection costs and other transactions	-	-	(2,419)	(2,419)	4,905
Net capital activities cash flows	-	57,023	(46,243)	10,780	95,175
<b>Cash flows from financing activities</b>					
Proceeds from notes payable advances	-	-	-	-	-
Repayment of debt	(73,384)	-	-	(73,384)	(17,725)
Interfund activities	-	-	-	-	-
Notes payable for student loans, net	(106,258)	56,819	49,439	-	(6,181)
Net financing activities cash flows	(179,642)	56,819	49,439	(73,384)	(23,906)
Net increase (decrease) in cash and cash equivalents	(181,535)	-	(2,300)	(183,835)	859,534
Cash and cash equivalents at beginning of year	1,567,085	-	1,183,811	2,750,896	1,891,362
Cash and cash equivalents at end of year	\$ 1,385,550	-	1,181,511	2,567,061	2,750,896

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2008 and 2007

	2008				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2008	Total 2007
<b>Cash and cash equivalents consist of the following:</b>					
Current assets	\$ 1,385,550	-	-	1,385,550	1,567,085
Non current assets:					
Cash restricted for endowments	-	-	851,564	851,564	834,731
Cash restricted for student loans	-	-	329,947	329,947	349,080
Total cash and cash equivalents	\$ 1,385,550	-	1,181,511	2,567,061	2,750,896
<b>Reconciliation of increase in net assets to net operating activities cash flows</b>					
Increase (decrease) in net assets	\$ 18,665	(7,405)	(55,036)	(43,776)	246,902
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	51,290	51,290	(56,816)
Proposed new campus	-	(97,523)	-	(97,523)	(83,042)
Net other transactions from student loan funds	-	-	32,079	32,079	26,293
Depreciation	238,185	-	-	238,185	240,828
Accretion of asset retirement obligation	12,727	-	-	12,727	11,923
Gifts in kind capitalized	(93,062)	-	-	(93,062)	(2,500)
(Losses) gain on investments and other transaction	4,844	(8,974)	(28,333)	(32,463)	(13,161)
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	(7,244)	-	-	(7,244)	29,757
Employee and other	(355)	-	-	(355)	30,929
Bequest	161,179	-	-	161,179	(16,179)
Federal student financial aid funds	-	60	-	60	(979)
Accrued interest	(11,930)	-	-	(11,930)	(13,689)
Pledges receivable	(31,330)	-	-	(31,330)	(16,610)
Less allowance for doubtful accounts	-	-	-	-	(15,000)
Prepaid expenses	(14,966)	-	-	(14,966)	(8,783)
Increase (decrease) in current liabilities:					
Accounts payable and accrued expenses	19,133	-	-	19,133	26,946
Notes payable	1,370	-	-	1,370	(28,607)
Student deposits and agency funds	39,280	-	-	39,280	10,565
Accrued salaries	2,760	-	-	2,760	(13,515)
Deferred revenues	(12,433)	-	-	(12,433)	-
Net operating activities cash flows	\$ 326,823	(113,842)	-	212,981	360,262
<b>Supplemental disclosures:</b>					
Interest paid				\$ 89,801	95,232

See accompanying notes to financial statements.



## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements

For the years ended May 31, 2008 and 2007

The Free Will Baptist Bible College operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by a Board of Trustees.

#### (1) Summary of Significant Accounting Policies

##### Basis of Financial Statement Presentation

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

In order to ensure observance of limitations and restrictions placed on the use of resources available to the College, the accounts of the College are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting purposes into funds that are in accordance with activities or objectives as specified by donors, in accordance with regulations, restrictions, or limitations imposed by sources outside the institution, or in accordance with directions issued by the governing board.

These financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with Statements of Financial Accounting Standards (SFAS) No. 116 "Accounting for Contributions Received and Contributions Made" and No. 117 "Financial Statements of Not-for-Profit Organizations". This has been accomplished by classifying fund transactions into three categories of net assets: unrestricted net assets which have no donor-imposed restrictions, temporarily restricted net assets which have donor-imposed restrictions that expire in the future, and permanently restricted net assets which have donor imposed restrictions which do not expire.

##### Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

## FREE WILL BAPTIST BIBLE COLLEGE

### 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:

	2008	2007
Capitalized potential relocation costs, including \$54,000 from a member of Board of Trustees	\$ 71,250	2,500
Capitalized building improvements	21,812	-
Common stock securities	20,398	32,602
Business office salaries	11,891	13,315
	<u>\$ 125,351</u>	<u>44,273</u>

##### 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, 2007, from which the summarized information was derived.



# FREE WILL BAPTIST BIBLE COLLEGE

## 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, 2008 and 2007 amounted to \$45,000. Changes in the valuation account have not been material to the financial statements.

Accounts receivable included in current assets is as follows:

	2008	2007
Student accounts	\$ 125,211	117,967
Employee and other	28,734	28,379
Bequest	-	161,179
Federal student financial aid funds	20,026	20,086
Accrued interest	41,529	29,599
Pledges receivable	120,684	89,354
	<u>336,184</u>	<u>446,564</u>
Allowance for doubtful accounts	45,000	45,000
	<u>\$ 291,184</u>	<u>401,564</u>

### (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.

	Cost or Basis	Market Value	Excess of Market Over (Under) Cost	Unrealized Cumulative Gains	Unrealized Cumulative Losses
<b>Balance May 31, 2008</b>					
Permanently Restricted Funds:					
Common stock	\$ 32,666	97,738	65,072	65,072	-
Variable annuity contracts	178,110	171,151	(6,959)	-	6,959
Temporarily Restricted Funds:					
Common stock	12,500	15,504	3,004	3,004	-
Variable annuity contracts	4,344	4,350	6	6	-
Unrestricted Funds:					
Common stock	4,900	2,700	(2,200)	-	2,200
Variable annuity contracts	13,806	13,005	(801)	-	801
	<u>\$ 246,326</u>	<u>304,448</u>	<u>58,122</u>	<u>68,082</u>	<u>9,960</u>
<b>Balance May 31, 2007</b>	<u>\$ 257,776</u>	<u>283,216</u>	<u>25,440</u>	<u>30,516</u>	<u>5,076</u>

	2008	2007
<b>Current assets</b>	\$ 35,559	34,871

#### **Non current assets:**

Restricted for endowments	268,889	243,083
Held under life income agreements	-	5,262

#### **Reconciliation of gain (loss) on investment transactions:**

Realized gain on sale of securities	\$ (7,720)	37,186
Unrealized gain (loss) due to change in the cumulative change in market value pools	32,682	(16,600)
Gain on investment transactions	<u>\$ 24,962</u>	<u>20,586</u>

#### **The Free Will Baptist Foundation holds funds for the benefit of the College as follows:**

Endowments from which the College receives income	\$ 1,127,949	954,893
Gifts to pass to the College at some future date	<u>\$ 598,672</u>	<u>588,214</u>

# FREE WILL BAPTIST BIBLE COLLEGE

## 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:	\$	84,478
Private scholarships		21,781
Federal Supplemental Educational Opportunity Grant		18,665
Federal Work Study Program		5,262
Expiration of life income fund		37,870
Other instructional and institutional		987
Renovation expenditures		212,144
Potential relocation		
	<u>\$</u>	<u>381,187</u>

Net assets released from restrictions

Certain federal grants to students amounting to \$317,526 and \$297,739 for 2008 and 2007, respectively, are not included in expenditures or net assets released from restrictions. Federal Pell and other similar 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:

	2008	2007
Scholarships	\$ 216,898	209,159
Life income funds	-	4,987
Other instructional and institutional	41,941	52,098
	<u>\$ 258,839</u>	<u>266,244</u>

### (6) Net Assets

Net assets of the College consist of the following as of May 31, 2008 and 2007:

	2008			Total 2008	Total 2007
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Unrestricted funds:					
Operations	\$ 3,731,305	-	-	3,731,305	3,502,827
Designated for reserves	-	-	-	-	274,693
Designated for purchase of land for relocation	844,044	-	-	844,044	779,164
Life income funds	-	-	-	-	4,987
Unexpended funds restricted for:					
Operating purposes	-	258,839	-	258,839	261,257
Student loan funds	-	-	504,977	504,977	535,332
True endowment funds	-	-	137,687	137,687	137,387
Scholarship endowment funds	-	-	861,029	861,029	886,010
				<u>6,337,881</u>	<u>6,381,657</u>
Total net assets	<u>\$ 4,575,349</u>	<u>258,839</u>	<u>1,503,693</u>		

### (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, 2008 and is secured by collateral of deed of trust on real property. The note matures on December 31, 2009.

#### 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 \$15,499 and \$15,315 for the years ended May 31, 2008 and 2007, respectively.



# FREE WILL BAPTIST BIBLE COLLEGE

## 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 as their share of the funding requirement requirement for the years ended May 31, 2008 and 2007, respectively.

#### In Kind Gifts from Board Member

A board member, who has an engineering degree, has donated several hundred hours valued at \$54,000 in design and engineering consultation relating to the potential relocation project. (See notes 1 and 16)

### (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.

#### The following summarizes pledges receivable:

	2008	2007
Post dated check books and bank draft agreements	\$ 71,784	72,504
Proposed future campus relocation	170,000	127,500
Pledges for operations	60,000	16,850
	301,784	216,854
Less allowance for potential uncollectible pledges	(30,800)	(25,500)
Less discount for collection of future cash flows	(17,300)	(17,000)
Total pledges receivable	\$ 253,684	174,354

#### Pledges are recorded in the statement of financial position as follows:

Pledges for unrestricted operations	\$ 120,684	89,354
Campaign pledges for future campus relocation	133,000	85,000
	\$ 253,684	174,354

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

2009	\$ 194,234
2010	40,350
2011	8,100
Years thereafter	11,000
	\$ 253,684

### (9) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2008	2007
Land	\$ 496,871	496,871
Proposed campus architectural and other costs	722,581	445,635
Buildings	5,152,404	5,130,592
Equipment	1,957,673	1,856,923
Library books	765,191	736,562
	9,094,720	8,666,583
Loan costs net of amortization of \$5,585 in 2008 and \$430 in 2007	5,156	10,311
	9,099,876	8,676,894
Accumulated depreciation and amortization	4,124,886	3,886,701
Net investment in plant	\$ 4,974,990	4,790,193
Depreciation and amortization charged to expenditures	\$ 238,185	240,828

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (10) Notes Payable and Long-Term Debt

#### Notes payable:

#### Permanently Restricted Funds - Student Loan Funds

5% unsecured demand notes payable to individuals

2008	2007
\$ 70,111	89,241

#### 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 piano.

\$ 18,746	25,813
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Unsecured bank debt on the existing campus. The note bears interest at 1.25% above the LIBOR rate, which at May 31, 2008 amounted to 4.0775%. The note matures on June 1, 2009.

1,393,302	1,439,120
1,412,048	1,464,933

#### Less current portion of long-term debt Long-term debt

7,768	7,067
\$ 1,404,280	1,457,866

Principal maturities of unrestricted fund long-term debt are as follows: 2009 - \$7,768; 2010 - \$1,401,965; 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. The liability recorded, amounting to \$201,277 at May 31, 2008 and \$188,550 at May 31, 2007 relates to the future removal of asbestos from existing buildings.

The liability will increase annually through a charge to expenditures until the asbestos is removed to account for the cost of inflation and imputed interest costs, as follows for the next five years:

	Charge to Expenditures	Liability Balance
As and for the year ended May 31:		
2009	\$ 13,586	214,863
2010	14,503	229,366
2011	15,482	244,848
2012	16,527	261,375
2013	17,643	279,018

### (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 banks and Free Will Baptist Foundation and has risk of accounting loss for fund amounting to approximately \$2,465,453 since the balance at certain financial institutions is greater than the FDIC insurable limit. The College also owns marketable securities which are subject to accounting risk of loss amounting to the recorded balance.



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (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:

	2008	2007
<b>Reconciliation of benefit obligations:</b>		
Benefit obligation at beginning of year	\$ 3,414,369	3,208,893
Service cost	82,840	79,155
Interest cost	256,949	246,841
Participant contributions	-	-
Plan amendments	-	-
(Gain) loss due to actuarial experience	41,151	42,554
Gain due to changes in actuarial assumptions	-	-
Benefits paid to plan participants	(166,945)	(163,074)
Benefit obligation at end of year	\$ 3,628,364	3,414,369
<b>Reconciliation of asset value:</b>		
Plan assets at beginning of year	\$ 2,572,911	2,283,272
Actual return of plan assets	(86,340)	312,018
Employer contributions	126,675	140,695
Benefits paid to plan participants	(166,945)	(163,074)
Plan assets at end of year	\$ 2,446,301	2,572,911
<b>Reconciliation of funded status:</b>		
Funded status at end of year (liability)	\$ (1,182,063)	(841,458)
Unrecognized net transition obligation asset	-	-
Unrecognized prior service cost	-	-
Unrecognized net loss	1,057,594	745,403
Amount included in accrued expense	\$ (124,469)	(96,055)
<b>Accumulated benefit obligation at end of year</b>	<b>\$ 3,268,755</b>	<b>3,113,495</b>
<b>Vested benefit obligation at end of year</b>	<b>\$ 3,218,967</b>	<b>3,045,117</b>
<b>Reconciliation of unrecognized net loss:</b>		
Unrecognized loss at beginning of year	\$ 745,403	870,321
Amount of loss recognized during the year	(32,061)	(48,830)
(Gain) loss due to actuarial experience	41,151	42,554
(Gain) loss due to changes in actuarial assumptions	-	-
(Gain) loss due to assets	303,101	(118,642)
Unrecognized loss at end of year	\$ 1,057,594	745,403
<b>Net periodic benefit cost:</b>		
Service cost at end of year	\$ 82,840	79,155
Interest cost on projected benefit obligation	256,949	246,841
Expected return on plan assets	(216,761)	(193,376)
Amortization of transition obligation	-	-
Amortization of prior service costs	-	-
Amortization of net loss	32,061	48,830
Net periodic benefit cost	\$ 155,089	181,450

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (13) Pension Plan, continued

The College will be required to implement provisions of SFAS No. 158 - Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans for the year ending May 31, 2009. SFAS No. 158 will require the College to recognize the funded status of its pension plan in the statement of financial position and recognize changes in the funded status through changes in unrestricted net assets.

If implemented effective May 31, 2008 the College would have reported a liability of \$1,057,594 in its statement of financial position with a offsetting entry to reduce unrestricted net assets.

### Expected Future Benefit Payments:

The expected benefit payments for the next ten fiscal years ended May 31, are as follows:

2009	\$ 192,916
2010	206,249
2011	222,858
2012	229,936
2013	241,063
2014 through 2018	1,389,143

### Assumptions used for determination of net pension cost:

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

### (14) Fund Raising Costs

For fiscal years ended May 31, 2008 and 2007, expenses totaling \$302,682 and \$364,316, respectively, were related to expenses associated with fund raising and are classified in the statements of activities under institutional support.

### (15) 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, subject to annual review. No amounts were owed on this note as of May 31, 2008 or 2007.

#### Term Loan Commitment

The College has a commitment from its primary lender to borrow up to \$2,300,000 for the purchase of suitable property for relocation (see note 16). This commitment expires April, 2009 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.



## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements, continued

#### (16) Potential Relocation of Campus

Free Will Baptist Bible College leadership remains committed to relocation of the current campus in order to further the College's core mission.

Plans for the new campus have progressed through the programming and schematic design stage and are in design development.

The College has a 66 acre tract of land under contract which is intended to serve as the site for the new campus. This site located in the Greater Nashville Tennessee Area will provide for the expansion of programs consistent with the College's strategic plans. Closing on the purchase of this property is anticipated in mid-August 2008.

Sale of the existing campus property is an important component of the relocation project. The College has had discussions with numerous interested parties and received multiple offers. Currently, the College is focused on the offer considered to be the most promising.

The College is continuing to obtain estimates of campus construction and related costs. The financial plan to complete the project is based on a planned capital fund raising campaign, written commitments from lenders and use of accumulated funds from the sale of the Joelton property - as further discussed below, and use of the proceeds derived from the sale of the existing campus.

Agreements with the owner of the future campus site and with parties interested in the purchase of the current campus prevent disclosure of details regarding the financial arrangements at this time. Further information will be made known at a later date as appropriate.

As discussed in note 15, 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 \$844,044 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 MAY 31, 2008, 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) Remain Strong**

Total net assets remained virtually unchanged from the previous year, moving from \$6,381,657 to \$6,337,881, after deducting total liabilities of \$2,289,928 from total assets of \$8,627,809.

#### **Asset to Debt Ratio**

Total assets amount to \$8,627,809. Our long-term liabilities (listed in "Financial Obligations" below) total \$1,605,557, giving a 5.37 to 1 asset to debt ratio. Adding all other liabilities total \$2,289,928 and gives a 3.77 to 1 asset to debt ratio, identical to the previous year.

#### **Unrestricted Funds Revenues and Expenditures**

Total Unrestricted Funds Revenues for the year ending May 31, 2008, amounted to \$5,394,462. Total Unrestricted Funds Expenditures were \$5,375,797, providing an \$18,665 increase in net assets (or surplus) at the end of the fiscal year.

#### **Balanced Budget a Challenging/Rewarding Effort**

2007-08 was a challenging year financially. But with the help of the Lord and many who gave sacrificially, both in extra manpower, gifts, and reduction of expenses, the College was able to end the fiscal year balanced. FWBBC is indebted to and thanks the countless friends who gave and worked to this end.

#### **Unrestricted Giving**

Private gifts provided \$1,423,144 in Unrestricted Funds Revenues. Of that amount, \$1,156,511 was provided from General Fund gifts (an historic high), \$20,398 from gifts of stock, \$92,874 from estates and trusts, \$102,463 from gifts in kind (non-cash gifts of professional labor and building improvements), \$50,698 from a debt reduction campaign and \$200 from gifts to the library. 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.

#### **Dr. Thigpen Spearheads Debt-Reduction Campaign**

Special thanks are due Dr. Charles Thigpen and all those who contributed to a special debt-reduction campaign this past year. Over \$50,000 has been raised to date, with all proceeds applied directly to the principal amount notated below in Financial Obligation (B). Not only do the gifts lower the debt, but they also immediately save interest expense.

#### **General Fund Giving in 2007-08 Supports Average Full-Time FWBBC Student \$4,440 in Tuition Costs**

Because of above-mentioned General Fund gifts, tuition paid by FWBBC students was subsidized \$148 for each semester hour taken in 2007-2008. Or, unrestricted General Fund gifts kept the cost of tuition per semester hour at \$387, instead of \$535. This gift subsidy saved each student taking 30 semester hours (15 hours per semester) a total of \$4,440 this past academic year. Without gifts, many of our students would be unable to attend FWBBC.



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

**Cash Flow Statement**

The combined cash flows of the College's operating, investing, capital, and financing activities report cash and cash equivalents decreasing \$181,535 in Unrestricted Funds and \$2,300 in Permanently Restricted Funds for a cumulative cash decrease of \$183,835. The largest impact to cash flow was professional and related fees incurred on behalf of the relocation project. However, it must be noted that cash flows from operating activities, unrestricted funds ended with a positive \$326,823.

**Cash and Cash Equivalents**

Total cash on hand decreased slightly from the previous fiscal year. Last year's total was \$2,750,896 against this year's \$2,567,061, which consists of \$1,385,550 in unrestricted current assets, \$851,564 in restricted endowments, and \$329,947 in student loan funds.

**FWBBC Enjoying Historic Change in Banking Relationships**

Last year, 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 8<sup>th</sup> 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. FWBBC is enjoying a great working relationship with Pinnacle National Bank and National City Bank.

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

While the original bank commitments were not engaged because of the inability of the buyer to close on the sale of the West End Avenue campus, both banks have indicated that new commitments will be forthcoming when the timing is right. A separate commitment is in place until April 2009 for the purchase of land currently under contract (Footnotes 15 & 16).

**Financial Obligations**

The College's notes payable and long-term debt decreased \$72,015. Notes Payable to Individuals amount to (A) \$70,111 in interest-bearing notes permanently restricted for student loans. FWBBC also has a (B) \$1,393,302 long-term debt bank note that funded the acquisition of property and the renovation of various buildings on campus. The College has a (C) \$18,746 balance for a grand piano, making the total notes payable and long-term debt \$1,482,159 as of May 31, 2008. Lastly, the College has a (D) \$201,277 non-cash liability for potential future removal of asbestos in parts of our physical plant.

- (A) The College has sufficient cash and savings to liquidate the interest bearing notes permanently restricted for student loans, but chooses to retain the \$70,111 for student loans.
- (B) Included in the \$1,393,302 bank debt is the 2003-04 purchase of 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 \$18,746 grand piano note balance is scheduled for maturity by September 2010.
- (D) The \$201,277 non-cash liability is explained in the following paragraph.

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

**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.

**Relocation Campaign Update**

Much progress has been made on relocation plans related to architectural schematic design and future fundraising for relocation. Through May 31, 2008, \$722,581 (of which \$71,250 was donated professional services [or gifts in kind] such as engineering, architectural, etc.) has been expended for architectural, engineering, fundraising, administration, legal, and miscellaneous items to prepare the College for relocation.

Be sure to read the auditor's notes to financial statements, especially Note (16) entitled – Potential Relocation of Campus.



**FREE WILL BAPTIST BIBLE COLLEGE**  
Budgets for the years ending May 2008-2010  
Unaudited - Not Part of Audit

	Budget May 31, 2008	Audit/Actual May 31, 2008	Proposed Budget May 31, 2009	Strategic Budget May 31, 2010
<b>Revenues</b>				
Tuition and fees	3,318,400	2,524,368	3,091,300	3,322,787
Private Gifts:				
Together Way/Unrestricted General Fund	1,200,000	1,156,511	1,425,000	1,450,000
Investment, endowment, estate, grant, gift in kind, stock, special gift, and miscellaneous income	245,000	294,533	303,000	425,000
Investment and endowment income	55,000	53,314	79,000	100,000
Sales and services of auxiliary enterprises	1,257,275	984,549	1,234,500	1,316,248
Other sources:				
Net assets released from restrictions	230,000	381,187	300,000	300,000
<b>Total Revenues</b>	<b>6,305,675</b>	<b>5,394,462</b>	<b>6,432,800</b>	<b>6,914,035</b>
<b>Expenditures</b>				
Educational and general:				
Instruction	1,889,578	1,679,819	1,983,917	2,083,112
Academic support	493,440	439,665	498,801	523,741
Student services	814,273	650,891	780,431	819,450
Operation and maintenance of plant				
Institutional support	2,003,954	1,624,205	2,068,352	2,242,732
Total educational and general expenditures	5,201,245	4,394,580	5,331,501	5,669,035
Auxiliary enterprises:				
Expenditures	1,104,430	981,217	1,101,299	1,245,000
<b>Total Expenditures</b>	<b>6,305,675</b>	<b>5,375,797</b>	<b>6,432,800</b>	<b>6,914,035</b>



**Executive Director's Report**

Randall House serves the Free Will Baptist denomination and His Kingdom by producing Sunday School lessons, small group Bible studies, Christian books, and providing training for all ages in areas of leadership and Christian Education.

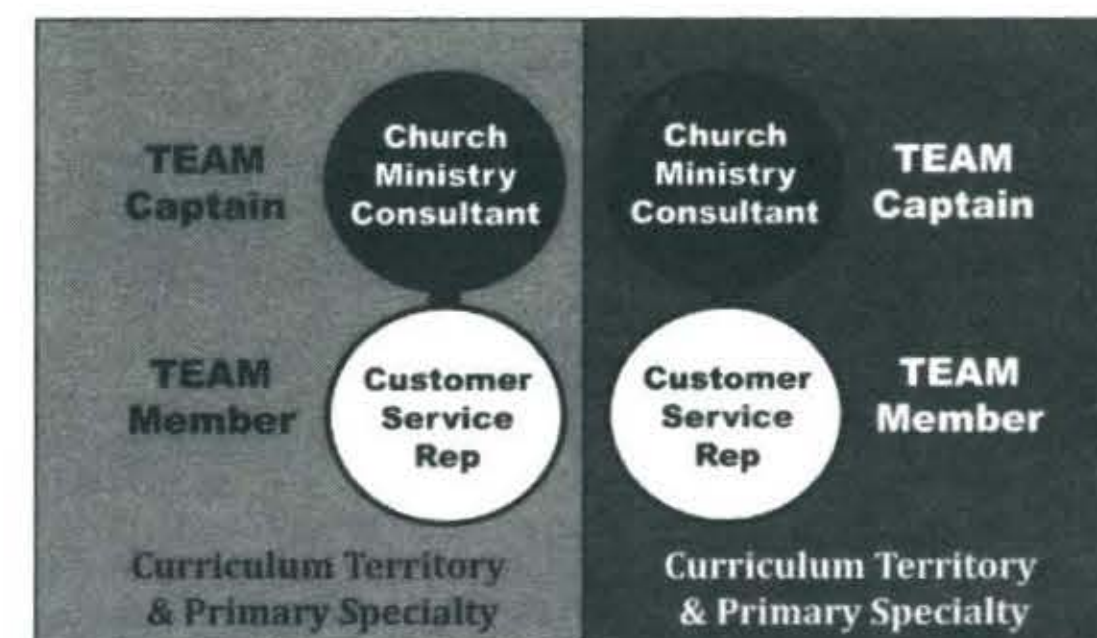
We must translate that description into the areas that most directly contribute to top line items (income). To do this we must increase curriculum units and dollars, sell more books, and continue to train our customers. This allows us to secure our denomination's publishing ministry for years to come.

While curriculum sales in dollars have increased since 2001 by 155%, the unit trend does not follow the same path. We have identified some areas that will help correct this trend. This will include a stronger relationship with state bookstores/literature centers, a continued enhancement of all product lines, and working to grow alternative income sources.

The major initiatives that will carry us to the next level will be 1) a stronger sales effort internally with our team and externally by state bookstores 2) release a solid digital curriculum platform  
3) continue the sharp growth in book sales, and 4) train in conferences a correct biblical view of Christian Education. This is where we are investing our time and dollars. We are stepping this up in multiple ways.

**The first area is the stronger sales effort internally and externally.**

Internally, we are restructuring the sales team to be truly more team oriented among the department. Instead of having three Church Ministry Consultants and one Customer Service person, we will have two team captains (Church Ministry Consultants) responsible for seventy percent of their time doing outbound calling. The other two will each be on one of the teams as the support customer service person receiving inbound calls. Each team will have their own territory serving the same churches in curriculum sales but one team will have a specialty add on duty in retail book sales to key accounts such as Lifeway, Family, and CBD while the other team specialty may be in training events.





The outside sales effort will still be in partnership ministries such as state bookstores, denominational ministries, and similar areas. Our representative for key ministry partners who has done a great job for several years handles this. This is not reflected in the chart above. The chart reflects our internal sales initiative.

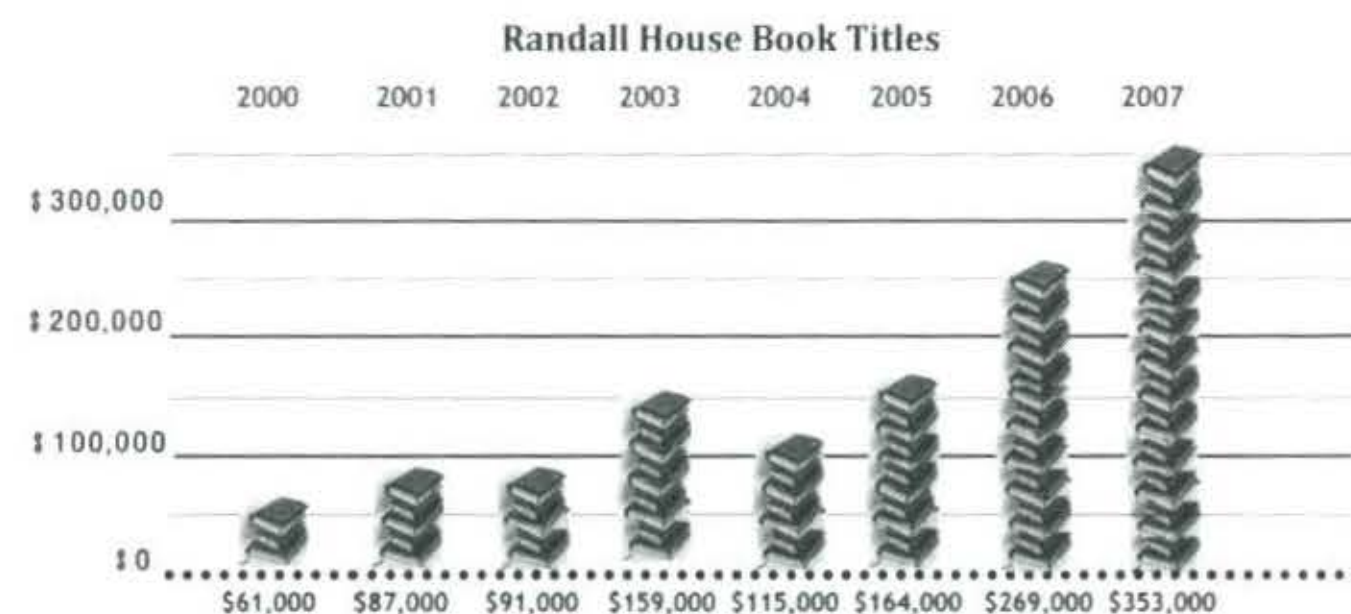
#### The second major initiative is our digital division.

Digitally delivered curriculum is still very new for publishers, and we are right on the cusp of being ready to launch our site as a pay per download. This will allow flexibility to any church in choosing specific studies and electives. Recently getting performance data from two other publishers who do some form of digital show it being a successful venture and a must have in their line up for clients.

The missing element is the software that we will be installing this calendar year. Digital curriculum will provide a top line income for the investment being made in this area. This may take a year or two to see profit based upon usage.

#### The third major initiative is the continued increase in book sales.

Last year we topped the quarter of a million dollar figure in book sales. Most of this came from the TEAM Building Discovery Kits. We are producing more titles each year and getting into more channels of sales than ever. This year we will get into the Family Christian Stores with about 350 locations, CBD (Christian Book Distributors) and other smaller chains. Our criteria for publishing an author gets more stringent each year we grow. Recently, I attended a conference where the publishers joked that one book in ten pays for the other nine. We have had a recent history of only one book in ten not paying for itself. Our sales have grown 550% since the year 2000.



Last year, we had nine titles sell more than \$4,000 each, several of which hovered around the \$10,000 mark and one over \$17,000 and this does not count the LFYS kits. We are producing some of the highest quality and most in demand products ever in our history. We expect the new C2 Short Films from Seaborne Pictures and presented by Michael W. Smith will hit a new record number of units for a first year release for Randall House. The author Linda Ann Crosby (*Laughing in the Midst of Mothering*) is a budding author that will continually bless you in future books. Dr. Edward Moody released his first book *First Aid for Emotional Hurts* that should be on every Sunday School teacher's shelf as a tool to help deal with people's problems.

*Simple* has a companion study guide with a green cover and, in July, we will release the trade book in Spanish. *Simple* sales continue to grow and with the new peripherals will gain more momentum.

#### The fourth major initiative is training

Randall House just released the new "Let's get started" CLEAR Training DVD kit. It is beautifully designed, boxed and packaged with a DVD, view book, and T-shirt. This has been needed for a long time and now our bookstores and church ministry consultants have these tools to help the churches.

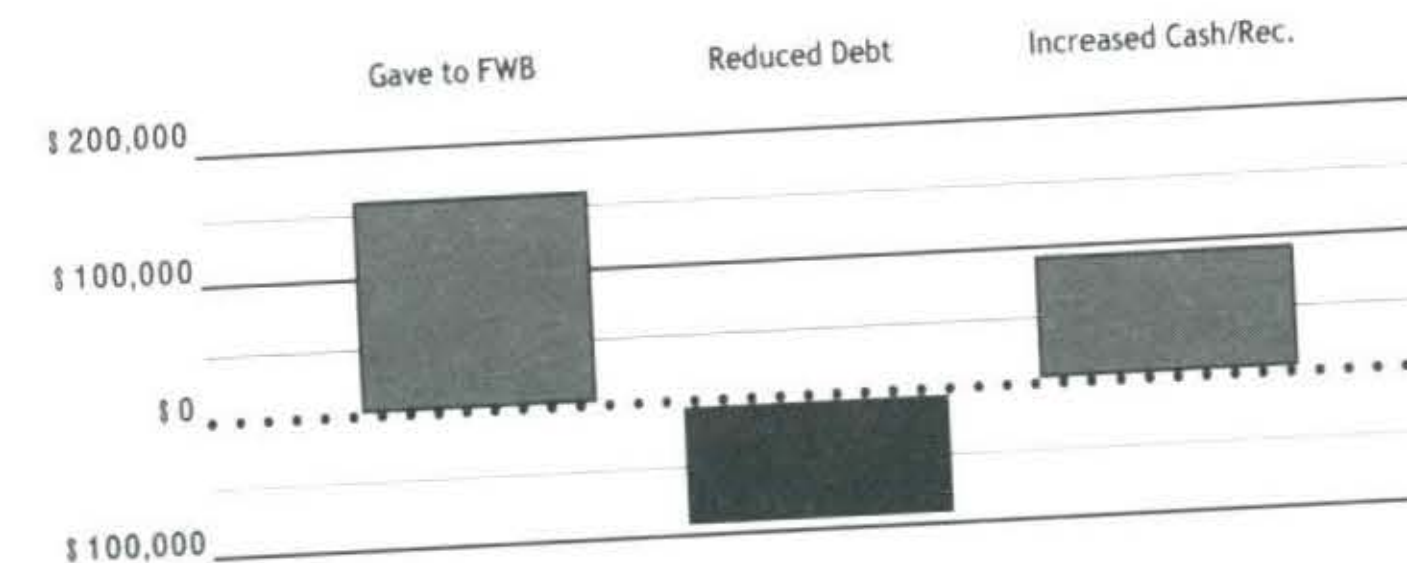
We are planning a major national conference to train leaders, staff members, teachers, and parents on how to implement the power of D6 (Deuteronomy 6). This event will position Randall House as a major curriculum provider in an arena we have never operated. The speaker lineup was selected based upon their passion for family spiritual values. The lineup of speakers currently include the president of Focus On The Family - Jim Daly, the renown Christian researcher - George Barna, president of Strong Families - Dr. John Trent, Christian comedian - Anita Renfro, author on single parenting - Angela Thomas, author and radio personality - Dave Ramsey, author of Every Man's Battle series - Fred Stoeker, and for music and worship - Steven Curtis Chapman. This event will stretch us, because we have never reached for an event of this magnitude. Please see addendum to my report written by our consultant for the conference (prepared by Frank Breeden Consulting).

We will continue to train in the typical ways of phone time with clients, travel to churches, and do TEAM Church type events. Training is a never-ending process for any manufacturer of any product.

#### 2006 Blessings for 2007

Because Randall House made over a quarter of a million dollars in 2006, we were able to accomplish some goals and give back to the churches of our denomination more than ever before. **We gave back this year alone in free literature to home missionaries, price savings to all churches (No increase in CLEAR prices for 2007), printing to the denomination, training events and other items over \$150,000.**

We were also able to spend more money in advertising and promotion than ever. Using apportion of our profits from 2006, we spent \$128,000 in direct mail, web sites, conferences, and other means of touching our customers. Marketing is vital to the success of any organization that desires to grow.





**Bottom Line for 2007 \$ 250,800**

Denominational Ministries - (\$72,000)  
Price Increase not taken - (\$80,000)  
Depreciation- (\$100,000) - Cash Still On Hand

Actual Reported Loss (\$1,200)

Our bottom line looks lower because of the items listed above. We made over a quarter of a million dollars again this year and gave \$152,000 back to the denomination in ministries and price breaks. The depreciation strengthens cash on hand because it is a paper number. A quick browsing of our balance sheet will show the strength of what solid product development and marketing can do. The balance sheet tells the story of significant growth for the 2007 year that bottom lines sometimes miss. The balance sheet is strong. We reduced debt by nearly \$100,000 dollars and we increased our cash/receivables by \$97,000.

It is great to give back and see the difference it makes. That is the benefit of running a not-for-profit business. Denominational publishers who receive no coop operate by surviving in the real world marketplace. We must constantly operate under a business model and yet we have latitude to reach to the heart of our mission in ways the secular world would never understand. We hope you are proud of the strides Randall House is making in the Kingdom for our Lord and for Free Will Baptists.

Imagining Great Things,



Ron Hunter, Jr.  
Executive Director & CEO

RH/cc

**HHA** Hill, Harper & Associates  
Certified Public Accountants

**Independent Auditors' Report**

**The Board of Directors  
Randall House Publications 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

Terry A. Hill  
Ernest R. Harper

We have audited the accompanying statements of financial position of the Randall House Publications of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2007 and 2006 and the related statements of activities and changes in net assets, and cash flows for the years the 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 Randall House Publications of the National Association of Free Will Baptists, Inc. as of December 31, 2007 and 2006, 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.

*Hill Harper & Associates*

April 16, 2008



**RANDALL HOUSE PUBLICATIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Balance Sheets**

December 31, 2007 and 2006

<b>Assets</b>	<b>2007</b>	<b>2006</b>
<b>Current assets:</b>		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 214,747	209,979
Cash invested with the Free Will Baptist Foundation	248,501	236,526
<b>Total cash and cash equivalents</b>	<b>463,248</b>	<b>446,505</b>
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$10,000 in 2007 and 2006	200,773	95,081
Employees and other	600	850
<b>Total receivables</b>	<b>201,373</b>	<b>95,931</b>
Inventory	293,649	436,991
Deferred charges and prepaid expenses	70,507	62,064
<b>Total current assets</b>	<b>1,028,777</b>	<b>1,041,491</b>
<b>Property, plant and equipment, at cost:</b>		
Land	110,341	110,341
Building	878,649	867,497
Printing service equipment	1,001,832	1,001,257
Office and administrative equipment	225,605	218,241
Automobiles and trucks	84,445	84,445
	2,300,872	2,281,781
Less accumulated depreciation and amortization	1,490,949	1,367,365
<b>Net property, plant and equipment</b>	<b>809,923</b>	<b>914,416</b>
	<b>\$ 1,838,700</b>	<b>1,955,907</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 118,241	154,770
Current portion of long term debt	103,271	97,543
Accrued expenses	65,949	48,247
<b>Total current liabilities</b>	<b>287,461</b>	<b>300,560</b>
<b>Long term debt</b>	<b>212,855</b>	<b>315,737</b>
<b>Total liabilities</b>	<b>500,316</b>	<b>616,297</b>
<b>Unrestricted net assets</b>	<b>1,338,384</b>	<b>1,339,610</b>
	<b>\$ 1,838,700</b>	<b>1,955,907</b>
<b>Commitments</b>		

See accompanying notes to financial statements.

**RANDALL HOUSE PUBLICATIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statements of Activity and Changes in Net Assets**

For the years ended December 31, 2007 and 2006

	<b>2007</b>	<b>2006</b>
<b>Revenues:</b>		
<b>Net sales:</b>	\$ 3,248,322	3,107,584
Curriculum, books, hymnals and related merchandise	311,523	384,339
Bookstore, including operations of Free Will Baptist Bible College	284,146	229,360
Printing	3,843,991	3,721,283
<b>Net sales</b>	<b>134,422</b>	<b>134,458</b>
Freight and handling	59,486	51,444
Other income	17,176	27,499
Denominational Ministries	11,975	8,277
Interest income	-	1,798
Gain on sale of assets	4,067,050	3,944,759
<b>Total revenues</b>		
<b>Expenses:</b>		
<b>Cost of sales:</b>	436,991	362,128
Inventory at beginning of year	206,643	328,963
Merchandise purchases	60,732	56,976
Depreciation	456,034	496,253
Editorial	276,682	199,082
Design	89,535	25,469
Digital	1,045,769	1,040,989
Printing production	2,572,386	2,509,860
	293,649	436,991
Less inventory at end of year	2,278,737	2,072,869
<b>Total cost of sales</b>		
<b>Selling, general and administrative:</b>	349,951	337,435
Administrative / Accounting	225,429	249,449
Bookstore, including operations of Free Will Baptist Bible College	561,186	405,486
Sales / Marketing	126,089	131,596
Building	254,741	253,509
Shipping	32,884	35,627
Denominational Ministries	44,163	44,163
One Magazine	99,710	77,772
General	62,851	62,786
Depreciation	22,037	21,406
Interest expense, including finance charges	1,779,041	1,619,229
<b>Total selling, general and administrative expenses</b>	<b>4,057,778</b>	<b>3,692,098</b>
<b>Total expenses</b>	<b>9,272</b>	<b>252,661</b>
<b>Increase in net assets from operations</b>		
<b>Other income (expense):</b>	1,502	8,016
Youth department	(12,000)	(10,870)
Printing contributed to the denomination	(10,498)	(2,854)
<b>Net other expenses</b>	<b>(1,226)</b>	<b>249,807</b>
<b>Increase (decrease) in net assets</b>	<b>1,339,610</b>	<b>1,089,803</b>
Net assets, beginning of year	\$ 1,338,384	1,339,610
Net assets, end of year		

See accompanying notes to financial statements.



**RANDALL HOUSE PUBLICATIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statements of Cash Flows**

For the years ended December 31, 2007 and 2006

	2007	2006
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net operating activities:	\$ (1,226)	249,807
Depreciation and amortization		
(Increase) decrease in:	123,583	119,762
Receivables		
Inventories	(105,442)	41,942
Deferred charges and prepaid expenses	143,342	(74,863)
Increase (decrease) in:	(8,443)	14,047
Accounts payable		
Accrued expenses	(36,529)	(30,138)
<b>Net operating activities</b>	17,702	12,462
	132,987	333,019
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(19,090)	(149,379)
<b>Net investing activities</b>	(19,090)	(149,379)
<b>Cash Flows from Financing Activities</b>		
Certificates of deposit		
Proceeds from long term debt	-	50,000
Repayments of long term debt	-	85,000
<b>Net financing activities</b>	(97,154)	(80,723)
<b>Increase in cash and cash equivalents</b>	(97,154)	54,277
Cash at beginning of year	16,743	237,917
Cash at end of year	446,505	208,588
<b>Cash and cash equivalents, as reported on the balance sheet, as follows:</b>	\$ 463,248	446,505
Cash and interest bearing deposits		
Cash invested with the Free Will Baptist Foundation	\$ 214,747	209,979
	248,501	236,526
<b>Supplemental disclosures:</b>	\$ 463,248	446,505
Interest paid	\$ 22,037	21,406

See accompanying notes to financial statements.

**RANDALL HOUSE PUBLICATIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Notes to Financial Statements**

For the years ended December 31, 2007 and 2006

Randall House operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors. During 2007 the Board of Directors approved a change in the organization's corporate name from *Sunday School and Church Training Board and Randall House Publications of the National Association of Free Will Baptists, Inc.* to *Randall House Publications of the National Association of Free Will Baptists, Inc.*

**(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, 2007 and 2006 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.



**RANDALL HOUSE PUBLICATIONS 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 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 \$54,433 and \$117,402 in 2007 and 2006, 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 \$248,501 and \$236,526, as of December 31, 2007 and 2006, 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**

Inventory consists of the following:

	2007	2006
Finished curriculum	\$ 60,742	74,448
Work in progress	113,126	107,361
Bookstore	-	67,000
Printing raw materials	47,122	36,324
Hymnals (see note 5)	11,401	25,741
Warehoused other books and merchandise	\$ 163,758	218,117
Less allowance for loss	102,500	92,000
	<u>\$ 293,649</u>	<u>436,991</u>

**(4) Long - Term Debt**

5.06% monthly installment obligation payable to bank, with monthly payments of \$5,666 including interest and principal, with final payment due October 2010, secured by printing press.

	2007	2006
	\$ 178,999	236,434

6.25% monthly installment obligation payable to bank with monthly payments of \$2,553 including interest and principal, with final payment due May 2010, secured by computerized plate processor.

	69,218	94,194
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7.5% monthly installment obligation payable to Free Will Baptist Foundation with monthly payments of \$1,703 including interest and principal, with final payment due October 11, 2011. Note is unsecured.

	67,909	82,652
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Total long-term debt

	316,126	413,280
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Current portion of long-term debt

	103,271	97,543
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	<u>\$ 212,855</u>	<u>315,737</u>
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Maturities of long-term debt is as follows:

	2008	2009	2010	2011	Total
	\$ 103,271	109,373	87,021	16,461	316,126

Randall House secured a line of credit with a local bank in the amount \$100,000. No balance is outstanding on this line of credit as of December 31, 2007 and 2006.

**RANDALL HOUSE PUBLICATIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

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:

	2007	2006
Revenue from conferences and related services	\$ 167,301	177,376
Expenditures for conferences and related services	125,937	150,222
General and administrative expenses	39,862	19,138
Total expenditures	165,799	169,360
Excess of revenues over (under) expenses	<u>\$ 1,502</u>	<u>8,016</u>

**(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 \$52,256 in 2007 and \$44,651 in 2006. 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, 2007 and 2006, respectively, Randall House was warehousing approximately 200 and 1,000 hymnals with an estimated replacement value of \$900 and \$4,200.

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 \$12,284 and \$19,801, respectively in 2007 and 2006. Further, Randall House had a liability relating to these payments of \$2,681 and \$862 as of December 31, 2007 and 2006, 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:

	2007	2006
Revenues	\$ 96,002	110,137
Operating expenses, including merchandise purchased, salaries and other operating costs	95,133	105,989
Results of operations	<u>\$ 869</u>	<u>4,148</u>

**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 2007 and 2006 as their share of the funding requirement. Further, Randall House prints and provides mailing services for One Magazine included in revenues in 2007 and 2006, respectively, amounted to \$232,424 and \$205,869 and for these services.

**Free Will Baptist Foundation**

Randall House maintains interest bearing accounts with Free Will Baptist Foundation amounting to \$248,501 in 2007 and \$236,526 in 2006. Further, Randall House has indebtedness to Free Will Baptist Foundation amounting to \$67,909 and \$82,652 at December 31, 2007 and 2006, respectively (see note 4).



	2009 BUDGET	2008 BUDGET	2007 BUDGET	2007 ACTUAL
<b>REVENUES</b>				
Sales - Curriculum	\$3,915,000	\$3,890,000	\$3,720,000	\$3,571,163
Sales - RHP	\$415,600	\$325,600	\$259,400	\$333,974
Sales - Miscellaneous	\$105,300	\$99,700	\$128,700	\$71,616
Printing Sales	\$295,000	\$275,000	\$210,000	\$284,146
Freight and Handling Income	\$140,000	\$140,000	\$135,000	\$134,422
Sales/Merchandise	\$175,000	\$290,000	\$325,000	\$215,521
Denominational Ministries	\$20,000	\$30,000	\$50,000	\$17,176
Sales - FWBBC Bookstore	\$111,000	\$118,700	\$108,900	\$96,002
300.75 - POS Discounts Given	-\$730,000	-\$700,000	-\$680,000	-\$656,971
<b>TOTAL REVENUES</b>	<b>\$4,446,900</b>	<b>\$4,469,000</b>	<b>\$4,257,000</b>	<b>\$4,067,050</b>

<b>EXPENSES</b>				
Costs of Outside Purchases - RHP	\$201,250	\$188,250	\$137,850	\$210,087
Costs of Outside Purchases - Bookstore	\$105,000	\$176,250	\$206,550	\$139,897
Design Department	\$315,750	\$301,726	\$282,880	\$276,682
Editorial Department	\$532,500	\$482,583	\$452,520	\$456,034
Digital Department	\$115,000	\$107,073	\$0	\$89,535
Printing Production	\$1,124,000	\$1,090,680	\$1,031,600	\$1,045,769
Depreciation	\$60,000	\$60,000	\$60,000	\$60,732
<b>TOTAL COST OF SALES</b>	<b>\$2,453,500</b>	<b>\$2,406,562</b>	<b>\$2,171,400</b>	<b>\$2,278,736</b>

<b>GENERAL EXPENSES</b>				
Sales/Marketing Department	\$606,000	\$556,512	\$545,550	\$561,186
Book Division	\$59,500	\$159,462	\$151,500	\$130,296
Administration	\$386,000	\$385,261	\$365,300	\$349,951
Distribution	\$313,450	\$283,884	\$293,200	\$254,741
FWBBC Bookstore	\$103,600	\$116,110	\$107,270	\$95,133
Denominational Ministries	\$42,300	\$35,265	\$48,500	\$32,884
One Magazine	\$45,000	\$44,163	\$44,163	\$44,163
Building	\$139,400	\$148,021	\$151,100	\$126,089
General	\$196,000	\$192,000	\$203,840	\$184,598
<b>TOTAL GENERAL EXPENSES</b>	<b>\$1,891,250</b>	<b>\$1,920,678</b>	<b>\$1,910,423</b>	<b>\$1,779,041</b>

<b>TOTAL EXPENSES</b>	<b>\$4,344,750</b>	<b>\$4,327,240</b>	<b>\$4,081,823</b>	<b>\$4,057,777</b>
<b>INCREASE/(DECREASE) IN ASSETS</b>	<b>\$102,150</b>	<b>\$141,760</b>	<b>\$175,177</b>	<b>\$9,272</b>

<b>OTHER INCOME (EXPENSE)</b>				
Printing Contributed to Denomination	-\$12,000	-\$12,000	-\$12,000	-\$12,000
SCM Department	\$9,250	-\$7,033	-\$63,300	\$1,502
<b>TOTAL OTHER EXPENSES</b>	<b>-\$2,750</b>	<b>-\$19,033</b>	<b>-\$75,300</b>	<b>-\$10,498</b>

<b>INCREASE/(DECREASE) IN ASSETS</b>	<b>\$99,400</b>	<b>\$122,727</b>	<b>\$99,877</b>	<b>-\$1,226</b>
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<b>REVENUES</b>				
<b>SALES - CURRICULUM</b>				
300.02 - Curriculum Sales - SS	\$3,790,000	\$3,790,000	\$3,720,000	\$3,379,763
300.06 - Non-Dated Curriculum Digital	\$75,000	\$75,000		\$0
300.06 - Non-Dated Curriculum Sales	\$50,000	\$25,000		\$191,400
<b>TOTAL CURRICULUM SALES</b>	<b>\$3,915,000</b>	<b>\$3,890,000</b>	<b>\$3,720,000</b>	<b>\$3,571,163</b>

<b>SALES - RHP</b>				
300.05 - Merchandise - RHP	\$4,000	\$2,000	\$2,000	\$3,883
300.08 - Helps & Supplies - SS/CTS	\$30,000	\$30,000	\$35,000	\$23,142
300.10 - Helps & Supplies - Spanish	\$100	\$100	\$100	\$18
300.12 - Competitive Activities Sales	\$20,000	\$20,000	\$20,000	\$19,427
300.14 - Children's Church Sales	\$500	\$500	\$500	\$48
300.16 - Spanish Book Sales	\$1,000	\$1,000	\$800	\$703
300.18 - Randall House Book Sales	\$260,000	\$152,000	\$152,000	\$212,916
300.19 - Randall House Electronic Sales	\$0			\$60
300.20 - Rejoice Hymnal Sales	\$80,000	\$90,000	\$25,000	\$57,766
300.21 - Rejoice Worship Hymnal Sales	\$0	\$10,000		\$0
300.22 - National Sales	\$20,000	\$20,000	\$24,000	\$16,010
<b>TOTAL SALES - RHP</b>	<b>\$415,600</b>	<b>\$325,600</b>	<b>\$259,400</b>	<b>\$333,974</b>

#### FWBBC BOOKSTORE SALES

320.40 - FWBBC - Textbooks	\$90,000	\$97,000	\$90,000	\$80,042
320.42 - FWBBC - Snacks/School Supplies	\$13,000	\$13,000	\$12,600	\$11,067
320.44 - FWBBC - Apparel	\$3,000	\$3,000	\$1,500	\$413
320.46 - FWBBC - Athletic Apparel	\$500	\$1,200	\$1,800	\$618
320.48 - FWBBC - Bibles/Books/Gifts	\$4,500	\$4,500	\$3,000	\$3,862
<b>TOTAL FWBBC BOOKSTORE SALES</b>	<b>\$111,000</b>	<b>\$118,700</b>	<b>\$108,900</b>	<b>\$96,002</b>

#### SALES - MISCELLANEOUS

300.30 - Bulletin Service	\$200	\$200	\$200	\$279
300.34 - Bookstore	\$0	\$1,200	\$800	\$166
300.36 - Video/Audio	\$0	\$0	\$0	\$155
300.42 - Interest Income	\$12,000	\$8,000	\$5,000	\$11,975
300.46 - Service Charges	\$3,000	\$2,000	\$3,000	\$3,089
300.48 - Recreation Fund	\$750	\$750	\$750	\$919
300.50 - Miscellaneous Income	\$15,000	\$15,000	\$15,000	\$6,799
300.51 - Commission Income - LTNG	\$6,000	\$5,000	\$2,000	\$5,951
300.52 - Commission Income - Signs	\$750	\$750	\$750	\$626
300.53 - Commission Income - JM Stewart	\$0	\$1,200	\$600	\$0
300.54 - Commission Income - FVVB Hymnals	\$0	\$0	\$38,000	\$0
300.56 - Commission Income - Cathedral	\$32,000	\$30,000	\$32,000	\$41,197
300.59 - Commission Income - CPN	\$5,000	\$5,000	\$0	\$0
300.76 - SCM Overhead Allocations	\$30,600	\$30,600	\$30,600	\$0
Gift Certificates Outstanding	\$0	\$0		\$460
<b>TOTAL MISCELLANEOUS SALES</b>	<b>\$105,300</b>	<b>\$99,700</b>	<b>\$128,700</b>	<b>\$71,616</b>

#### COST OF OUTSIDE PURCHASES - RHP

310.02 - COG - Curriculum / SS	\$25,000	\$50,000	\$16,000	\$24,548
310.05 - COG - RHP Merchandise	\$2,000	\$2,000	\$2,000	\$2,254
310.06 - COG - Curriculum CTS	\$2,000	\$0	\$0	\$15,010
310.08 - COG - SS/CTS Helps & Supplies	\$7,000	\$7,000	\$10,000	\$5,612
310.10 - Helps & Supplies / Spanish	\$0	\$0	\$100	\$0
310.12 - COG - Competitive Activities	\$7,500	\$7,500	\$6,000	\$2,152
310.14 - COG - Children's Church	\$500	\$500	\$500	\$0
310.16 - COG - Spanish Books	\$500	\$500	\$500	\$0
310.18 - COG - RHP Books	\$90,000	\$50,000	\$65,000	\$69,665
310.20 - COG - Rejoice Hymnals	\$50,000	\$55,000	\$10,000	\$34,915
310.22 - COG - National Merch	\$250	\$250	\$250	\$0
310.30 - COG - Bulletins	\$10,000	\$10,000	\$12,000	-\$930
310.34 - COG - Bookstore	\$0	\$0	\$100	\$209
310.45 - COG - Supplies	\$0	\$0	\$400	\$65
310.60 - COG RHP Change in Inventory	\$500	\$500	\$0	-\$12,000
313.00 - Freight in RHP	\$0	\$0	\$0	\$60,685
625 - Coupons Redeemed	\$0	\$0	\$10,000	\$2,689
722 - Shrinkage	\$3,000	\$2,000	\$2,000	\$266
<b>TOTAL COST OF OUTSIDE PURCHASES - RHP</b>	<b>\$201,250</b>	<b>\$188,250</b>	<b>\$137,850</b>	<b>\$210,087</b>

#### COST OF OUTSIDE PURCHASES - BOOKSTORE

315.05 - COG - Bibles	\$10,000	\$15,000	\$18,000	\$11,124
315.10 - COG - Books	\$25,000	\$50,000	\$62,000	\$41,321
315.15 - COG - Cards	\$0	\$2,000	\$2,000	\$1,751
315.20 - COG - Church Supplies	\$5,000	\$10,000	\$10,000	\$7,110
315.25 - COG - Curriculum VBS	\$28,000	\$28,000	\$33,000	\$30,766
315.30 - COG - Curriculum / SS	\$25,000	\$40,000	\$40,000	\$25,336
315.35 - COG - Gifts	\$2,000	\$12,000	\$18,000	\$13,406
315.40 - COG - Jewelry	\$0	\$500	\$800	\$898
315.45 - COG - Miscellaneous	\$0	\$3,500	\$8,000	-\$9,342
315.50 - COG - Music	\$0	\$4,500	\$4,000	\$6,367
315.55 - COG - Robes	\$3,000	\$0	\$0	\$3
315.60 - COG - Video	\$0	\$750	\$750	\$801
318.00 - Freight in Bookstore	\$750	\$10,000	\$10,000	\$4,559
315 - Cost of Sales - Bookstore - Other	\$6,000			\$5,797
<b>TOTAL COST OF OUTSIDE PURCHASES - BKSTR</b>	<b>\$104,750</b>	<b>\$176,250</b>	<b>\$206,550</b>	<b>\$139,897</b>

#### PRINTING PRODUCTION

350.02 - PP - Salaries	\$275,000	\$263,080	\$230,000	\$257,304
350.04 - PP - Travel Expense	\$1,000	\$1,000	\$1,000	\$0
350.06 - PP - Supplies	\$1,000	\$1,000	\$1,000	\$0
350.07 - PP - Equipment Maint.	\$1,000	\$1,000	\$1,000	\$1,288
350.12 - PP - Dues & Subscriptions				



	2009 BUDGET	2008 BUDGET	2007 BUDGET	2007 ACTUAL
350.16 PP - Entertainment	\$0	\$100	\$100	\$153
350.18 Outside Printing	\$320,000	\$320,000	\$310,000	\$318,564
350.19 Outside Bindery	\$60,000	\$60,000	\$60,000	\$61,433
350.26 PP - FICA	\$21,000	\$20,000	\$18,000	\$16,834
350.29 PP - Retirement	\$12,000	\$12,000	\$10,000	\$10,693
350.32 PP - Insurance	\$27,000	\$21,000	\$38,000	\$21,185
350.34 Pressroom Supplies	\$17,000	\$18,000	\$18,000	\$14,190
350.36 Pressroom Maintenance	\$15,000	\$10,000	\$10,000	\$13,296
350.38 Pressroom Parts	\$15,000	\$15,000	\$15,000	\$7,839
350.40 Pressroom Stock	\$195,000	\$195,000	\$170,000	\$188,127
350.42 Pressroom Ink	\$12,000	\$12,000	\$11,000	\$12,160
350.44 Bindery Supplies	\$1,000	\$2,500	\$2,500	\$235
350.46 Bindery Maintenance	\$2,500	\$3,500	\$3,000	\$325
350.48 Bindery Parts	\$1,000	\$1,500	\$1,000	\$0
350.50 CTP Supplies	\$5,500	\$5,500	\$3,000	\$5,551
350.52 Proofing Supplies	\$3,000	\$0	\$0	\$3,134
350.54 CTP Maintenance	\$12,000	\$12,000	\$12,000	\$0
350.60 Stripping / Masking Supplies	\$0	\$0	\$500	\$0
350.62 Stripping Plates	\$75,000	\$65,000	\$55,000	\$70,331
350.88 Outside Purchases	\$50,000	\$50,000	\$60,000	\$40,214
350.90 PP - Miscellaneous	\$1,000	\$500	\$500	\$0
<b>TOTAL PRINTING PRODUCTION</b>	<b>\$1,124,000</b>	<b>\$1,090,680</b>	<b>\$1,031,600</b>	<b>\$1,045,769</b>
<b>CREATIVE SERVICES</b>				
360.02 CS - Salaries	\$270,000	\$227,115	\$220,000	\$243,387
360.03 CS - Housing Allowance	\$29,000	\$43,747	\$47,000	\$40,506
360.04 CS - Travel	\$2,000	\$2,000	\$1,000	\$1,699
360.06 CS - Supplies	\$2,000	\$2,000	\$2,000	\$1,987
360.07 CS - Equipment Maintenance	\$1,000	\$500	\$1,250	\$717
360.10 CS - Conventions & Seminars	\$4,500	\$2,000	\$1,000	\$4,365
360.11 Software Supply	\$1,000	\$1,000	\$2,000	\$20
360.12 CS - Dues & Subscriptions	\$3,000	\$1,000	\$750	\$2,608
360.16 CS - Entertainment	\$1,000	\$0	\$0	\$1,070
360.20 CS - Postage	\$0	\$500	\$200	\$0
360.23 CS - Telephone	\$0	\$0	\$200	\$0
360.26 CS - FICA	\$17,000	\$20,721	\$18,270	\$15,916
360.29 CS - Retirement	\$11,000	\$10,000	\$6,300	\$10,045
360.32 CS - Insurance	\$40,000	\$37,000	\$37,800	\$37,194
360.34 Curriculum Development	\$25,000	\$30,000	\$15,000	\$361
360.35 Product Improvement	\$2,000	\$0	\$0	\$300
360.36 Writer's Fees	\$100,000	\$95,000	\$90,000	\$76,254
360.37 Register of Copyrights	\$8,000	\$4,000	\$2,000	\$7,345
360.88 Outside Editing/Proofing	\$15,000	\$5,000	\$7,500	\$12,260
360.90 CS - Miscellaneous	\$1,000	\$1,000	\$250	\$0
<b>TOTAL CREATIVE SERVICES</b>	<b>\$532,500</b>	<b>\$482,583</b>	<b>\$452,520</b>	<b>\$456,034</b>
<b>ADMINISTRATION/ACCOUNTING</b>				
400.02 AD/AC - Salaries	\$233,000	\$225,892	\$220,000	\$209,321
400.03 AD/AC - Housing Allowance	\$31,000	\$29,808	\$30,000	\$27,600
400.04 AD/AC - Travel Expense	\$33,000	\$24,000	\$24,000	\$31,284
400.06 AD/AC - Supplies	\$8,000	\$8,000	\$8,000	\$6,118
400.07 AD/AC - Equipment Maintenance	\$1,500	\$1,000	\$3,000	\$1,283
400.08 AD/AC - Equipment Rental	\$0	\$0	\$1,000	\$0
400.10 AD/AC - Conventions & Seminars	\$2,500	\$1,000	\$2,000	\$3,052
400.12 AD/AC - Dues & Subscriptions	\$1,000	\$1,000	\$1,000	\$783
400.16 AD/AC - Entertainment	\$3,500	\$3,000	\$2,500	\$3,435
400.20 AD/AC - Postage	\$0	\$0	\$300	\$44
400.23 AD/AC - Telephone	\$4,500	\$4,500	\$4,000	\$4,388
400.26 AD/AC - FICA	\$14,000	\$19,561	\$19,000	\$13,697
400.29 AD/AC - Retirement	\$13,000	\$12,000	\$10,000	\$11,095
400.32 AD/AC - Insurance	\$36,000	\$35,000	\$35,000	\$33,570
400.70 AD/AC - Automobile Expense	\$4,000	\$5,500	\$5,000	\$3,264
400.88 Contract Labor	\$0	\$15,000	\$0	\$0
400.90 AD/AC - Miscellaneous	\$1,000	\$0	\$500	\$1,018
<b>TOTAL ADMIN/ACCOUNTING</b>	<b>\$386,000</b>	<b>\$385,261</b>	<b>\$365,300</b>	<b>\$349,951</b>
<b>SALES/MARKETING</b>				
410.02 Sales/Mkt - Salaries	\$275,000	\$271,261	\$275,000	\$270,435
410.03 Sales/Mkt - Housing Allowance	\$15,000			\$0
410.04 Sales/Mkt - Travel Expense	\$21,500	\$8,000	\$12,500	\$19,615
410.05 Sales/Mkt - In House Printing	\$6,000	\$6,000	\$0	\$0
410.06 Sales/Mkt - Supplies	\$3,000	\$3,000	\$16,000	\$7,625

	2009 BUDGET	2008 BUDGET	2007 BUDGET	2007 ACTUAL
410.07 Sales/Mkt - Equipment Maint	\$0	\$0	\$5,000	\$2,620
410.08 Sales/Mkt - Equipment Rental	\$0	\$0	\$0	\$45
410.10 Royalty Payments	\$18,000	\$15,000	\$5,000	\$28,764
410.11 Sales/ - Conventions & Seminars	\$3,000	\$4,000	\$5,500	\$770
410.12 Sales/Mkt - Dues & Subscriptions	\$2,000	\$1,500	\$1,250	\$776
410.15 National Expense	\$30,000	\$25,000	\$25,000	\$20,846
410.20 Sales/Mkt - Postage	\$0	\$0	\$5,500	\$487
410.23 Sales/Mkt - Telephone	\$15,000	\$12,000	\$24,500	\$14,638
410.26 Sales/Mkt - FICA	\$20,000	\$20,751	\$18,500	\$17,694
410.29 Sales/Mkt - Retirement	\$6,000	\$7,500	\$8,000	\$6,991
410.32 Sales/Mkt - Insurance	\$48,000	\$41,000	\$50,000	\$39,244
410.34 Sales/Mkt - Advertising	\$100,000	\$100,000	\$30,000	\$54,333
410.36 Sales/Mkt - Promotion	\$40,000	\$30,000	\$60,300	\$73,729
410.88 Sales/Mkt - Entertainment	\$3,000	\$1,000	\$3,000	\$2,553
410.89 Extra 16	\$0	\$10,000		\$0
410.90 Sales/Mkt - Miscellaneous	\$500	\$500	\$500	\$22
<b>TOTAL SALES/MARKETING</b>	<b>\$606,000</b>	<b>\$556,512</b>	<b>\$545,550</b>	<b>\$561,186</b>
<b>BOOK DIVISION</b>				
425.02 RB - Salaries	\$38,000		\$90,000	\$93,513
425.04 RB - Travel Expense	\$3,000		\$4,000	\$2,750
425.06 RB - Supplies	\$2,500		\$2,500	\$1,893
425.07 RB - Equipment Maintenance	\$500		\$500	\$105
425.10 RB - Conventions & Seminars	\$1,000		\$1,000	\$678
425.12 RB - Dues & Subscriptions	\$1,000		\$500	\$176
425.20 RB - Postage	\$0		\$2,000	\$0
425.23 RB - Telephone	\$0		\$1,000	\$0
425.26 RB - FICA	\$3,000		\$7,200	\$6,122
425.29 RB - Retirement	\$2,000		\$3,500	\$4,260
425.32 RB - Insurance	\$2,000		\$25,000	\$20,799
425.66 Workshops Expense	\$6,000			\$0
425.88 RB - Entertainment	\$1,000		\$1,000	\$0
425.89 Extra 20	\$0		\$12,000	\$0
425.90 RB - Miscellaneous	\$500		\$300	\$0
425 RHP Book Division - Other		\$159,462	\$0	\$0
<b>TOTAL BOOK DIVISION</b>	<b>\$59,500</b>	<b>\$159,462</b>	<b>\$151,500</b>	<b>\$130,296</b>
<b>DESIGN</b>				
420.02 Design - Salaries	\$195,000	\$154,413	\$130,000	\$146,797
420.04 Design - Travel Expense	\$2,500	\$1,000	\$1,000	\$0
420.06 Design - Supplies	\$3,000	\$4,000	\$2,000	\$1,767
420.07 Design - Equipment Maintenance	\$2,000	\$2,000	\$1,250	\$695
420.10 Design - Conventions & Seminars	\$2,000	\$2,500	\$1,000	\$553
420.12 Design - Dues & Subscriptions	\$1,000	\$1,000	\$750	\$0
420.14 Art Services	\$50,000	\$90,000	\$110,000	\$83,134
420.16 Design - Entertainment	\$1,000	\$1,000		\$180
420.20 Design - Postage	\$0	\$0		\$18
420.23 Design - Telephone	\$0	\$500		\$0
420.26 Design - FICA	\$15,000	\$11,813	\$10,730	\$9,552
420.29 Design - Retirement	\$5,750	\$3,750	\$3,700	\$4,331
420.32 Design - Insurance	\$38,000	\$29,500	\$22,200	\$29,583
420.90 Design - Miscellaneous	\$500	\$250	\$250	\$72
420 Design - Other		\$0		\$0
<b>TOTAL DESIGN</b>	<b>\$315,750</b>	<b>\$301,726</b>	<b>\$282,880</b>	<b>\$276,682</b>
<b>DISTRIBUTION</b>				
430.02 DC - Salaries	\$98,000	\$83,218	\$77,000	\$65,884
430.06 DC - Supplies	\$24,000	\$21,000	\$18,000	\$22,863
430.07 DC - Equipment Maintenance	\$2,000	\$2,000	\$1,500	\$1,341
430.08 DC - Equipment Rental	\$12,000	\$13,000	\$15,000	\$8,159
430.09 DC - Software Fees and Services	\$1,200	\$0	\$0	\$1,179
430.16 DC - Entertainment	\$750	\$0	\$0	\$685
430.20 DC - Postage	\$22,000	\$25,000	\$30,000	\$21,003
430.23 DC - Telephone	\$0	\$0	\$0	\$0
430.26 DC - FICA	\$7,500	\$6,366	\$5,900	\$4,315
430.29 DC - Retirement	\$3,500	\$3,000	\$2,500	\$1,454
430.32 DC - Insurance	\$27,000	\$15,000	\$18,000	\$11,142
430.34 DC - Advertising	\$0	\$0	\$0	\$4,340
430.40 DC - Freight Expense	\$115,000	\$115,000	\$125,000	\$112,201
430.90 DC - Miscellaneous	\$500	\$300	\$300	\$174
<b>TOTAL DISTRIBUTION</b>	<b>\$313,450</b>	<b>\$283,884</b>	<b>\$293,200</b>	<b>\$254,741</b>



	2009 BUDGET	2008 BUDGET	2007 BUDGET	2007 ACTUAL
<b>DIGITAL</b>				
435.02 - Digital - Salaries	\$55,500	\$45,000		\$45,781
435.03 - Digital - Housing Allowance	\$20,000	\$20,000		\$18,600
435.04 - Digital - Travel	\$1,000	\$2,000		\$486
435.06 - Digital - Supplies	\$1,000	\$1,000		\$330
435.07 - Digital - Equipment Maintenance	\$2,000	\$500		\$1,165
435.08 - Digital - Software Services	\$1,000	\$1,000		\$362
435.10 - Digital - Conventions/Seminars	\$1,000	\$1,000		\$0
435.12 - Digital - Dues & Subscriptions	\$500	\$500		\$190
435.16 - Digital - Entertainment	\$500	\$500		\$35
435.26 - Digital - FICA	\$500	\$4,973		\$2,991
435.29 - Digital - Retirement	\$3,000	\$3,000		\$2,708
435.32 - Digital - Insurance	\$16,000	\$14,600		\$15,174
435.36 - Digital - Contract Work	\$12,500	\$12,500		\$1,714
435.90 - Digital - Misc.	\$500	\$500		\$0
<b>TOTAL DIGITAL DIVISION</b>	<b>\$115,000</b>	<b>\$107,073</b>	<b>\$0</b>	<b>\$89,535</b>
<b>BUILDING</b>				
440.02 - PM - Salaries	\$18,000	\$22,500	\$20,000	\$14,304
440.04 - PM - Travel Expenses	\$0	\$0	\$0	\$30
440.06 - PM - Supplies	\$7,500	\$8,000	\$7,500	\$6,349
440.07 - PM - Equipment Maintenance	\$6,000	\$4,500	\$3,000	\$6,458
440.08 - PM - Equipment Rental	\$1,000	\$0	\$1,000	\$0
440.26 - PM - FICA	\$1,400	\$1,721	\$1,300	\$1,066
440.34 - PM - Building Maintenance	\$25,000	\$30,000	\$30,000	\$21,511
440.40 - Utilities	\$50,000	\$50,000	\$55,000	\$48,297
440.45 - Building Insurance	\$30,000	\$31,000	\$33,000	\$28,074
440.90 - PM - Miscellaneous	\$500	\$300	\$300	\$0
<b>TOTAL BUILDING</b>	<b>\$139,400</b>	<b>\$148,021</b>	<b>\$151,100</b>	<b>\$126,089</b>
<b>FWBBC BOOKSTORE</b>				
460.02 - FWBBC - Salaries	\$20,000	\$23,000	\$18,000	\$16,510
460.04 - FWBBC - Travel Expense	\$1,000	\$1,000	\$900	\$594
460.05 - FWBBC - Building Rental	\$5,000	\$5,000	\$5,000	\$5,000
460.06 - FWBBC - Supplies	\$1,000	\$1,500	\$500	\$407
460.07 - FWBBC - Equipment Maintenance	\$250	\$250	\$100	\$0
460.08 - FWBBC - Equipment Rental	\$0	\$250	\$0	\$0
460.12 - FWBBC - Dues & Subscriptions	\$100	\$100	\$70	\$70
460.23 - FWBBC - Telephone	\$0	\$500	\$0	\$0
460.26 - FWBBC - FICA	\$1,500	\$1,760	\$1,100	\$1,081
460.40 - FWBBC - Textbooks	\$63,000	\$68,000	\$69,000	\$60,724
460.42 - FWBBC - Snacks/School Supplies	\$8,000	\$8,500	\$7,500	\$7,068
460.44 - FWBBC - Apparel	\$500	\$2,500	\$1,000	\$0
460.46 - FWBBC - Athletic Apparel	\$500	\$1,000	\$1,800	\$338
460.48 - FWBBC - Bibles/Books/Gifts	\$2,500	\$2,500	\$2,300	\$3,342
460.90 - FWBBC - Miscellaneous	\$250	\$250	\$0	\$0
<b>TOTAL FWBBC BOOKSTORE</b>	<b>\$103,600</b>	<b>\$116,110</b>	<b>\$107,270</b>	<b>\$95,133</b>
<b>GENERAL EXPENSES</b>				
490.06 - GE - Supplies	\$5,000	\$3,000	\$3,000	\$6,208
490.07 - GE - Equipment Maintenance	\$10,000	\$10,000	\$10,000	\$4,839
490.08 - GE - Equipment Rental	\$20,000	\$15,000	\$10,000	\$19,100
490.10 - GE - Honorariums	\$0	\$0	\$1,000	\$0
490.14 - Depreciation	\$63,000	\$63,000	\$62,000	\$62,851
490.15 - Interest Expense	\$22,000	\$25,000	\$25,000	\$22,037
490.18 - Bank Service Charges	\$10,000	\$12,000	\$18,000	\$8,104
490.20 - Insurance	\$0	\$0	\$0	\$226
490.25 - RHP - Board Expense	\$15,000	\$18,000	\$18,000	\$14,974
490.30 - Legal & Audit	\$15,000	\$15,000	\$11,000	\$13,462
490.35 - GE - Automobile Expense	\$3,000	\$3,000	\$3,000	\$1,662
490.40 - Bad Debts	\$1,000	\$1,000	\$1,000	\$237
490.45 - Recreation Fund Expense	\$10,000	\$6,000	\$7,000	\$10,331
490.50 - Taxes	\$9,000	\$8,000	\$16,840	\$8,609
490.55 - Payroll Services	\$8,000	\$8,000	\$8,000	\$7,764
490.90 - GE - Miscellaneous	\$5,000	\$5,000	\$10,000	\$4,193
<b>TOTAL GENERAL EXPENSES</b>	<b>\$196,000</b>	<b>\$192,000</b>	<b>\$203,840</b>	<b>\$184,598</b>

<b>STUDENT AND CHILDREN MINISTRIES INCOME</b>	2009 BUDGET	2008 BUDGET	2007 BUDGET	2007 ACTUAL
300.62 - NYC 2009	\$100,000		\$100,000	\$85,603
300.63 - NYC Fees 2008	\$85,000	\$105,000	\$85,000	\$71,350
300.64 - Truth & Peace Fees - 2009		\$72,000	\$7,500	\$8,249
300.65 - Truth & Peace Fees 2008	\$7,500	\$7,500		\$0
300.66 - NYET Fees - 2009			\$20,000	\$0
300.67 - NYET Fees 2008	\$0	\$5,000		-\$260
300.68 - NSCWC Fees 2009			\$2,000	\$2,053
300.69 - NSCWC Fees 2008	\$2,000		\$6,000	\$0
300.70 - Youth Collections	\$0			\$305
300.72 - Springboard Fees	\$0			
300.73 - Extra 27	\$194,500	\$189,500	\$220,500	\$167,301

**TOTAL SCM INCOME**  
**STUDENT/CHILDREN MINISTRIES EXPENSES**

450.02 - YD - Salaries	\$15,000	\$19,000	\$55,000	\$26,366
450.03 - YD - Housing Allowance	\$6,000	\$3,000	\$0	\$5,400
450.04 - YD - Travel Expense	\$2,000	\$2,000	\$3,000	\$1,598
450.06 - YD - Supplies	\$1,000	\$1,000	\$1,000	\$473
450.06 - YD - Supplies	\$0	\$0	\$0	\$22
450.06 - YD - Supplies	\$1,000	\$1,000	\$1,000	\$0
450.10 - YD - Conventions & Seminars	\$500	\$500	\$500	\$55
450.12 - YD - Dues & Subscriptions	\$500	\$500	\$0	\$453
450.16 - YD - Entertainment	\$0	\$0	\$2,000	\$0
450.20 - YD - Postage	\$0	\$0	\$2,500	\$0
450.23 - YD - Telephone	\$500	\$1,683	\$4,200	\$1,734
450.26 - YD - FICA	\$750	\$750	\$3,000	\$680
450.29 - YD - Retirement	\$3,500	\$3,100	\$14,000	\$3,081
450.32 - YD - Insurance	\$80,000	\$0	\$65,000	\$56,507
450.34 - NYC Expense 2009		\$80,000	\$60,000	\$157
450.35 - YD - NYC 2008	\$65,000	\$65,000	\$60,000	\$58,858
450.36 - Truth & Peace - 2009		\$0	\$7,500	\$426
450.37 - YD - Truth & Peace 2008	\$8,000	\$11,000	\$20,000	\$7,813
450.38 - NYET 2009 Expense		\$0	\$0	\$80
450.39 - YD - NYET 2008	\$0	\$5,000	\$0	\$0
450.40 - NSCWC - 2009		\$0	\$6,000	\$0
450.41 - NSCWC 2008		\$0	\$7,500	\$0
450.43 - Springboard - 2009	\$0	\$0	\$30,600	\$0
450.45 - Convention Salaries		\$2,500	\$0	\$0
450.88 - Overhead Allocations	\$1,000	\$500	\$1,000	\$2,096
450.89 - Promotional Materials	\$500	\$500	\$283,800	\$165,799
450.90 - YD - Miscellaneous	\$185,250	\$196,533	-\$63,300	\$1,502
<b>TOTAL SCM EXPENSES</b>	<b>\$9,250</b>	<b>-\$7,033</b>		

**SCM INCREASE/(DECREASE)**  
**DENOMINATIONAL MINISTRIES INCOME**

300.80 - Mid Tenn SS Conference Fees				\$4,820
300.83 - Indiana Conference Fees				\$600
300.91 - Alabama Conference Fees				\$4,263
300.94 - Kentucky Conf Fees			\$50,000	\$5,598
300.96 - Michigan Conf Fees	\$20,000	\$30,000	\$50,000	\$1,895
9200 - Revenues Denom. Ministries - Other	\$20,000	\$30,000	\$50,000	\$0
<b>TOTAL INCOME</b>				\$17,176
<b>DENOMINATIONAL MINISTRIES EXPENSES</b>				
445.02 - C E Team Leader Salary	\$10,000	\$10,000	\$10,000	\$3,021
445.04 - C E Team Leader Travel	\$1,000	\$1,000	\$500	\$437
445.06 - C E Team Supplies	\$1,000	\$2,000	\$2,000	\$900
445.26 - TEAM CH - FICA	\$800	\$765	\$1,000	\$198
445.40 - C E Team Leader Promotion	\$2,000	\$0	\$500	\$1,175
445.45 - Team Church Travel	\$1,500	\$500	\$0	\$3,368
445.50 - Mid Tenn SS Conference			\$0	\$447
445.52 - Indiana Conference			\$0	\$318
445.53 - WV SS Conference			\$0	\$4,399
445.60 - Alabama Conference			\$12,000	\$6,027
445.63 - Kentucky Conference	\$12,000	\$12,000	\$12,000	\$12,000
445.65 - Yearbook Printing	\$45,000	\$44,163	\$44,163	\$44,163
445.66 - ONE Magazine	\$0		\$2,700	\$0
445.89 - Stewardship Lessons	\$3,000	\$3,000	\$3,000	\$837
445.93 - Scholarships				\$3,758
445.95 - Missouri Conference			\$27,800	\$0
445.96 - Michigan Conference	\$23,000	\$18,000	\$104,663	\$89,047
445 - Denominational Ministries - Other	\$99,300	\$91,428	-\$54,663	-\$71,871
<b>TOTAL DEM MIN INCREASE/(DECREASE)</b>	<b>-\$79,300</b>	<b>-\$61,428</b>		
<b>DEM MINISTRIES INCREASE/(DECREASE)</b>				



	2008	2009
EXECUTIVE DIRECTOR RONHUNTER, JR	PACKAGE	PROJECTED PACKAGE
SALARY ***	\$45,384	\$47,953
HOUSING ALLOWANCE	\$31,359	\$32,927
CHRISTMAS BONUS	\$1,476	\$1,550
<b>COMPENSATION TOTAL</b>	<b>\$78,219</b>	<b>\$82,430</b>
INSURANCE	\$14,400	\$15,133
SOCIAL SECURITY	\$0	\$0
RETIREMENT	\$3,911	\$4,111
<b>BENEFITS TOTAL</b>	<b>\$18,311</b>	<b>\$19,244</b>
<b>TOTAL PAY PACKAGE</b>	<b>\$96,530</b>	<b>\$101,674</b>
*** Salary subject to change dependent on the performance of the company for the year.		
	2008	2009
ASSISTANT DIRECTOR CLARENCE LEWIS	PACKAGE	PROJECTED PACKAGE
SALARY	\$67,921	\$69,336
HOUSING ALLOWANCE	\$0	\$0
CHRISTMAS BONUS	\$1,018	\$1,040
<b>COMPENSATION TOTAL</b>	<b>\$68,939</b>	<b>\$70,376</b>
INSURANCE	\$10,300	\$10,612
SOCIAL SECURITY	\$5,274	\$5,384
RETIREMENT	\$3,447	\$3,519
<b>BENEFITS TOTAL</b>	<b>\$19,021</b>	<b>\$19,515</b>
<b>TOTAL PAY PACKAGE</b>	<b>\$87,960</b>	<b>\$89,891</b>

### Summary of the Minutes For the Randall House Publications Board 2007-2008

The Board had four meetings in the past year. The first meeting was held at the National Association July 18, 2007 in Little Rock, Arkansas. We approved four new manuscripts and three new writers. We elected officers and determined committees.

The second meeting was held at Randall House December 5-6, 2007 after the National Leadership Conference. At that meeting, we approved the speakers for the Youth Worship Services for NYC 2008 and approved the 2009 NYC Theme. We authorized the pursuing of concepts for future publishing plans and approved 10 curriculum writers. We approved the planning of a future D6 Conference. We authorized a performance bonus/gift for the Executive Director. We made plans for the State Bookstore Meeting for February 4-5, 2008.

Our third meeting was held at Randall House Publications, February 4-5, 2008. We had an open and frank discussion with the State Bookstores about a wide range of subjects, especially the relationship between Randall House and the bookstores. Also at that meeting we approved one writer.

The fourth meeting was held April 27-28, 2008 at in Fresno, California. That Sunday before our meeting our Board and staff preached in various California FWB churches and promoted Randall House and the D6 program. At that meeting, we accepted the 2007 audit, reviewed the Curriculum Unit Sales Report and approved the 2009 budget. We also voted to petition the National Theological Commission to address the contemporary translation issue and it's relevance to the FWB view of inspiration. We approved hiring an outside firm to gather information pertinent to Randall House ministries.





FREE WILL BAPTIST  
INTERNATIONAL  
MISSIONS

**GENERAL DIRECTOR'S REPORT**  
**MOVING INTO THE FUTURE TOGETHER!**

***2007—A Year to Remember***

We will remember 2007 as a milestone year for International Missions. The Board of Free Will Baptist International Missions unanimously committed to restructure the funding system that has served us for more than 40 years. Careful analysis of our current situation and a look toward the future revealed an undeniable need for change.

New candidates, and even veteran missionaries, face extended fundraising periods in the current overburdened and complicated system. And while God has answered our prayers for new workers by providing a wave of candidates preparing themselves to go overseas—we're concerned we may not be able to send them. At a strategic planning retreat in 2005, the board, staff, and missionary leadership agreed: the Mission's highest priority is to change the funding system.

Supporting this commitment, the entire mission family mobilized and spent a year sharing ideas and asking for input. Our first concern was to hear from those most affected by any change—our missionaries. Nearly every missionary heard the proposed plan face-to-face on his field of service.

Representatives of the Mission (staff, board members, ambassadors, and missionaries) attended 22 regional meetings where more than 600 Free Will Baptist pastors and leaders shared their questions and concerns. Meetings were held with leaders from states with giving plans to discuss their unique needs. Thousands of miles have been traveled and hundreds of questions asked. While some of the questions were pointed and genuine concerns were expressed, discussion was always fruitful and courteous.

***An Historic Decision***

In April of this year (2008), the board received a proposal from the staff, largely influenced by input from a cross-section of our people. Our missionary leadership (regional directors and field chairmen) reviewed and discussed the plan immediately before the board met. *The board unanimously approved a plan for the restructure of the funding system and began a new era in the history of Free Will Baptist International Missions.*

What are the implications of this decision? As Board Chairman Danny Williams (AL) said, "Free Will Baptists are committed to the Great Commission and the way we fund our missionary effort is nothing more than a tool to help us reach people and plant churches. We believe the new plan will be a better tool than our current overburdened and complex system."

The decision to make this change is founded in a simple, strategic reason: we need a better system to fulfill our purpose of starting and sustaining pioneer church planting movements overseas. The new system will help us accomplish this great purpose. A few of the specific benefits are:

Missionaries will be free to visit non-supporting areas and churches to share their vision and expand the base of support.

More missionaries can be sent as we use funds more efficiently and effectively.

Partnering with our growing national churches around the world and fueling church planting movements will be simplified.

Strategic stateside and field-side assignments may be determined by the health of the work overseas rather than the need to raise funds for low accounts.

Simplification of the current complexities will greatly reduce the inefficiencies in stateside scheduling and travel. More dollars can be raised with less expenditure.

***The Challenge Ahead***

And now we move forward together! The new system allows all Free Will Baptists to commit together to keep every single one of our missionaries on the field. When we contribute to the Great Commission Fund or the World Missions Offering, we underwrite every one of our called and approved missionaries. What a fantastic way to work together to reach the world.



It will take all of us working in unison to get this job done. The plan will go into effect January 1, 2010. As we approach this milestone we'll face many challenges, but we know with God's grace and your support we'll overcome them all.

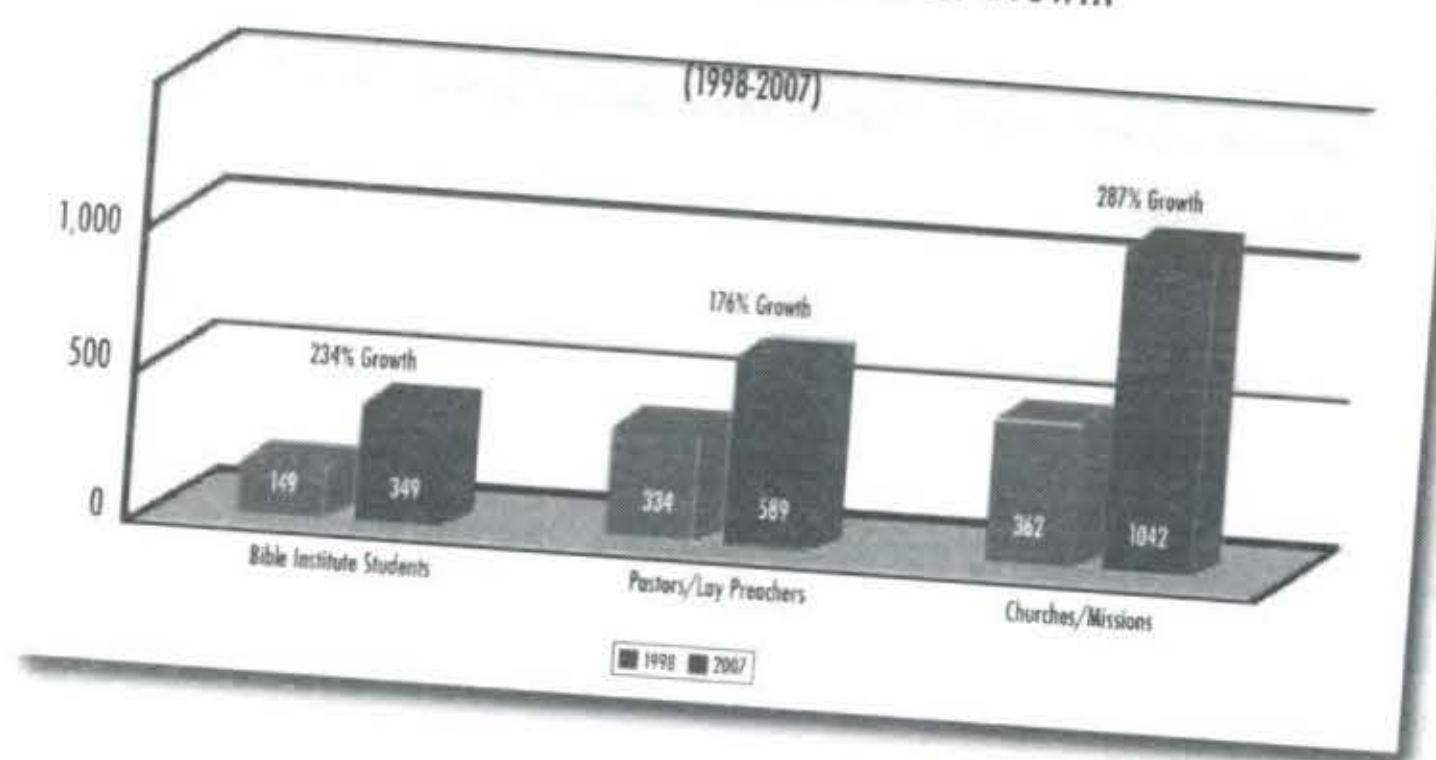
### FRUITS OF THE HARVEST

Free Will Baptist International Missions continues to see increasing amounts of spiritual fruit from all the harvest fields in which we labor. In many areas the fields are truly "white." God has blessed Free Will Baptists globally and we have been privileged to experience an increase in national churches and mission works, conversions, and pastors and lay preachers. An exciting future is unfolding right before us as we watch God move in the hearts of people, both in North America and abroad, to find their roles in fulfilling the Great Commission and to go forth as laborers for His harvest. Missionaries and national workers report much fruit for their labors in 2007. Join me in praising God for the following 2007 evidences of fruit:

- 1,042 churches and mission works
- 36,457 total average church attendance
- 589 pastors and lay preachers
- 349 Bible institute students
- 2,252 conversions

Once again, new annual milestones were reached and the growth rate of the last 10 years continues to increase as detailed in the following chart:

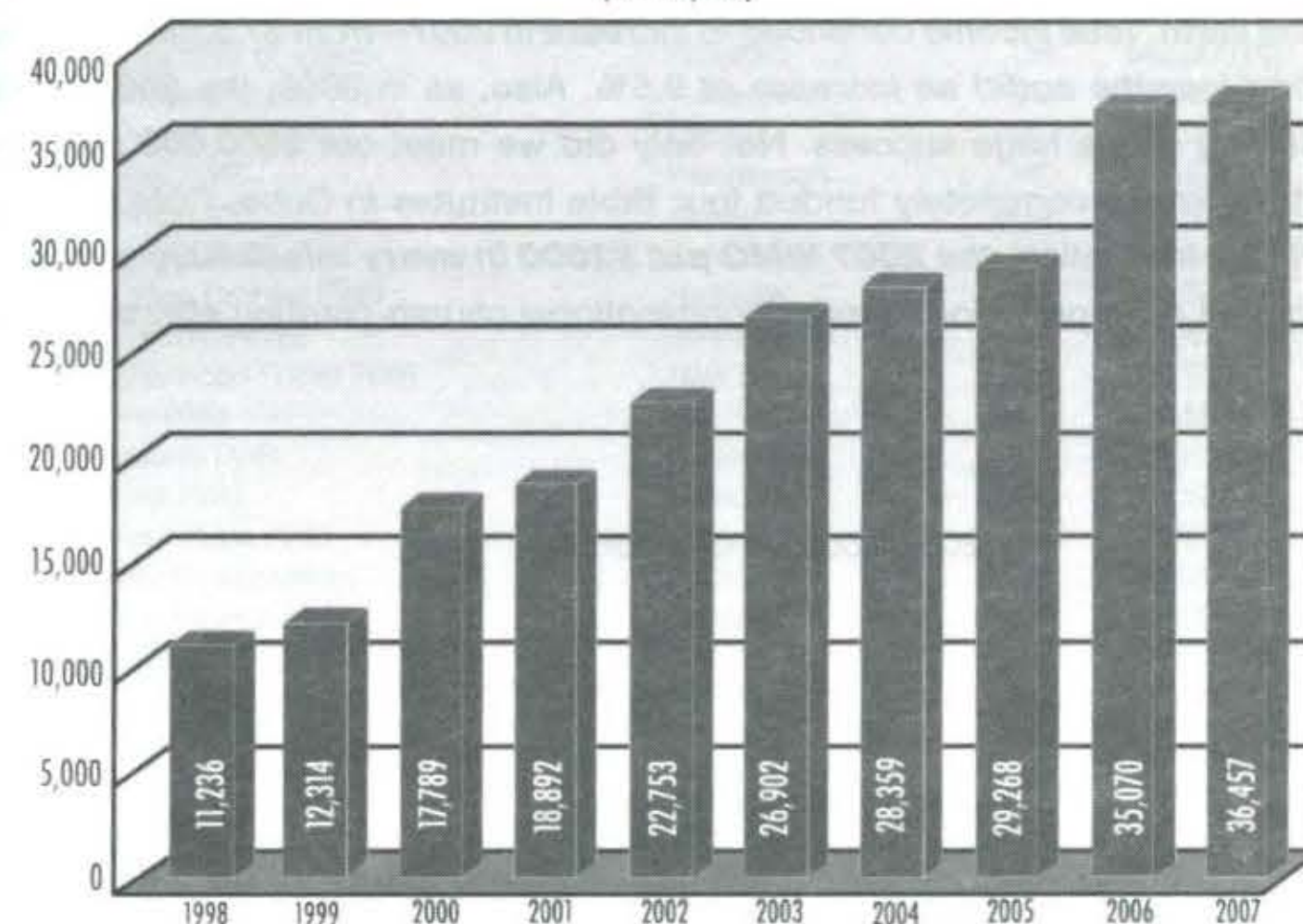
### Key Activities: 10-Year Rate of Growth



In 2006, our overseas church attendance totals saw an incredible increase. Numbers climbed even higher in 2007. The following chart illustrates the sustained growth in overseas attendance.

### Overseas Attendance Growth

(last 10 years)



In the last few years, Free Will Baptists have felt a renewed urgency to not only send others to take the gospel to the unreached, but also to answer the call to go themselves. International Missions is experiencing a wave of new candidates who continues to move closer to career missionary service. In 2007, five new career missionaries were appointed, along with three short-term personnel. Two couples were approved for career service in Japan: Rusty and Brenda Carney and Josh and Alicia Crowe. Kimberly Johnson was approved for career service in Brazil. Cindy Hall and Paige Autry were appointed to a short-term assignment in Brazil, and Rosanna Miller was appointed to a short-term assignment in Bulgaria.

One of the main reasons many new candidates are heading for overseas service is the cultivation of missions awareness in the hearts of our young people. Each year many students have the opportunity to participate in summer missions programs. In 2007, 76 students and 18 leaders participated in E-TEAM. These students helped spread the gospel in nine different locations around the globe. Our College Missions Program allowed 11

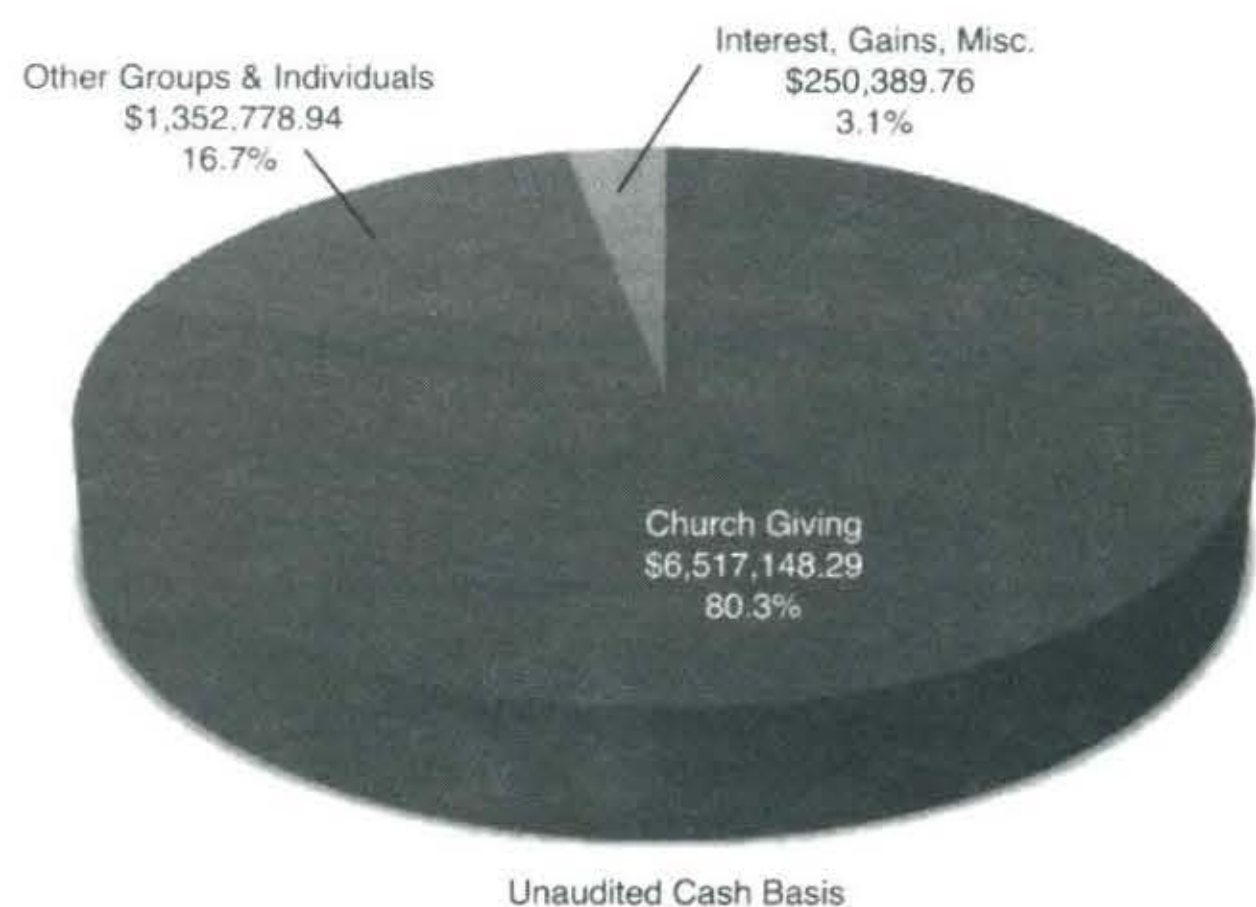


overseas apprentices and 17 other college team members to experience cross-cultural ministry in six locations.

#### FINANCIAL SUMMARY

Free Will Baptist International Missions experienced historic financial milestones in 2007. Our denomination has responded faithfully to the financial needs of taking the gospel to the ends of the earth. *Total income continued to increase in 2007—from \$7.3 million to just over \$8 million (per the audit) an increase of 9.5%. Also, as in 2006, the 2007 World Missions Offering was a huge success. Not only did we meet our \$500,000 goal, we surpassed it. Again we completely funded four Bible institutes in Cuba, Côte d'Ivoire, Russia, and India. In addition, **the 2007 WMO put \$2000 in every missionary account.** We rejoice in the Lord's provision for our denominational church-planting efforts around the world.*

2007 Sources of Income



We are thankful for the 107 churches who gave \$10,000 or more, an increase of 10 churches from 2006.

Donelson FWB	Nashville	TN	\$131,187.96
Unity FWB	Greenville	NC	\$77,248.16
First FWB	Russellville	AR	\$58,923.27
Macedonia FWB	Purdy	MO	\$52,053.20
Cofer's Chapel FWB	Nashville	TN	\$51,954.13
Faith FWB	Goldsboro	NC	\$49,435.19
Limestone FWB	Limestone	TN	\$45,887.59
Bethany FWB	Broken Arrow	OK	\$42,873.50
First FWB of Toledo	Rossford	OH	\$42,000.00
Horse Branch FWB	Turbeville	SC	\$40,057.19
Piney Grove FWB	Chipley	FL	\$40,045.00
First FWB	Washington	NC	\$39,321.49
First FWB	Albany	GA	\$38,922.57
Bethel FWB	Kinston	NC	\$38,547.40
Cross Timbers FWB	Nashville	TN	\$38,034.53
Westside FWB	Johnsonville	SC	\$36,422.04
Sherwood Forest FWB	New Bern	NC	\$34,931.63
Ina FWB	Ina	IL	\$34,585.00
Head's FWB	Cedar Hill	TN	\$33,619.44
First FWB	Gastonia	NC	\$32,524.75
New Hope FWB	Joelton	TN	\$30,940.38
Union Association	Knoxville	TN	\$29,296.53
Rejoice First FWB	Owasso	OK	\$28,964.00
Piney Grove FWB	Guin	AL	\$28,523.44
First FWB	O'Fallon	MO	\$25,657.42
Peace FWB	Florence	SC	\$24,201.84
First FWB	North Little Rock	AR	\$24,071.09
Gateway FWB	Virginia Beach	VA	\$23,435.13
Fellowship FWB	Kingsport	TN	\$22,766.35
Grace FWB	Lake City	SC	\$21,763.01
Good Springs FWB	Pleasant View	TN	\$20,950.87
First FWB	Winfield	AL	\$20,814.16
First FWB	Beaufort	NC	\$20,318.95
Allen Chapel FWB	Batesville	AR	\$20,175.97
First FWB	Florence	SC	\$19,433.30
First FWB	Star City	AR	\$18,854.17
Tippett's Chapel FWB	Clayton	NC	\$18,849.74
Blue Point FWB	Cisne	IL	\$18,258.12
Virginia Beach FWB	Virginia Beach	VA	\$18,172.30
Temple FWB	Greenville	NC	\$18,068.53
Garner FWB	Garner	NC	\$17,897.37
Union Grove FWB	Atkins	AR	\$17,839.56
Tupelo FWB	Tupelo	MS	\$17,816.58
Ruth's Chapel FWB	New Bern	NC	\$17,810.57
Bethany FWB	Timmonsville	SC	\$17,659.00
Calvary Fellowship FWB Ch	Fenton	MO	\$17,648.36
Sand Hill FWB	Coward	SC	\$17,433.51
Zephyr Hills FWB	Asheville	NC	\$17,423.58
Hilltop FWB	Fuquay-Vanna	NC	\$17,342.42
Hillsboro FWB	Hillsboro	OH	\$17,253.55
Parker's Chapel FWB	Greenville	NC	\$17,064.00
Union Chapel FWB	Chocowinity	NC	\$16,561.00



Phillips Chapel FWB	Springdale	AR	\$16,399.06
New Hope FWB	Ina	IL	\$15,668.98
Bethlehem FWB	Ashland City	TN	\$15,603.25
Lebanon FWB	Ettingham	SC	\$15,584.84
Temple FWB	Darlington	SC	\$14,890.75
Goshen FWB	Mt. Holly	NC	\$14,741.40
Verdella FWB	Liberal	MO	\$14,428.91
Unity FWB	Smithfield	NC	\$14,375.00
Townsend FWB	Townsend	DE	\$14,340.85
Meadowbrook FWB	Black Mountain	NC	\$14,308.16
Faith FWB	Carrollton	VA	\$14,086.04
Sherwood Forest FWB	El Sobrante	CA	\$14,010.57
Central FWB	Royal Oak	MI	\$13,957.71
Red Bay FWB	Red Bay	AL	\$13,918.85
First Bible FWB	New Castle	IN	\$13,853.58
East Valley FWB	Mesa	AZ	\$13,740.00
Hannon FWB	Liberal	MO	\$13,587.73
Bear Point FWB	Sesser	IL	\$13,566.83
Peace FWB	Wilson	NC	\$13,556.33
Inez FWB	Inez	KY	\$13,500.00
Mt. Olive FWB	Guin	AL	\$13,397.33
Gilead FWB	Scranton	SC	\$13,319.05
Cedar Springs FWB	Blakely	GA	\$13,148.10
Good News FWB	Chesterfield	VA	\$12,986.60
Mt. Harmony FWB	Vernon	AL	\$12,957.97
Fellowship FWB	Bryan	TX	\$12,847.78
Cavanaugh FWB	Fort Smith	AR	\$12,684.73
First FWB	Northport	AL	\$12,603.61
First FWB	Mountain Grove	MO	\$12,295.32
Oak Grove FWB	Greeneville	TN	\$12,268.93
Northridge FWB	Dayton	OH	\$12,223.00
Cramerton FWB	Cramerton	NC	\$11,947.14
West Calvary FWB	Smithfield	NC	\$11,738.73
First FWB	Vernon	AL	\$11,474.66
Franklin Conference of FWB	Whitehall	OH	\$11,393.00
Liberty FWB	Lancaster	SC	\$11,365.73
First FWB	Tuckerman	AR	\$11,342.26
Evergreen FWB	Erwin	TN	\$11,240.00
White Savannah Original FWB	Conway	SC	\$11,093.11
Black River FWB	Andrews	SC	\$11,075.22
First FWB	Charleston	AR	\$10,909.50
Philadelphia FWB	Folkston	GA	\$10,798.81
Scioto Dale FWB	Portsmouth	OH	\$10,772.28
Colquitt FWB	Colquitt	GA	\$10,670.82
Fayette First FWB	Fayette	AL	\$10,663.70
Union Ridge FWB	Sulligent	AL	\$10,651.14
First Springfield FWB	Springfield	OH	\$10,520.00
New Lebanon FWB	Tishomingo	MS	\$10,453.24
First FWB	Pocahontas	AR	\$10,244.40
Gospel Light FWB	Bonne Terre	MO	\$10,180.00
Hyde Park FWB	Norfolk	VA	\$10,150.00
First FWB	De Soto	MO	\$10,135.00
Highland Drive FWB	Lincolnton	NC	\$10,103.27
Cornerstone FWB	Whiteville	NC	\$10,000.00

We also gratefully acknowledge the following top 10 states in gifts to Free Will Baptist International Missions.

Tennessee	\$1,513,946.27
North Carolina	\$960,017.10
Oklahoma	\$669,234.45
Arkansas	\$604,333.53
South Carolina	\$601,077.36
Missouri	\$551,034.48
Alabama	\$548,336.12
Georgia	\$398,621.68
Ohio	\$301,026.56
Illinois	\$267,169.30

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

April is designated International Missions Emphasis Month. It is exciting to see momentum grow as more Free Will Baptist churches promote global missions during this month. The World Missions Offering is also making great strides as the 2007 total increased 65% over the previous year. As more field ministry is underwritten through the WMO, we are increasingly thankful for the growing list of churches giving \$1,000 or more to the World Missions Offering on the last Sunday in April. In 2006, 76 churches reached this benchmark; in 2007, a record 108 churches achieved the \$1,000-plus status.

Piney Grove FWB	Chipley	FL	\$40,045.00
Unity FWB	Greenville	NC	\$17,498.64
Zephyr Hills FWB	Asheville	NC	\$11,645.58
Tupelo FWB	Tupelo	MS	\$8,512.36
First FWB	Hubert	NC	\$7,048.00
First FWB	Bristol	VA	\$5,771.53
Cedar Springs FWB	Blakely	GA	\$5,500.00
Gritton FWB	Gritton	NC	\$5,270.68
Piney Grove FWB	Guin	AL	\$5,000.00
Coker's Chapel FWB	Nashville	TN	\$4,969.64
Calvary Fellowship FWB	Fenton	MO	\$4,767.86
Bethel FWB	Kinston	NC	\$4,515.24
Prospect Freewill Baptist	Dunn	NC	\$4,500.00
Cookeville FWB	Cookeville	TN	\$4,426.28
Inez FWB	Inez	KY	\$4,300.00
First FWB	Beaufort	NC	\$3,955.65
Ryanwood Fellowship FWB	Vero Beach	FL	\$3,845.00
First FWB	Dickson	TN	\$3,700.00
Mount Bethel FWB	Rose Bud	AR	\$3,597.78
Bethany FWB	Timmonsville	SC	\$3,335.00
Calvary FWB	Glendale Springs	NC	\$3,296.46
Fellowship FWB	Bryan	TX	\$3,155.78
First FWB	Winfield	AL	\$3,085.00
First FWB	Northport	AL	\$2,966.34
Bethlehem FWB	Ashland City	TN	\$2,875.25
Rinnie Baptist	Crossville	TN	\$2,849.56
Good News FWB	Chesterfield	VA	\$2,782.41
West Calvary FWB	Smithfield	NC	\$2,550.00

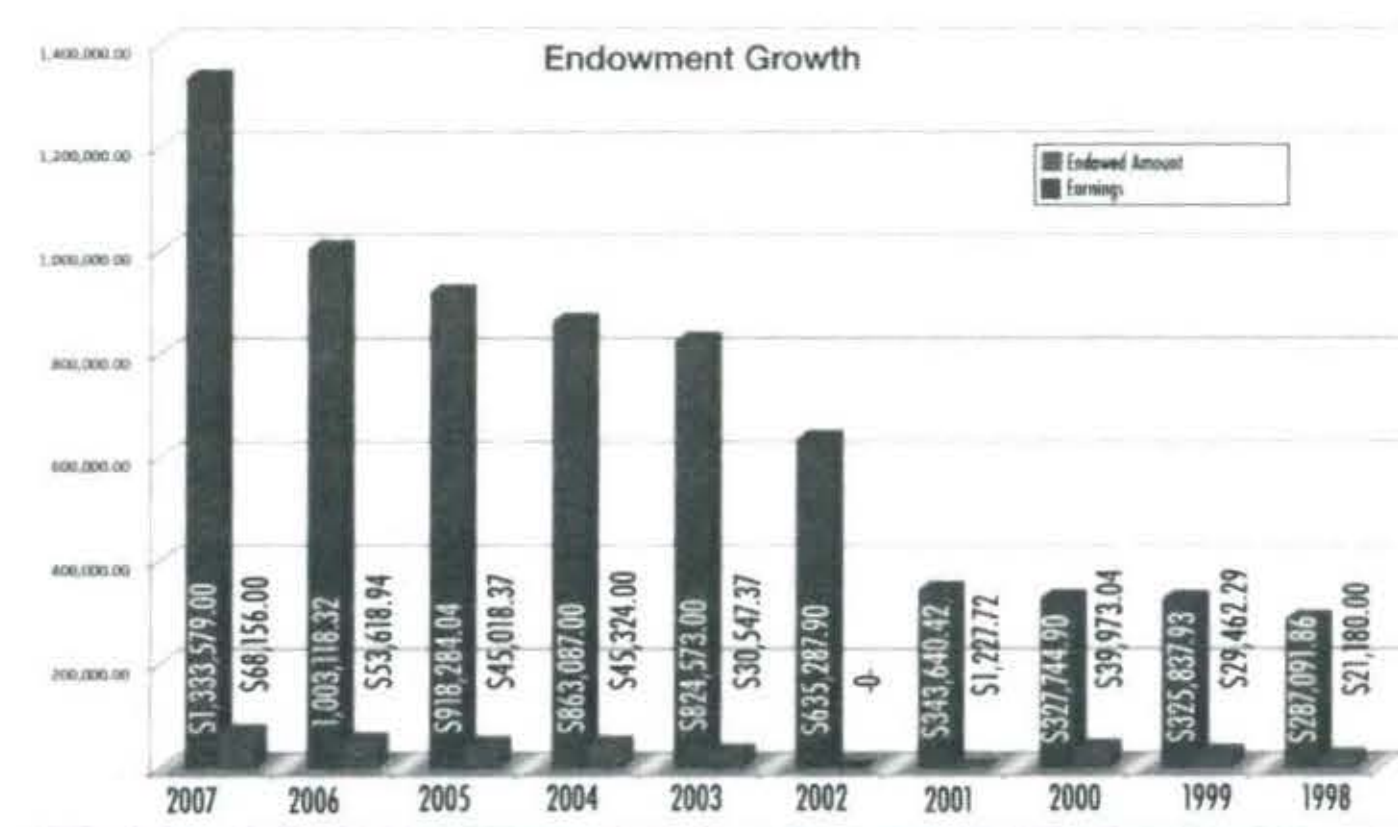


Allen Chapel FWB	Batesville	AR	\$2,500.36
Peace FWB	Florence	SC	\$2,500.00
First FWB	Fayette	AL	\$2,408.13
Davis FWB	Davis	NC	\$2,379.16
Philadelphia FWB	Folkston	GA	\$2,316.33
Macedonia FWB	Purdy	MO	\$2,309.20
Heritage FWB	Columbus	OH	\$2,306.20
Union Ridge FWB	Sulligent	AL	\$2,250.00
New Home FWB	Tulsa	OK	\$2,100.00
First FWB	Fort Gibson	OK	\$2,059.90
Heritage FWB	Springfield	IL	\$2,026.69
Eastern Star FWB	Jonesborough	TN	\$2,017.00
First FWB	Blakely	GA	\$2,000.00
Bethany FWB	Broken Arrow	OK	\$2,000.00
Eastside FWB	Elizabethton	TN	\$2,000.00
First FWB	Vernon	AL	\$1,909.04
Ruth's Chapel FWB	New Bern	NC	\$1,884.00
New Hope FWB	Jesup	GA	\$1,865.00
Madison FWB	Madison	AL	\$1,820.00
First FWB	Hartville	MO	\$1,810.00
Corinth FWB	Dunn	NC	\$1,785.50
First FWB	Mount Vernon	IL	\$1,701.50
Sciotodale FWB	Portsmouth	OH	\$1,673.11
Center Point FWB	Birmingham	AL	\$1,601.00
First FWB	Pocahontas	AR	\$1,582.07
Harper Road FWB	Joelton	TN	\$1,532.16
New Hope FWB	Joelton	TN	\$1,516.48
Mt. Zion FWB	Ashland City	TN	\$1,515.20
Pikeville FWB	Pikeville	KY	\$1,500.00
Woodbine FWB	Nashville	TN	\$1,445.63
Union Grove FWB	Norwood	MO	\$1,417.48
Hendersonville FWB	Hendersonville	TN	\$1,404.00
Fellowship FWB	Kingsport	TN	\$1,395.51
First FWB	Owensboro	KY	\$1,384.00
Bay Branch FWB	Timmonsboro	SC	\$1,375.00
Homerville FWB	Homerville	GA	\$1,338.00
First FWB	Ypsilanti	MI	\$1,332.00
Sand Hill FWB	Coward	SC	\$1,315.50
United FWB	Dickson	TN	\$1,282.91
Head's FWB	Cedar Hill	TN	\$1,270.00
Blue Point FWB	Cisne	IL	\$1,258.26
Free Will Baptist Church of St. Croix	St. Croix	VI	\$1,255.00
Cross Creek FWB	Olive Branch	MS	\$1,233.03
Oak Park FWB	Pine Bluff	AR	\$1,222.14
First FWB	Tuscaloosa	AL	\$1,211.27
Zion Hill FWB	Millwood	GA	\$1,181.01
Thayer FWB	Thayer	MO	\$1,180.50
Low Country FWB	North Charleston	SC	\$1,170.60
Fordland FWB	Fordland	MO	\$1,157.00
Hillsboro FWB	Hillsboro	OH	\$1,154.21
Collinsville FWB	Collinsville	OK	\$1,144.23
First FWB	Melbourne	FL	\$1,138.50
Central FWB	Huntington	WV	\$1,107.93
Oaklawn FWB	Chapmansboro	TN	\$1,103.45
Rocky Pass FWB	Nebo	NC	\$1,100.00

Horse Branch FWB	Turbeville	SC	\$1,092.25
Stacy FWB	Stacy	NC	\$1,091.33
First FWB	Brunswick	GA	\$1,088.11
First FWB	Dothan	AL	\$1,072.30
Ashland City FWB	Ashland City	TN	\$1,058.50
Belvoir FWB	Greenville	NC	\$1,052.13
Limestone FWB	Limestone	TN	\$1,051.74
New Life Fellowship FWB	Statesboro	GA	\$1,039.84
Liberty FWB	Guin	AL	\$1,030.00
Midway FWB	Moultrie	GA	\$1,025.00
Immanuel FWB	Durham	NC	\$1,023.00
Bethel FWB	Ashland City	TN	\$1,013.75
First Original FWB	Jacksonville	NC	\$1,010.62
West Greene FWB	Mosheim	TN	\$1,006.00
Belk FWB	Belk	AL	\$1,000.00
First FWB	Titusville	FL	\$1,000.00
Piney Grove FWB	Bristol	GA	\$1,000.00
First FWB	Morehead City	NC	\$1,000.00
Trinity FWB	La Grange	NC	\$1,000.00
Canaan FWB	Creston	OH	\$1,000.00
Community FWB	London	OH	\$1,000.00
Faith FWB	Nashville	TN	\$1,000.00
Oak Grove FWB	Greeneville	TN	\$1,000.00
Thomaston Community	Thomaston	TX	\$1,000.00
North Point FWB	Conroe	TX	\$1,000.00

### Endowment Report

Because the future will demand expanded funding to do our part to reach the world, IM is committed 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 following table details the growth of the endowment with the Free Will Baptist Foundation.





#### TRIBUTE TO OUR MISSIONARIES AND STAFF

It is always a privilege to commend our personnel at International Missions. God has brought together a very talented group of professionals to represent Free Will Baptist International Missions at our headquarters in Tennessee and around the world. In 2007, our home office staff additions included Elizabeth Willhite in the position of project coordinator with the communications department. We are very thankful for the role Elizabeth has filled this past year.

At the end of 2006, Tim York, former director of development, followed God's leading away from International Missions and into the pastorate at Woodbine FWB Church in Nashville, Tennessee. At the beginning of 2007, our team was privileged to have Barry Simpson fill the role of the development director. Barry has continued to advance our development efforts with incredible professionalism and excellence and we thank the Lord for leading him to our agency.

In addition to all the day-to-day operations, the major task of restructuring the funding has been a very heavy load this year. The home office team has responded with an incredible passion to get the job done. Free Will Baptists are served with excellence through their efforts.

#### BOARD MEETINGS AND ACTIONS

##### *National Association Meeting—July 16, 2007*

The Board approved fundraising by former Brazil missionaries to attend the field's 50th anniversary in March 2008.

##### *Semi-annual Meeting—December 3, 2007*

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

The Board granted affiliate status to Damon and Kim Cagle to be seconded to ELIC for the length of time approved by ELIC.

The Board approved any funds that have accumulated in a missionary's account in excess of their 2010 budget (personal and ministry costs) be made available for the missionary for a VISION project on their field on December 31, 2009.

The Board approved the reelection of Cameron Lane and Mark McPeak to three-year terms on The Hanna Project Board (through 2010).

The Board approved the 2008 WMO goal of \$750,000 and the allocation schedule for 2008.

The Board approved the appointment of the Blankenship CPA group to perform the 2007 audit.

The Board approved the amendment to the 2008 VISION projects budget to include a \$500,000 project for an orphanage in Tajikistan.

Cathy Crawford was reappointed for another term of service in France.

Matt and Cristina Price were reappointed for another term of service in France.

Tim and Kristi Johnson were reappointed for another term of service in Spain.

Darrel and Lila Nichols were granted a one-year leave of absence effective January 1, 2008.

##### *Conference Call—March 25, 2008*

The Board approved the promotion of Jeff Turnbough to the position of Director of Field Operations to take effect when the current director's requested reassignment to field ministry occurs.

##### *Annual Board Meeting—April 28-30, 2008*

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

The Board approved Casey Jones for short-term missionary service in Central Asia.

The Board approved Caleb Dement for short-term missionary service in Japan.

The Board approved the authorization to secure a loan for the negotiated price to finance the purchase of a missionary residence in Ebetsu, Japan.

The Board approved the restructure of the way that FWBIM funds the work of the Mission according to the proposed plan.

The Board approved the adoption of the following wording as it relates to Administrative expenses under the restructure funding system:

"The transition from our current restricted funding environment to a



system where a significant percentage of the income is received without donor designation must involve appropriate accountability measures. A component of the new funding system, instituted by the Board of International Missions, is a board-enforced requirement that total administrative expenditures in any year are not to exceed 22% of the total operational revenue for that year. The board will require the senior staff of the mission to manage expenditures and provide reporting to meet these expectations. The board will review this policy on a regular basis to maintain effectiveness and accountability."

The Board approved the formal restructure of the administrative staff by having two Deputy Directors of the Mission (Deputy Director for Field Operations and Deputy Director for Stateside Operations).

The Board approved the adoption of a conflict of interest policy.

The Board approved Paul and Chrissy Collins to serve as career missionaries to Panama.

The Board approved David and Kendra Dodson to serve as career missionaries to Uruguay.

The Board approved Neil and Mandi Morgan to serve as career missionaries to Uruguay.

The Board approved Sam and June McVay to another term of service in Spain.

The Board approved Debbie Griffin to another term of service in Japan.

The Board approved Verlin and Debbie Anderson to another term of service in Ivory Coast.

The Board approved Alice Smith to another term of service in Ivory Coast.

The Board approved Andy and Andrea Moore to another term of service in Brazil.

The Board approved the 2007 audit as performed by Blankenship CPA Group and approved the 2009 budget.

The Board appointed a standing compensation committee that will consist of the director of financial operations of the Mission and two board members selected by the chairman whose initial task will be to investigate the simplification of missionary compensation.

## 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 statements 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, 2007 and 2006, and the related consolidated statements of activities and cash flows for the years 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 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 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 audits provide 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, 2007 and 2006, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic 2007 and 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 audits 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 Group, PLLC*

April 22, 2008



BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2007 AND 2006

ASSETS		
	2007	2006
Cash and cash equivalents	\$ 723,178	\$ 821,156
Investments in trusts	2,418,390	2,188,304
Investments	6,080	11,200
Prepaid expenses	25,995	22,805
Receivables from employees and missionaries	340,436	356,703
Note receivable	66,072	72,054
Property and equipment, net	225,617	247,757
<b>Total assets</b>	<b>\$ 3,805,768</b>	<b>\$ 3,719,979</b>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 248,599	\$ 179,794
Supplemental retirement insurance obligation	559,766	521,527
Accrued severance payable	159,726	160,538
<b>Total liabilities</b>	<b>968,091</b>	<b>861,859</b>
<b>Net assets:</b>		
Unrestricted (deficit)	(36,498)	(39,820)
Temporarily restricted	2,847,934	2,871,699
Permanently restricted	26,241	26,241
<b>Total net assets</b>	<b>2,837,677</b>	<b>2,858,120</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,805,768</b>	<b>\$ 3,719,979</b>

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

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Unrestricted:		
Revenue:	\$ 1,560,748	\$ 1,381,084
Contributions	201,588	136,562
Investment income	82,437	54,088
Other income	4,896	(3,671)
Gain (loss) on disposal of property and equipment		
Net assets released from restrictions:	6,199,179	5,778,140
Restrictions satisfied by payments	8,048,848	7,346,203
<b>Total revenue</b>	<b>1,684,164</b>	<b>1,465,612</b>
Expenses:	5,773,165	5,183,148
General fund	588,197	629,827
Missionaries		
VISION campaign	8,045,526	7,278,587
<b>Total expenses</b>	<b>3,322</b>	<b>67,616</b>
<b>Increase in unrestricted net assets</b>		
Temporarily restricted:		
Revenue:	5,744,027	5,781,327
Contributions	431,387	171,508
Contributions - subsidiary		
Net assets released from restrictions:	(6,199,179)	(5,778,140)
Restrictions satisfied by payments	(23,765)	174,695
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>(20,443)</b>	<b>242,311</b>
<b>Total increase (decrease) in net assets</b>	<b>2,858,120</b>	<b>2,615,809</b>
<b>Net assets, beginning of year</b>	<b>\$ 2,837,677</b>	<b>\$ 2,858,120</b>
<b>Net assets, end of year</b>		

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



BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (20,443)	\$ 242,311
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	57,596	63,100
Unrealized gain on investments	(201,588)	(136,562)
(Gain) loss on disposal of property and equipment	(4,896)	3,671
(Increase) decrease in receivables from employees and missionaries	16,267	(67,894)
Increase in prepaid expenses	(3,189)	(22,805)
Increase (decrease) in accounts payable and accrued expenses	68,805	(109,227)
Increase in supplemental retirement insurance payable	38,239	33,515
Increase (decrease) in severance payable	(812)	11,304
Net cash provided (used) by operating activities	(50,021)	17,413
Cash flows from investing activities:		
Purchases of equipment	(40,610)	(363,748)
Proceeds from sale of equipment	10,050	189,812
Purchases of investments	(287,107)	(34,790)
Proceeds from sale of investments	263,728	33,702
Collection on note receivable	5,982	11,982
Net cash used by investing activities	(47,957)	(163,042)
Decrease in cash and cash equivalents	(97,978)	(145,629)
Cash and cash equivalents, beginning of year	821,156	966,785
Cash and cash equivalents, end of year	\$ 723,178	\$ 821,156

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  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**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", the Hanna Project) 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 2007 and 2006.

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BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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	3 years
Office furniture and equipment	3 - 10 years

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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:

	2007	2006
Foundation Trust	\$1,193,829	\$1,181,656
Benevolent Health Trust	1,023,808	902,615
Support Services Endowment	194,987	98,728
St. Sebastien Trust	3,303	3,073
Scholarship Endowment	2,463	2,232
	<u>\$2,418,390</u>	<u>\$2,188,304</u>

The total investment income for 2007 was \$206,708 and 2006 was \$131,102 consisting of unrealized gains.

NOTE 4 - INVESTMENTS

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2007 and 2006 consisted of equity securities. Unrealized gains (losses) were (\$5,120) and \$5,460 for 2007 and 2006, respectively. There were no realized gains or losses.



BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES**

Included in receivables from missionaries and employees is \$315,736 and \$274,426 in 2007 and 2006, respectively in funds advanced to 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 receivable consists of an obligation from a related party as follows:

	2007	2006
8% mortgage note receivable due with a maturity date of January 1, 2008. The related party is behind on payments and interest is not being accrued on the note. The note is secured by land owned by the Free Will Baptist Mission of Korea.	<u>\$ 66,072</u>	<u>\$ 72,054</u>

**NOTE 7 - PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	2007	2006
Office furniture and equipment	\$ 24,990	\$ 24,990
Cameras and projectors	88,658	84,387
Automobiles	183,071	174,459
Computer equipment	<u>85,695</u>	<u>76,710</u>
	382,414	360,546
Less accumulated depreciation	<u>(156,797)</u>	<u>(112,789)</u>
Total	<u>\$ 225,617</u>	<u>\$ 247,757</u>

Depreciation expense amounted to \$57,596 and \$63,100 for 2007 and 2006, respectively. Depreciation expense in the amount of \$56,165 and \$62,385 is included in the general fund expenses for 2007 and 2006, respectively, while the remainder is included in missionaries' expense.

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BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 8 - SUPPLEMENTAL RETIREMENT INSURANCE OBLIGATION**

Using a measurement date of December 31, the calculation of the accumulated benefit obligation of \$559,766 and \$521,527 for 2007 and 2006, respectively was based on a discount rate of 5.5%. The assumed increase in the level of benefits was 3.5%. The expense and employer contributions associated with this supplement were \$47,116 and \$45,037 for 2007 and 2006, respectively. Benefits paid to retirees were \$8,878 and \$8,152 for 2007 and 2006, 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 \$1,023,808 at December 31, 2007 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:

	2007	2006
Missionaries	\$ 2,508,309	\$ 2,439,462
VISION campaign	236,904	326,672
Subsidiary	<u>102,721</u>	<u>105,565</u>
	<u>\$ 2,847,934</u>	<u>\$ 2,871,699</u>

These net assets are restricted due to donor restrictions.

Permanently restricted net assets are restricted to:

	2007	2006
Support Services Endowment	\$ 25,031	\$ 25,031
MK Scholarship Endowment	<u>1,210</u>	<u>1,210</u>
	<u>\$ 26,241</u>	<u>\$ 26,241</u>

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BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**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 \$109,348 and \$124,295 for 2007 and 2006 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 \$88,922 and \$87,511 for 2007 and 2006, 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:

<u>Year Ending December 31,</u>	<u>Amount</u>
2008	\$2,801
2009	2,801
2010	<u>933</u>
	<u>\$6,535</u>

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**NOTE 14 - COMMITMENTS**

The Organization has entered into an Indemnity and Hold Harmless Agreement with Regions Bank. As part of the agreement, Regions Bank will guarantee to Citibank that it will honor checks written on the Organization's Regions 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 Regions Bank from any and all claims, liabilities, actions or causes of action that arise as a result of Regions 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. The balance at December 31, 2007 is \$66,072.

**NOTE 15 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its sole bank account with Regions Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation to a maximum of \$100,000. At December 31, 2007, the Organization had deposits of \$462,726 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, 2007 AND 2006

	2007	2006
General fund:		
Salaries	\$ 573,174	\$ 525,539
Hospitalization	127,604	112,210
Housing	111,496	115,333
Office rent	88,922	87,511
Employer payroll taxes	82,607	72,273
Publicity and promotion	60,248	80,338
One publication	57,963	57,964
Depreciation	56,165	62,385
Department travel	46,697	32,029
Retirement	40,851	37,955
Convention	39,909	20,236
Department auto	28,351	31,618
Impulse video magazine	27,194	15,138
WMO Ambassador travel	21,303	-
Other field ministry	19,876	4,125
Postage	17,511	13,986
Office supplies	17,239	11,670
WMO campaign	16,299	-
Legal and professional	16,279	9,335
WMO coin bank	16,235	-
Video and audio visual	15,925	10,892
Office equipment	14,446	5,145
Recruiting and candidate	13,822	8,226
Board members	13,774	15,871
Miscellaneous office	13,182	4,397
Telephone	12,548	13,224
Funding system restructure	11,355	-
Computer software	10,137	7,589
2010 consultation	10,047	4,800
Visitor meals, entertainment and lodging	6,952	3,936
COLA indexes	5,820	-
Seminars, training and retreats	5,212	4,482
Website	5,175	-
WMO Ambassador honorariums	4,725	-
Maintenance of office equipment	4,552	6,100
Advisory council	3,688	3,493
Donor development	3,550	10,331
Fees and service charges	2,919	2,779
Information services	2,025	-
Staff recognition	1,826	1,111
Together Way Program	1,789	2,597
Department insurance	1,772	7,408
World prayer summit	-	4,476
Copier and supplies	-	3,110
WMO disbursements to missionaries	104,000	-
India Bible Institute	18,000	18,000
Russia Bible Institute	18,000	18,000
Ivory Coast Bible Institute	12,000	15,000
Cuba Bible Institute	5,000	5,000
Total general fund before transfer	\$ 1,788,164	\$ 1,465,612
Less internal transfer to missionary accounts	104,000	-
Total general fund	1,684,164	1,465,612

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Missionaries' expenses:	\$ 1,138,153	\$ 1,236,727
France	864,798	833,571
Japan	659,708	549,650
Spain	576,818	533,444
Brazil	434,231	78,837
Subsidiary	380,012	364,847
Ivory Coast	328,342	381,937
Panama	288,854	279,501
Student ministries	270,243	233,210
India	255,729	287,519
Uruguay	225,999	146,242
Unreached people	166,247	107,265
Russia	79,021	153,802
Other projects	67,638	14,947
Bulgaria	37,372	(18,550)
Missionary medical	-	199
Tekmerion	-	-
Total missionaries' expenses	5,773,165	5,183,148
VISION campaign expenses:	588,197	629,827
Project expenses	\$ 8,045,526	\$ 7,278,587
Total functional expenses		



## Home Office Personnel

### Compensation Detail

	Proposed 2007	Actual 2007	Proposed 2008	Proposed 2009
<b>General Director</b>				
Salary	37,269	35,397	36,459	38,387
Housing and Utilities	27,000	27,000	27,810	27,810
Social Security	10,364	10,062	10,364	10,675
Retirement	3,213	3,120	3,213	3,310
Insurance	13,250	13,250	13,500	11,414
<b>Total Cost of Employment</b>	<b>91,096</b>	<b>88,829</b>	<b>91,346</b>	<b>91,595</b>
<b>Deputy Director - Stateside Operations</b>				
Salary	22,971	21,486	22,131	31,348
Housing and Utilities	28,000	28,000	28,840	28,000
Social Security	8,220	7,980	8,220	9,570
Retirement	2,549	2,474	2,549	2,967
Insurance	13,250	13,250	13,500	14,880
<b>Total Cost of Employment</b>	<b>74,989</b>	<b>73,191</b>	<b>75,239</b>	<b>86,766</b>
<b>Director of Financial Operations</b>				
Salary	50,971	49,486	50,971	52,500
Social Security	8,122	7,885	8,122	8,365
Retirement	2,549	2,474	2,549	2,625
Insurance	13,250	13,250	13,500	14,880
<b>Total Cost of Employment</b>	<b>74,891</b>	<b>73,095</b>	<b>75,141</b>	<b>78,370</b>
<b>Director of Development</b>				
Salary	22,971	35,073	36,125	37,654
Housing and Utilities	28,000	14,413	14,845	14,845
Social Security	8,220	7,980	8,220	8,466
Retirement	2,549	2,474	2,549	2,625
Insurance	5,783	5,783	6,000	14,880
<b>Total Cost of Employment</b>	<b>67,522</b>	<b>65,724</b>	<b>67,739</b>	<b>78,471</b>
<b>Director of Member Care</b>				
Salary	50,971	49,486	50,971	52,500
Social Security	8,122	7,885	8,122	8,365
Retirement	2,549	2,474	2,549	2,625
Insurance	5,783	5,783	6,000	5,707
<b>Total Cost of Employment</b>	<b>67,424</b>	<b>65,629</b>	<b>67,641</b>	<b>69,197</b>
<b>Director of Mobilization</b>				
Salary	30,970	29,486	30,370	-
Housing and Utilities	20,000	20,000	20,600	-
Social Security	8,219	7,980	8,219	-
Retirement	2,549	2,474	2,549	-
Insurance	5,783	5,783	6,000	-
<b>Total Cost of Employment</b>	<b>67,522</b>	<b>65,724</b>	<b>67,738</b>	-
<b>Director of Field Operations</b>				
Salary	26,971	27,486	28,311	-
Housing and Utilities	24,000	22,000	22,660	-
Social Security	8,220	7,980	8,220	-
Retirement	2,549	2,474	2,549	-
Insurance	9,400	9,400	9,700	-
<b>Total Cost of Employment</b>	<b>71,139</b>	<b>69,341</b>	<b>71,439</b>	-

Note: Medical insurance amount does not include portion paid personally

## Free Will Baptist International Missions

### 2009 Operational Budget Summary

Category	2007 Budget	2007 Actuals	2008 Budget	2009 Budget
Field Ministries & Projects	\$ 1,692,940.62	\$ 1,088,053.73	\$ 2,068,352.28	\$ 1,620,849.99
Missionary Compensation & Benefits	\$ 3,840,126.77	\$ 3,477,495.27	\$ 3,833,906.61	\$ 4,258,579.31
Missionary Travel/Transportation	\$ 727,930.00	\$ 864,890.60	\$ 832,282.18	\$ 766,967.00
Mobilization & Development	\$ 397,494.00	\$ 342,079.95	\$ 382,519.00	\$ 380,953.50
Administration	\$ 939,549.93	\$ 1,020,906.62	\$ 1,083,924.00	\$ 1,157,188.54
<b>Grand Totals</b>	<b>\$ 7,598,041.32</b>	<b>\$ 6,793,426.17</b>	<b>\$ 8,200,984.07</b>	<b>\$ 8,184,538.34</b>

Does not include: Non-Governmental Organization Projects, VISION, Telememorial and other "Potential" Budgets approved by the Board of International Missions

### 2009 Operational Budget Breakout

Functional Description	Amount	Functional Description	Amount
Missionary Salary	\$1,294,896.00	Miscellaneous Mailings	\$6,500.00
Missionary COLA	\$644,578.75	Books and Subscriptions	\$3,100.00
Missionary Housing - Field	\$820,305.00	Together Way Campaign	\$2,300.00
Missionary Housing - US	\$137,630.00	Surveys	\$200.00
Missionary Vacation Allowance	\$42,261.71	Reentry	\$2,000.00
Missionary Social Security Taxes	\$294,657.91	Seminary/Training Expense	\$14,700.00
Missionary Fieldside Transportation	\$274,277.00	National Convention	\$37,200.00
Missionary Auto Purchase	\$181,300.00	Int'l Missions Month	\$6,000.00
Missionary Insurance-Medical	\$526,200.00	Impulse Video Magazine	\$45,000.00
Missionary Deputational Expense	\$100,990.00	One Magazine	\$68,000.00
Missionary Overseas Travel	\$187,550.00	Board Expenses	\$16,255.00
Missionary Children's Schooling	\$79,950.00	Board Overseas Travel	\$4,500.00
Missionary Language/Cont Ed	\$130,400.00	Honorariums	\$1,500.00
Missionary Furniture	\$69,650.00	Office Travel Domestic	\$26,200.00
Missionary College Expense	\$10,000.00	Travel Insurance	\$862.00
Missionary Retirement	\$58,512.00	Department Insurance	\$1,500.00
Missionary Non US Taxes	\$82,950.00	Candidate Expenses	\$7,500.00
Missionary Special Projects	\$135,500.00	Recruiting	\$2,500.00
Missionary Newsletters	\$62,510.00	Employee Recognition	\$1,350.00
Missionary Miscellaneous	\$42,870.00	Strategic Planning Retreat	\$2,250.00
Missionary Equipment	\$87,600.00	Compassion/Relief	\$100.00
Missionary Meeting Places	\$92,200.00	Cell Phone Usage	\$5,900.00
Missionary Maintenance Mission Prop	\$52,750.00	Meals/Enter/Lodging Others	\$6,650.00
Missionary Evangelism	\$233,800.00	Orientation for New Missionary	\$2,600.00
Missionary National Workers	\$191,550.00	Mission Community Development	\$10,050.00
Missionary Other Supporting	\$232,210.00	Advisory Council	\$8,000.00
Missionary Overseas Shipping	\$17,750.00	2010 Celebration Accrual	\$38,208.00
Missionary Dental & Optical	\$77,050.00	Office Travel International	\$22,500.00
Missionary Customs Charges	\$5,100.00	Off-Site Storage	\$2,000.00
Missionary COLA Equalization	\$51,597.94	Professional Services	\$12,100.00
Missionary Severance Accrual	\$9,300.00	Office Expenses	\$1,750.00
Missionary Health Supplement	\$39,840.00	Auditing Expenses	\$12,000.00
Missionary Other Insurance	\$19,200.00	Rent - 5233 Mt View Rd	\$90,000.00
Missionary Field Admin Expenses	\$1,500.00	Software Expense	\$13,250.00
Office Salary	\$598,905.16	Office/Computer Equipment	\$11,500.00
Office Housing	\$70,655.35	Office Equip Maint	\$5,000.00
Office Social Security	\$75,010.62	Office Supplies	\$18,500.00
Office Insurance	\$127,394.88	Other Expenses	\$2,250.00
Office Retirement	\$32,628.02	Bank Service Charges	\$800.00
Misc. Office Help	\$7,750.00	Depreciation Expense	\$71,333.00
Audio Visual	\$250.00	Credit Card Process Fees	\$2,000.00
Film and Art	\$4,100.00	Website	\$15,000.00
Video	\$15,000.00	Internet Service Provider	\$9,600.00
Promotional Materials	\$7,000.00	Video Conferencing Services	\$7,000.00
Services and Dues	\$400.00	Missionary/Field Projects	\$230,000.00
Info Services Materials	\$43,000.00	Vehicle Fuel	\$13,700.00
Telephone	\$7,000.00	Vehicle Maintenance	\$4,000.00
Copier Expense	\$3,700.00	Vehicle Repairs	\$2,500.00
Regular Postage	\$24,000.00	Vehicle Registration	\$600.00
Return Postage	\$1,500.00	Vehicle Insurance	\$9,500.00
		<b>Total</b>	<b>\$8,184,538.34</b>



### Commission for Theological Integrity Report

The purpose of this commission is: (1) To alert our people to theological trends that could threaten our theological integrity as a denomination, (2) To prepare materials that will contribute to the continued preservation of the theological integrity of the denomination, and (3) As need and opportunity arise, to conduct seminars on subjects which are pertinent to the purpose of the commission.

At present, we are involved in a joint book project with Randall House. This book will be edited by Matt Pinson. Dr. Pinson will work closely with Randall House. This book will address issues like: Postmodernism, Terrorism, Theology of the Pop Culture, Homosexuality/Gay Marriage; Pornography, the authority of Scripture, and Abortion.

On October 22-23, 2007, we sponsored our eleventh annual Theological Symposium. We met at Hillsdale Free Will Baptist College in Moore, Oklahoma. The papers were on the topics under consideration for chapters in the book in the joint-project with Randall House.

When our National Association of Free Will Baptists was founded in 1935, there was a dearth of conservative theological literature. The only theological writing that we had that was current at the time, was our *Treatise*.

Thanks to our colleges and Randall House, we now have a number of good works written by Free Will Baptists. Recently, some of our theologians have been able to play a significant roll outside of our denomination as it relates to what is called by "Classical Arminianism," "Reformed Arminianism," or "Reformation Arminianism." These terms that are now used by those outside of Free Will Baptists, were introduced into the theological world by Free Will Baptist authors.

Our next Theological Symposium will be held at Free Will Baptist Bible College on October 27-28. If you would be willing to present a paper, please get in touch with Dr. J. Matthew Pinson, President of Free Will Baptist Bible College. These Symposiums present good opportunities for writers to present papers on issues that will be helpful to us in facing the challenges before us.

The fourth issue of *Integrity: A Journal of Christian Thought* should be coming out this summer. Dr. Robert E. Picirilli is serving as Editor-in-Chief. Dr. Darrel Holley serves as the Associate Editor. The publication of this journal is a joint-venture of the Commission for Theological Integrity, Free Will Baptist Bible College, Hillsdale Free Will Baptist College, and Randall House Publications.

Probably, one of the most challenging issues that we are facing is the age of the earth and the universe. We are fortunate to have Bob Hill who has a doctorate in astronomy from Ball State University in Indiana to conduct our seminar, "The Problems with the Big Bang Theory." We thank you for the privilege of serving you.

In His Service,

Leroy Forlines, Chairman  
Paul Harrison, Secretary  
Matt Pinson  
Steve Ashby  
Craig Shaw

### 2007 Commission for Theological Integrity Financial Report

		\$3,391.72
<b>Bank Balance - January 1, 2007</b>		
<b>Commission Income</b>	\$2,913.60	
The Together Way	3.87	
Interest on Bank Account	115.00	
Theological Symposium Papers	797.42	
Other Gifts	13.00	
Rest of the Family Offerings	6.00	
Journal Income		3,848.89
<b>Total Income</b>		
<b>Commission Expenses</b>	400.00	
Bookkeeping	488.60	
Convention Speaker/Digest of Reports	1,810.53	
Annual Meeting and Symposium Expenses	158.03	
Miscellaneous Office Expenses		2,857.16
<b>Total Expenses</b>		\$4,383.45
<b>Bank Balance - December 31, 2007</b>		

### 2009 Commission for Theological Integrity Budgets

	2007 Budget	2007 Actuals	2008 Budget	2009 Budget
<b>Income</b>	\$400.00	\$810.42	\$400.00	\$400.00
Gifts	25.00	3.87	20.00	20.00
Interest Income	0.00	6.00	3,000.00	0.00
Journal Income	300.00	115.00	300.00	300.00
Theological Symposium Papers	3,300.00	2,913.60	3,500.00	3,400.00
Together Way Plan				
	4,025.00	3,848.89	7,220.00	4,120.00
<b>Total Income</b>				
<b>Expenses</b>	1,850.00	1,810.53	1,120.00	2,220.00
Annual Meeting	400.00	400.00	400.00	400.00
Bookkeeping	550.00	0.00	4,500.00	0.00
Journal Expenses	600.00	488.60	700.00	700.00
National Convention	125.00	158.03	100.00	200.00
Office	500.00	0.00	400.00	600.00
Theological Symposium Printing				
	4,025.00	2,857.16	7,220.00	4,120.00
<b>Total Expenses</b>				



### 2008 Historical Commission Report

The Historical Commission plans to distribute copies of the third in a series of historical pamphlets to delegates at the 2008 national convention. The pamphlet, "Free Will Baptists and Church Government," was 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 1/2 x 8 1/2 format. Contact Randall House for packaging and pricing.

The Commission continues developing a "Collection Development Policy" which will clarify what materials will be collected and placed in the Historical Collection.

### Financial Report 2007

Balance on hand (checking at AmSouth) 12/31/2006.....\$11,903.88

#### Deposits

Together Way (13 months).....\$3,166.88  
Interest (AmSouth Bank).....\$83.19  
Sales of Pamphlets (five quarters).....\$1,787.50  
Rest of Family Offering.....\$9.61  
Total.....\$5,047.18

#### Expenditures

2007 *Digest of Reports*.....\$88.60  
Binding (FWBBC, Southern Bindery).....\$1,323.80  
Book for Historical Collection.....\$34.00  
Collection Expenses (reimburse Picirilli).....\$20.18  
Total.....\$1,466.58

Balance on hand (checking at AmSouth) 12/31/2007.....\$15,484.48

Trust Fund at FWB Foundation, 12/31/2007.....\$25,822.23

Total on hand, 12/31/2007.....\$41,306.71

### 2009 Budget

#### Income

Gifts (Together way).....\$3,000  
Interest.....\$100  
Sale of Pamphlets.....\$1,000  
Total.....\$4,100

#### Expenses

Books, Materials, Labor.....\$1,000  
Pamphlet Project.....\$2,000  
Research Grant.....\$500  
Travel.....\$500  
2008 *Digest of Reports*.....\$100  
Total.....\$4,100



**FWB Music Commission Report**  
**National Association of Free Will Baptists**  
**July 20-23, 2008**

The Music Commission has been active in planning the music for the 2008 National Convention in Charleston, WV. The commission held its annual meeting at the Free Will Baptist National Offices, on January 28-29, 2008. The following agenda was presented by Chris Truett, Music Commission Chairman:

**I. Evaluate and discuss the 2007 National Convention music**

- A. Evaluated all aspects of the 2007 National Convention music
- B. Met with Executive Secretary Keith Burden and evaluated the 2007 National Convention music

**II. Plan the entire music program for the 2008 National Convention**

- A. Discussed preliminary information
- B. Selected Worship Leaders
- C. Selected choir songs
- D. Selected special music (others to be selected as suggestions were submitted)

**III. Discuss future projects and vision for the commission**

- A. This year's Music Commission project involves three different seminars to be presented at the 2008 National Convention:
  - 1. The Music Ministry Summit – Networking and Ideas for Music & Worship in the Local Church presented by the Music Commission
  - 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 commission has a heart for helping our local churches in developing their music and worship ministries. Some of the commission members are actively involved in helping other churches by presenting workshops for churches in the area of music and worship. These types of compilations are an effort to place practical ideas and resources into the hands of our churches which will provide Christ-centered, passionate, and organized music and worship for our local churches. We welcome the possibility of coming to help you in your local church.

**IV. Conclusion**

We would like to thank all those who have contributed to the 2008 National Convention music. It is a joy to see and hear God's people praising Him in song. God does not need our worship; He desires it. What we must learn about worship is that it's not about music. Music is just one vehicle to carry us to the throne of God. We believe that the best definition of worship is in Romans 12:1-2 when Paul refers

to a "living sacrifice." In his book, *Engaging With God*, David Peterson says that worship is "engaging with God on His terms." It is the Music Commission's desire to help take our denomination to this mindset through the avenue of music. Several of our members are willing to come to your church and help as you seek to develop a Christ-centered worship and music ministry in your church.

There are numerous opportunities to participate in the convention music every year. The commission would like to encourage more people to participate in the convention music. An advance schedule is printed each year in the convention edition of *ONE Magazine*. Please make plans to be involved next year and encourage others to use their talents for the Kingdom in Cincinnati, Ohio.

Respectfully submitted,  
The Free Will Baptist Music Commission

Chris Truett, Chairman  
Donnie Burke  
Daron Dwyer  
Doug Little  
James Stevens



## MUSIC COMMISSION FINANCIAL SUMMARY 2007

Beginning Balance (01/01/2007)		\$ 5,389.08
Income		\$ 8,513.74
Together Way (undesignated)	\$ 2,375.74	
Together Way (designated)	\$ 847.34	
2006 Rest of the Family Offering	\$ 11.31	
Convention Booth/Workshops	\$ 3,255.21	
Other gifts	\$ 2,024.14	
Expenses		\$ 7,328.91
Meetings		\$ 1,576.34
Annual meeting	\$ 1,491.52	
Convention meeting	\$ 84.82	
Convention		\$ 5,431.07
Pre-convention planning	\$ 704.46	
Convention musicians	\$ 1,400.00	
Booth expenses	\$ 2,859.87	
Workshop expenses	\$ 298.10	
Digest of Reports/Truck	\$ 168.64	
Office and Misc Expenses		\$ 321.50
Ending Balance (12/31/2007)		\$ 6,573.91

## MUSIC COMMISSION BUDGET COMPARISONS

	2007 Budget	2007 Actual	2008 Budget	2009 Budget
<b>Income</b>				
Together Way (undesignated)	\$ 2,500.00	\$ 2,375.74	\$ 2,600.00	\$ 2,500.00
Together Way (designated)	\$ 1,500.00	\$ 847.34	\$ 1,500.00	\$ 1,000.00
Rest of the Family Offering	\$ 25.00	\$ 11.31	\$ 25.00	\$ 15.00
Convention Booth/Wkshop	\$ 1,000.00	\$ 3,255.21	\$ 2,000.00	\$ 2,000.00
Other	\$ -	\$ 2024.14	\$ 250.00	\$ 100.00
<b>TOTALS</b>	\$ 5,025.00	\$ 8,513.74	\$ 6,375.00	\$ 5,615.00
<b>Expenses</b>				
Meetings	\$ 1,275.00	\$ 1,576.34	\$ 1,850.00	\$ 2,000.00
Convention	\$ 3,700.00	\$ 5,431.07	\$ 4,200.00	\$ 3,515.00
Office and Misc Expenses	\$ 50.00	\$ 321.50	\$ 325.00	\$ 100.00
<b>TOTALS</b>	\$ 5,025.00	\$ 7,328.91	\$ 6,375.00	\$ 5,615.00

## 2008 Media Commission Report

### Reorganization

What we call "media" is rapidly changing in our world today. In the early 1990s, the Radio and Television Commission was appropriately renamed "The Media Commission." Previous commission members envisioned something very different for the work of the commission than what has actually been accomplished in the past decade. However, previous efforts were not in vain. Even now, current members of the commission feel an obligation to serve the ever-changing needs of our churches. As the cost of producing digital media drops, the commission is poised to resource and network churches and media professionals within our denomination with the necessary tools to share Christ with a media-saturated culture.

The Media Commission did not meet or report to the convention in 2007. Two new commission members were elected at last year's convention, but the vacant seat of the chairman was not selected until Keith Burden called the commission together to meet in Nashville, April 14-15. Four commission members were present at this meeting: veteran members Monte McKenzie and Kevin Norris, and new members Mark Ousley and Keith Fletcher. Brother Fletcher was selected as chairman and Brother McKenzie was chosen as treasurer to replace Doug Kite who resigned just prior to the meeting. The body will elect Brother Kite's replacement at this convention.

### Financial Information

At the time of this report, financial information was still in transition between the previous and current treasurers, but initial reports show the commission had \$18,173.30 in checking, \$408.34 in a revocable trust with the FWB Foundation and \$765.59 in an endowment fund began as a memorial to Bill Gardner.

The current commission decided to transfer \$15,000.00 from checking into the Foundation trust account in order to secure a better interest rate. These funds will be held in reserve for future projects to be determined subsequent to a survey of our denomination's media needs.

### Goals

- Conduct a survey at the National Convention (and available online) to assess current media needs and resources for our churches and denominational ministries
- Sponsor a design contest for a new Media Commission logo to represent the diverse ministries of the reorganized commission
- Develop a new website that can become a clearinghouse of media information, vendors, and resources for churches or denominational agencies
- Stimulate excellence in media projects by showcasing outstanding Free Will Baptist websites, locally produced videos, and print designs through ongoing contests via the commissions website
- Meet at least twice a year at the Leadership Conference in December and at the National in July and combine teleconferences with physical meetings to accomplish the goals of the commission
- Use free or low-cost resources such as email and online technology to improve communication among commission members and media producers/users across the denomination

### 2009 Proposed Budget

<b>Income:</b>	
Together Way .....	\$2,500
Designated .....	700
Miscellaneous Income .....	400
<b>Total .....</b>	<b>\$3,600</b>

<b>Expenses:</b>	
Meeting Expenses .....	\$2,500
Product/Web Development .....	300
Convention Expense .....	800
<b>Total .....</b>	<b>\$3,600</b>

Keith Fletcher, chairman (TN), [keith.fletcher@randallhouse.com](mailto:keith.fletcher@randallhouse.com), 615-361-1221 x346  
 Monte McKenzie, treasurer (GA)  
 Kevin Norris (MI)  
 Mark Ousley (TN)



STATISTICAL REPORT  
Reporting Period 2007  
Page 2

	Number of Churches with Budgets	Parsonages	Value of Church and Parsonage Property	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Kindergartens	Christian Day Schools	Bible Institutes	Colleges	Sunday School Enrollment	CTS Enrollment	WNAC Enrollment	Master's Men Enrollment	Value of Associational Property
Alabama	13	38	0	209	20	356	6	5	5	0	0	5,789	574	474	87	1,006,827
Arizona	6	1	4,290,000	10	0	2	0	0	0	0	0	166	108	47	7	0
Arkansas	45	54	63,849,383	317	43	440	4	5	4	1	0	9,912	1,837	1,004	225	936,693
Assoc. of Mexico	0	9	840,827	21	18	0	0	0	0	0	0	600	0	200	0	600,000
California	25	13	29,751,208	85	21	21	1	7	8	1	1	2,666	75	115	85	0
Canada	5	1	2,575,000	3	4	0	0	0	0	0	0	234	0	0	0	0
Colorado	7	0	6,350,000	10	0	3	0	0	0	0	0	449	0	22	26	0
Florida	26	29	21,926,146	85	14	101	4	2	4	0	0	2,097	269	307	211	0
Georgia	44	59	37,822,760	137	21	352	0	0	2	0	1	4,248	777	522	127	568,000
Hawaii	1	1	0	2	1	0	0	0	0	0	0	30	0	0	3	0
Idaho	2	1	1,250,000	11	3	2	1	1	1	0	0	217	0	8	0	0
Illinois	20	9	14,951,100	52	8	94	0	0	0	0	0	1,796	256	183	59	1,000,000
Indiana	0	0	0	28	0	4	0	0	0	0	0	60	0	0	0	0
Iowa	2	1	1,500,000	3	0	4	0	0	0	0	0	217	0	0	0	0
Kansas	0	0	1,769,790	11	2	4	0	0	0	0	0	5,290	1,166	670	191	0
Kentucky	11	4	25,498,693	339	19	369	1	0	1	0	0	0	0	0	0	0
Mid-Atlantic Assoc.	4	3	0	4	0	8	0	0	0	0	0	0	0	0	0	0
Mexico Assoc.	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145,000
Michigan	11	6	37,400,000	75	12	51	0	0	1	0	0	2,318	102	297	62	0
Mississippi	14	25	13,653,850	58	9	164	1	2	2	0	0	2,577	631	247	192	0
Missouri	48	33	47,741,062	268	51	319	1	1	0	2	0	6,805	413	519	125	1,824,336
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	0	0	400,000	2	0	0	0	0	0	0	0	26	0	0	0	0
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Carolina	104	62	95,485,495	307	57	645	10	12	11	1	1	13,329	954	1,209	374	12,000
Northeast Assoc.	0	1	0	4	0	2	0	0	0	0	0	175	0	0	0	0
Northwest Assoc.	1	0	2,977,130	6	7	6	0	0	1	0	0	173	20	20	17	0
Ohio	43	23	49,153,766	352	44	274	1	0	0	0	0	8,064	229	566	293	0
Oklahoma	46	59	93,222,154	353	52	461	4	2	8	0	1	12,047	1,061	1,190	168	20,500,000
Puerto Rico*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	29	32	40,500,961	131	25	0	5	6	5	2	1	3,490	1,016	562	265	1,750,000
South Dakota*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee	65	50	82,736,618	383	78	471	2	0	2	3	1	10,205	1,514	1,042	327	0
Texas	24	17	15,854,103	63	18	62	0	0	1	1	0	1,179	134	202	118	0
Virgin Islands	1	1	1,000,000	0	0	1	1	1	1	0	0	0	0	0	0	0
Virginia	32	10	102,891,888	167	30	205	3	4	5	0	1	3,914	651	456	70	0
West Virginia	15	5	24,250,000	418	15	299	0	1	1	0	0	8,304	897	772	482	0
Wisconsin	1	0	500,000	1	1	0	0	0	0	0	0	27	0	0	0	0
TOTALS	653	548	820,141,934	3,915	573	4,715	45	50	64	11	7	106,397	12,684	10,649	3,514	28,342,856

\*Old not report

STATISTICAL REPORT  
Reporting Period 2007

Associations	Number Reporting Churches	Number Reporting City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2006 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2007 Membership	Reported 2007 Membership	Combined Income of All Churches			
Alabama	13	137	137	51	86	57	53	252	13,427	526	280	246	13,673	13,784	0	
Arizona	1	8	7	7	1	7	2	8	155	41	16	25	180	195	494,281	
Arkansas	15	208	189	98	110	90	90	451	19,404	824	441	383	19,787	18,305	13,127,082	
Assoc. of Mexico	7	43	43	22	21	0	43	18	1,201	34	1	33	1,234	1,201	5,909	
California	7	53	53	48	5	33	18	312	2,520	218	238	-20	2,500	2,385	2,851,928	
Canada	0	10	10	1	9	5	5	15	330	63	9	54	384	326	509,857	
Colorado	1	8	8	0	7	1	54	282	26	10	16	298	167	666,026		
Florida	9	62	60	41	21	32	24	109	5,391	136	207	-71	5,320	4,930	2,371,073	
Georgia	10	119	110	55	64	74	38	220	8,561	446	303	143	8,704	8,387	6,097,998	
Hawaii	0	0	1	1	0	1	0	3	0	0	0	0	0	35	126,989	
Idaho	2	9	9	9	0	3	6	26	302	8	3	0	0	35	196,550	
Illinois	6	40	40	23	17	23	14	126	3,148	165	80	85	3,233	3,008	3,063,702	
Indiana	3	26	26	21	5	14	12	51	45	49	-4	-4	658	0	112,000	
Iowa	1	2	2	2	0	0	0	0	75	0	0	0	75	75	320,760	
Kansas	2	8	8	0	0	3	23	42	42	11	31	463	451	320,760	2,224,426	
Kentucky	10	126	123	36	90	43	106	565	15,054	719	529	190	15,244	14,092	171,235	
Mid-Atlantic Assoc.	1	6	4	2	4	4	0	13	223	16	0	16	239	191	2,410	
Mexico Assoc.	4	23	23	18	5	10	13	25	2,380	50	20	30	2,410	2,410	28,000	
Michigan	6	5	44	39	35	9	25	14	213	3,920	162	60	102	4,022	4,127	1,600,000
Mississippi	3	46	40	13	33	34	12	126	3,086	303	107	196	3,282	3,649	2,911,920	
Missouri	19	172	164	82	90	84	63	368	10,233	506	248	258	10,491	11,504	8,253,039	
Montana*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey	1	2	2	0	2	1	1	0	64	0	0	0	0	0	0	0
New Mexico	1	3	3	2	1	1	2	0	0	0	0	0	0	0	0	0
North Carolina	8	177	151	94	83	143	17	776	23,234	1,103	553	550	23,784	21,312	16,520,511	0
Northeast Assoc.	1	4	4	2	2	4	0	16	225	45	0	45	270	225	0	0
Northwest Assoc.	1	5	4	2	2	4	0	13	217	18	6	12	229	217	195,000	0
Ohio	20	159	155	71	88	61	93	611	10,589	528	573	-45	10,544	9,789	6,042,413	0
Oklahoma	24	24	228	201	148	80	143	69	721	16,695	1,345	493	852	17,547	20,225	16,230,643
Puerto Rico*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	6	121	121	69	52	98	23	217	4,962	355	191	164	5,126	4,553	5,117,460	0
South Dakota*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tennessee	8	207	183	94	113	109	73	492	20,043	1,003	340	663	20,706	20,558	10,277,369	0
Texas	6	5	48	47	30	18	30	15	143	2,475	249	86	183	2,658	2,825	2,204,948
Virgin Islands	0	0	1	1	0	1	0	15	0	4	0	4	150	110,000	0	0
Virginia	8	87	87	31	56	42	41	204	4,762	269	120	149	4,931	4,485	2,265,081	0
West Virginia	21	21	174	173	23	151	87	87	428	8,046	433	406	27	8,073	7,854	1,341,396
Wisconsin	0	1	1	1	0	1	0	1	34	0	0	0	34	33	43,887	0
TOTALS	225	2,369	2,230	1,153	1,216	1,275	940	6,619	181,490	9,685	5,377	4,308	185,798	182,502	105,481,483	0

\*Old not report