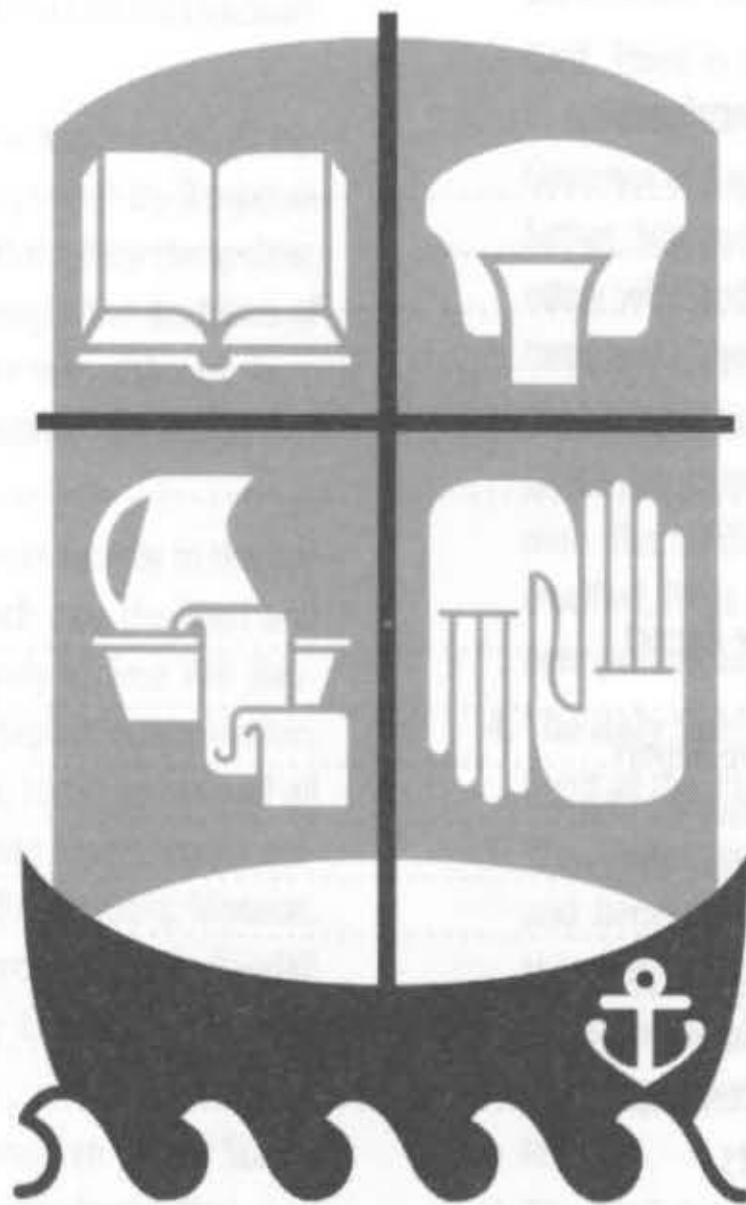


2010 FREE WILL BAPTIST YEARBOOK



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

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National Association of Free Will Baptists, Inc.

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Printed by Randall House Publications

Minutes

of the

Seventy-third Annual Session

of the

National Association

of

Free Will Baptists, Inc.

when convened in

Cincinnati, Ohio

July 19-22, 2009

Future Sessions of the Convention

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

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: Donnie Hussey
 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

2012

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

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

2010

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

2011

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

2012

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

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

2011

Harold Blankenship (TN)
Robert Thebeau (MO)
Randy Wright (AL)

2013

Jerry Atwell (MS)
Bobby Shepherd (AR)
Matt Upton (CA)

2015

Earl Hanna (SC)
Ron Parker (LA)
Tim Stout (OH)

Board of Retirement

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

2011

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

2013

Rick Cason (GA)
Craig Cook (TN)
Jack Ward (NC)

2015

Jack Daniel (GA)
Rick Dement (MO)
Mark Ousley (VA)

Board of Master's Men

Chairman: Rick Stone, 2100 US 60 E., Morehead, KY 40351

2011

B.J. Morgan (MO)
Mike Mounts (GA)
Ernie Taylor (IL)

2013

Ken Oleson (OK)
Rudy Taylor (MI)
Jason Vinson (AL)

2015

Johnny Fowlkes (AR)
Eddie Hodges (TN)
Rick Stone (KY)

Board of Trustees of the Free Will Baptist Foundation

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

2011

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

2013

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

2015

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

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: Tim Owen, 1863 Duncan Community Road, Chipley, FL 32428

2010

Tim Eaton (OK)
Tim Owen (FL)
Joe Wilson (TN)

2012

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

2014

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

Commission for Theological Integrity

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

2010 Craig Shaw (OK)

2011 Paul Harrison (TN)

2012 Leroy Forlines (TN)

2013 Matt Pinson (TN)

2014 Steve Ashby (OK)

Historical Commission

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

2010 Darrell Holley (TN)

2011 Jeff Cockrell (SC)

2012 Jack Williams (TN)

2013 David Crowe (TN)

2014 Robert Picirilli (TN)

Media Commission

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

2010 Travis Penn (IN)

2011 Monte McKenzie (GA)

2012 Kevin Norris (MI)

2013 Mark Ousley (VA)

2014 Keith Fletcher (TN)

Music Commission

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

2010 Chris Truett (NC)

2011 Donnie Burke (CO)

2012 Doug Little (TN)

2013 James Stevens (TN)

2014 Daron Dwyer (NC)

Proceedings

The 73rd annual session of the National Association of Free Will Baptists met on July 19-22, 2009, at the Duke Energy Center in Cincinnati, Ohio. "Great and Precious Promises" was the theme of the meeting. Ryan Lewis served as convention manager and Chris Truett was music coordinator.

Sunday School – July 19, 2009

Sunday School began at 10:00 a.m. with Dave Chamberlin leading the congregation in singing "Blessed Assurance" and "No Other Name." Edwin Hayes led in prayer and introduced the Sunday School teacher. Bob Bouts taught the lesson from 2 Peter 1:1-21 on "A Sure and Certain Faith."

Sunday Morning – July 19, 2009

Morning worship began at 11:00 a.m. with Dave Chamberlin leading the congregation in singing "At Calvary," "Glory To His Name" and "Because He Lives." Edwin Hayes led in prayer and called for the offering. The offering was received while Jill Young sang "All Heaven Declares." The congregation sang "Wonderful Grace Of Jesus," "You Are My All In All" and "I Worship You, Almighty God." Edwin Hayes introduced the speaker and Jill Young sang "In The Presence Of Jehovah." Mark Price, pastor of the Porter Free Will Baptist Church in Scioto, Ohio, preached the message on "The Promise of Eternal Life" from 1 John 2:24-28. "Just As I Am" was sung as the invitation and the service was dismissed.

Sunday Evening – July 19, 2009

Evening worship began with Donnie Burke leading the Convention Choir in singing "Thankful For A Change." Kineth Nelson led the congregation in singing "Forever," "Be Exalted, O God" and "You Are God Alone." Chris Clay called for the offering and led in prayer. The offering was received while the Kettelman Family sang "I Can Ride the Morning Winds." "He's Been Faithful" and "Great Is Thy Faithfulness" were sung by the congregation. Chris Clay introduced the speaker and Kelly Goodfellow Powers sang "His Eye Is On The Sparrow." Jeff Sloan, Director of Pastoral Ministries at Hillsdale Free Will Baptist College, spoke on "The Promise of God's Faithfulness" from 1 Corinthians 10:13. "Great Is Thy Faithfulness" was sung as the invitation. Rebecca Pugh announced the WNAC committees and the service was dismissed in prayer.

Monday Evening – July 20, 2009

Evening worship began with the congregation singing "Mighty To Save" and "How Great Is Our God" with "How Great Thou Art" lead by Josh Owens. The Convention Choir sang "We Will Remember." Clerk Randy Bryant called the meeting to order and introduced the moderator, Tim York. The moderator appointed the following committees:

Credentials Committee:

Gary Fry (MO)
Billy Keith (NC)
Todd Smith (SC)
Glen Johnson (VA)
George Harvey (AZ)

Resolutions Committee:

Jeff Crabtree (ATL-CAN)
Rob Morgan (TN)
Chris Clay (IN)
Jim Puckett (OK)
Len Blanchard (GA)

Nominating Committee:

Mark McCraney (AL)
Bobby Shepherd (AR)
Millard Sasser (CA)
Ed Hutchinson (FL)
Ron Helms (MI)
Mark Price (OH)
Keith Woody (TX)

Obituary Committee:

Jim Price (KY)
Luther Morgan (WV)
David Shores (IL)
Richard Adams (TN)
Gene Norris (MI)

Edwin Hayes, Promotional Secretary of the Ohio State Association of Free Will Baptists, welcomed the body to Ohio. Bro. Hayes presented Moderator Tim York and Executive Secretary Keith Burden with commemorative footballs and baskets that were made in Ohio. Glenn Poston called for the offering and lead in prayer. The Convention Choir with a trio from Red Bay, Alabama, sang "May We Never Forget" for the offertory. "My Savior's Love" and "In Christ Alone" were sung by the congregation. Glenn Poston introduced the speaker and the Tennessee Ministers Quartet sang "Mercy Found Room." Dr. Paul Harrison, pastor of the Cross Timbers Free Will Baptist Church in Nashville, Tennessee, preached on "The Promise of Sufficient Grace" from II Corinthians 12:7-10. "'Tis So Sweet To Trust In Jesus" was sung as the invitation and the service was dismissed.

Tuesday Afternoon – July 21, 2009

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought a message on "Developing a Soul Conscious Church" from Matthew 9:36 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.

Motion carried to remove from the table the recommendations on procedures for the nominating process for the National Association.

Motion carried to adopt recommendations.

Motion carried to receive a partial report from the General Board. Item 1 of the General Board report was adopted.

Executive Secretary Keith Burden gave the report of the Executive Office and ONE Magazine. Auditor Terry Hill gave the financial reports of the office. Motion carried to receive the reports and approve the budgets.

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

Motion carried to receive Item 3 of the General Board report as information.

CEO/Director Ron Hunter gave the Randall House Publications report. Clarence Lewis gave the financial report. Motion carried to receive the report and approve the budget. Joe Wilson (MO) was elected to the 2010 unexpired term on the Randall House Board.

The clerk read the Nominating Committee's report for General Board members with terms expiring in 2012. Motion carried to receive the report and elect the members nominated. Donnie Hussey was elected to fill the unexpired 2010 term for Florida.

The clerk read the Nominating Committee's report for Executive Committee members with terms ending in 2012. Mike Wade (OK), Glen Johnson (VA) and Keith Woody (TX) were elected.

Tuesday Evening – July 21, 2009

The evening service began with the congregation singing "O Worship The King" and "Sing To The King" led by Kevin Justice. The Convention Choir, under the direction of Chris Truett, sang "When He Comes Again." Glen Johnson welcomed the body to the service, called for the offering and lead in prayer. The Convention Choir sang

"In A Moment" for the offertory. "What A Day That Will Be," "Hallelujah To The Lamb" and "Hallelujah, What A Savior" were sung by the congregation. Glen Johnson introduced the speaker and the National YET Team sang "I Am Undone." Henry Horne, pastor of the Union Chapel Free Will Baptist Church in Chocowinity, North Carolina, preached on "The Promise of His Coming" from 2 Peter 3:1-15. "Have Thine Own Way" was sung as the invitation and the service was dismissed in prayer.

Wednesday Morning – July 22, 2009

The morning business session opened with Assistant Moderator William Smith reading Philippians 2:1-11 and leading in prayer.

Director James Forlines gave the International Missions Department report. Rob Conley gave the financial report. Auditor Dr. Tommy Wooten explained the new accounting procedures implemented in this year's audit. Motion carried to receive the report.

As tribute to Rev. Raymond Riggs, the first full-time General Director of Foreign Missions, several clips of Rev. Riggs were shown and a Bible and Christian flag were presented to his sons, Ken and Randy.

President Matthew Pinson gave the Free Will Baptist Bible College report. Tom Sass gave the financial report. Auditor Terry Hill gave an explanation as to the college's inability to provide an audit for this year's convention at this time. Motion carried to receive the report, accept the financial report as information and receive Items 4 and 5 from the General Board report as information.

Director Ray Lewis gave the Board of Retirement and Insurance report. John Brummitt gave the financial report. Motion carried to receive the report. Bill Ferguson and Jim Lowe were presented plaques in appreciation of their 12 years of service on the board. Jack Daniel (GA), Rick Dement (MO) and Mark Ousley (TN) were elected for 2015 terms on the board.

Wednesday Afternoon – July 22, 2009

The afternoon business session began with Assistant Clerk Ernie Lewis reading Ephesians 4:17-32 and leading in prayer.

Director Larry Powell gave the Home Missions Department report. Motion carried to receive the report. Lloyd Locklear was presented a plaque in appreciation for his 12 years of service on the board and Jim Puckett was presented a plaque in appreciation for his 18 years of service. Jarvis Reed and Chad Kivette were presented plaques in appreciation for leading their churches to self-supporting status. Tim Stout (OH), Earl Hanna (SC) and Ron Parker (LA) were elected to 2015 terms on the board.

Director David Brown gave the Free Will Baptist Foundation report. Richard Davis gave the financial report. Motion carried to receive the report. Len Blanchard (GA), Rick Locklear (MI) and Phil Whiteaker (AR) were elected to 2015 terms on the board.

Director Ken Akers gave the Master's Men report. Motion carried to receive the report. Cliff Donoho was presented a plaque in appreciation for his 12 years of service on the board. Tom Harmon from the Rescue Free Will Baptist Church in Illinois was presented a plaque in recognition of being named Master's Men "Man of the Year." Eddie Hodges (TN), Johnny Fowlkes (AR) and Rick Stone (KY) were elected to 2015 terms on the board.

Jack Williams presented the Historical Commission report. Motion carried to receive the report. Robert Picirilli (TN) was elected to the 2014 term on the commission.

Chris Truett (NC) gave the Music Commission report. Motion carried to receive the report. Daron Dwyer (NC) was elected to the 2014 term on the commission.

Keith Fletcher gave the Media Commission report. Motion carried to receive the report. Keith Fletcher (TN) was elected to the 2014 term on the commission.

Leroy Forlines gave the Commission for Theological Integrity report. Motion carried to receive the report. Steve Ashby (OK) was elected to the 2014 term on the commission.

Executive Secretary Danita High gave the WNAC report. Motion carried to receive the report.
Ron Hunter gave the NYC report. Motion carried to receive the report.
The clerk read the Registration report. Motion carried to receive the report.
Executive Secretary Keith Burden gave the Budget Committee report. Motion carried to receive the report and adopt the budgets.
The clerk read the Obituary Committee report. Motion carried to receive the report. A moment of silence was held in memory of the individuals and Jim Price lead in prayer.
The clerk read the Resolutions Committee report. Motion carried to receive the report and act on it item by item.

Item 1 – Adopted as information.

Item 2 – Adopted.

Item 3 – Adopted.

Item 4 – Adopted.

Item 5 – Adopted.

Motion carried to have the Executive Office forward a copy of Item 3 of the Resolutions Committee report to Congress.

Motion carried to have the text of Item 1 of the Resolutions Committee read to the body.

The clerk read the final report of the Nominating Committee. The following were elected: Moderator, Tim York (TN), Assistant Moderator, William Smith (GA), Clerk, Randy Bryant (FL) and Assistant Clerk, Ernie Lewis (IL).

Motion carried to adjourn. Roy Hutchinson dismissed in prayer.

Wednesday Evening – July 22, 2009

The evening service was preceded by a video presentation on Impact Cincinnati. The service began with Truth and Peace singing "Your Name" directed by Deanna Hollifield.

Carl Cheshier welcomed the body to the service and led in prayer. The congregation sang "Send The Light" and "Carry The Light" led by Monte McKenzie. Carl Cheshier made an appeal for the missions offering. The international and home missionaries were presented as the Convention Choir sang "Jesus Saves." James Forlines and Larry Powell led in a commissioning service for new missionaries. Executive Secretary Keith Burden offered the commissioning prayer. Carl Cheshier introduced the speaker and the offering was received while the Convention Choir sang "Orphans Of God." Fred Warner, retired minister from Pocola, Oklahoma, preached on "The Promise of His Power" from Acts 1:4-8. "Take My Life And Let It Be" was sung for the invitation. The service concluded with a finale medley by the Convention Choir.

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, Iowa, 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 neither reported nor paid their fees. We recommend that the delegation be seated contingent upon these fees being paid and the report received.

Submitted by the Credentials Committee:

Gary Fry (MO), Chairman

George Harvey (AZ) Billy Keith (NC)

Todd Smith (SC) Glen Johnson (VA)

General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 20, 2009, in the Grand Ballroom of Millennium Hotel in Cincinnati, Ohio. As a result of this meeting, we offer the following recommendations:

1. We heard the reports of the Executive Office, ONE Magazine, WNAC, Randall House, International Missions, Free Will Baptist Bible College, Board of Retirement and Insurance, Home Missions Department, Free Will Baptist Foundation, Master's Men, Historical Commission, Music Commission, Media Commission, Commission for Theological Integrity and the Budget Committee. We recommend their reports be received and their budgets adopted.

2. Beginning with the 2010 convention, a non-refundable charge of one night's rate per room will be placed on the individual's credit card by convention hotels effective June 1.

3. In light of the fact that we are considering going to a set number of cities for the national convention, no location will be recommended for the 2019 convention at this time.

4. Motion passed that the General Board recommend that the Free Will Baptist Bible College Board present a clear plan of action to delegates during the 2009 session for presenting the required audit.

5. Motion passed that the General Board recommend that the Executive Committee study the need for each national board to present a current and annual certified audit to the National Association and bring it to the 2010 convention either as a proposal to revise the *Treatise* or with a recommendation to help ensure that all boards are able to abide by the Constitution and By-Laws of the National Association.

Nominating Committee Report

Home Missions

2015 Replacing Lloyd Locklear (MI) Earl Hanna (SC)
Replacing Ron Parker (LA) Ron Parker (LA)
Replacing James Puckett (OK) Frank Wiley (OK)

Retirement and Insurance

2015 Replacing Jack Daniel (GA) Jack Daniel (GA)
Replacing William Ferguson (MI) Rick Dement (MO)
Replacing James Lowe (OH) Mark Ousley (TN)

Master's Men

2015 Replacing Cliff Donoho (TN) Eddie Hodges (TN)
Replacing Johnny Fowlkes (AR) Johnny Fowlkes (AR)
Replacing Rick Stone (KY) Rick Stone (KY)

Randall House Publications

2010 Replacing Michael Waddell who resigned Joe Wilson (MO)

Free Will Baptist Foundation

2015 Replacing Len Blanchard (GA) Len Blanchard (GA)
Replacing Rick Locklear (MI) Rick Locklear (MI)
Replacing Phil Whiteaker (AR) Phil Whiteaker (AR)

Commission for Theological Integrity

2014 Replacing Steve Ashby (OK) Steve Ashby (OK)

Historical Commission

2014 Replacing Robert Picirilli (TN) Robert Picirilli (TN)

Music Commission

2014 Replacing Daron Dwyer (NC) Daron Dwyer (NC)

Media Commission

2014 Replacing Keith Fletcher (TN) Keith Fletcher (TN)

Executive Committee

2012 Replacing Mike Wade (OK) Mike Wade (OK)
Replacing Glen Johnson (VA) Glen Johnson (VA)
Replacing Keith Woody (TX) Keith Woody (TX)

General Board

2010	Replacing Paul Smith (FL)	Donnie Hussey
2012	North Carolina (Replacing Billy Keith)	Billy Keith
	Northeast District (Replacing Jim Nason)	Jim Nason
	Northwest District (Replacing Brent Nix)	Brent Nix
	Ohio (Replacing Mike Stokes)	Mike Stokes
	Oklahoma (Replacing Mike Wade)	Mike Wade
	South Carolina (Replacing Todd Smith)	Todd Smith
	Tennessee (Replacing Glenn Poston)	Glenn Poston
	Texas (Replacing Keith Woody)	Keith Woody
	Virginia (Replacing Glen Johnson)	Glen Johnson
	West Virginia (Replacing Luther Morgan)	Luther Morgan

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

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

Minutes of the Seventy-fourth Annual Session of the Women Nationally Active for Christ Convention of the National Association of Free Will Baptists when convened in Cincinnati, Ohio July 20-21, 2009

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

Executive Committee

President

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

Vice President

Shirley Jackson
428 Kimberly
St. Peters, MO 63376
636-397-6399
rsjackson105@juno.com

Secretary

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

Executive Secretary-Treasurer

Danita High
P.O. Box 5002
Antioch, TN 37011
615-471-4123
danita@wnac.org

Members-at-Large

Amy Johnson
1211 E. Ruth
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Pam Hackett
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864-599-9512
hackettp71@bellsouth.net

Jan Clay
8102 Amarillo Drive
Indianapolis, IN 46237
317-862-0533
okiejan@sbcglobal.net

Proceedings

WNAC Seminar
Monday, July 20

"We're Not Just Your Mother's Auxiliary," was the special event for Monday afternoon. This presentation included a WNAC DVD presentation, a style show from the past, member testimonies and a drama entitled, "It's a Wonderful WNAC Life." This was a time for WNAC to showcase FWB women's ministry and unveil its vision for the days ahead.

Business Session

Tuesday, July 21

Women Nationally Active for Christ met Tuesday morning, July 21, 2009, at 8:30 a.m., in the Hyatt Hotel Regency Ballroom, President Rebecca Pugh presiding. A call to worship was given by Beth Bryant, singing Faces. Worship and praise led by Malari Helman followed. Lori Byers, home missionary to Ohio led in prayer. Frances Etterling welcomed women to the 74th Annual Session of Women Nationally Active for Christ. A special feature from Ohio youth was presented. The Credentials Committee, Chairperson Vicki Ballard, submitted the following report:

The following 18 state conventions have submitted reports and paid fees: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, 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 two local groups with no district or state conventions have submitted reports and paid fees: St. Croix, Virgin Islands; Cheyenne, Wyoming.

In addition, there are 24 delegates from local groups in good standing with their representing higher body (district or state) who have paid their \$10 representation fee.

Those serving on the committee were: Vicki Ballard, Chairperson, Mandy Johnston, Patty Collins.

Motion carried to receive the report and seat the delegates.

Joel D. Collum, Jr., CPA with Bellenfant & Miles, P.C. commented on the 2009 budget reduction revisions, stating the cutbacks were absolutely necessary in order to operate in the black.

Danita High gave the Executive-Secretary's Report. She commented on the changes brought forth by the transition in leadership. She said the 2010 budget had been further streamlined to eliminate the need to raise dues. Danita reported there had been a slight increase in membership and magazine subscriptions. She also reported on the new things that have been implemented during the year: faith promise bank drafts, online newsletter, new ministry guides, and restructuring within the office.

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

Diane Conn presented the Creative Arts Awards as follows:

Art:

- 1st Place: One of God's Beautiful Creatures – The Tit Mouse, Janice Jones, Smithfield, NC
- 2nd Place: Close Up of the Cross, April Bevins, Louisa, KY
- 3rd Place: Our Spectacular Surroundings, Janice Jones, Smithfield, NC

Articles:

- 1st Place: God Needs a Willing Heart, Brenda VanDivort, Edgar Springs, MO
- 2nd Place: A Lesson in Trusting, Joan Wilkes Shields, Florence, AL
- 3rd Place: My Shepherd for all Times, Sue Winchester, Ballwin, MO

Devotional:

- 1st Place: His Mosaic, Tracy Payne, Holdenville, OK
- 2nd Place: I Got the Music in Me, Tracy Payne, Holdenville, OK
- 3rd Place: My Brother's Keeper, Tracy Payne, Holdenville, OK

Photography:

- 1st Place: Grandfather Tree, Faye Carrol Reid, Mantachie, MS
- 2nd Place: Christmas Sunset, Faye Carrol Reid, MS
- 3rd Place: Tennessee Roller Coaster, Faye Carrol Reid, MS

Plays/Skits:

- 1st Place: What Not to Wear – Spiritually Speaking, Lee Ann Wilfong, Park Hills, MO
- 2nd Place: His Sheep, Pat Cool, Piketon, OH
- 3rd Place: The Lord is My Shepherd, Joan Wilkes Shields, Florence, AL

Poetry:

- 1st Place: Healing Love, Rebecca Marler, Park Hills, MO
2nd Place: The Window, Rebecca Marler, MO
3rd Place: Follow You Anywhere, Michelle Lee Moyer, Roseville, MI

Programs:

- 1st Place: Mighty Mom, Pamela S. Hackett, Boiling Springs, SC
2nd Place: The Unknown Soldier, Pamela S. Hackett, SC
3rd Place: What Not to Wear, Beatrice M. Daniels, Warren, MI

Scrapbooking:

- 1st Place: Far, Far Away, Brandi Claire Meeks, Ecu, MS
2nd Place: Generations, Jill Bonnema, Vilonia, AR

Committee Reports

Khristi Shores presented the Resolutions Committee Report. Motion carried to receive the report and adopt item by item.

Recommendations

Item #1: We recommend the national project "20/20/20 Building for the Future" be extended to the 2010 convention in Oklahoma City, Oklahoma. Current amount received: \$30,421.89 with a goal of \$60,000. The new project will be discussed during the 2009 December WNAC Executive Committee meeting. This extension will allow us to coordinate with the WNAC annual program.

Item #2: Recommendations for the Cleo Pursell Foreign Student Scholarship:

- a. International Missions request for Aida Zhankabayera \$1,400 to enroll at FWBBC.
b. Home Missions request for two students to enroll at Gwen Hendrix Hispanic Seminary - \$500 each.
Total: \$2,400 for all three students.

Item #3: Recommend the WNAC body appoint the WNAC staff and executive committee to review the current constitution and by-laws, along with past recommendations, and bring them before the body at next year's convention (2010) for our recommendations for change.

Appreciation

Item #1: A standing vote of thanks and appreciation be given to Yvonne Hampton for over 22 years of service as Executive Assistant for WNAC.

Item #2: We would like to recognize the Ohio WAC for their hospitality and diligence in planning of the WNAC luncheon.

Item #3: We want to express our appreciation to the executive committee and all WNAC officers for their personal service in fulfilling their duties.

Item #4: We also want to express our appreciation to all the women that support WNAC and missions.

Resolutions

Item #1: We resolve that we check in any hotel that we stay in to see if there is a Gideon Bible. If there is none, to request one at the front desk. This will enable the Gideon's to place Bibles to further the gospel.

Item #2: Whereas our nation is straying away from its Christian heritage, be it resolved that our ladies take a stand by writing, emailing and calling our government offices.

Motion carried to adopt the items of recommendation, appreciation and resolution.

Sarah Fletcher introduced the 2009-2010 theme: "That You May Know" -- Ephesians 1:18-19.

She thanked the TWG writing team for the work with the magazine.

Reva Baker gave a report of the Nominating Committee. Motion carried to accept the report and consider each position separately. Members to the WNAC Executive Committee were elected to serve for the years 2009-2011 as follows:

President:	Rebecca Pugh, TN
Vice President:	Shirley Jackson, MO
Secretary:	Diana Bryant, FL
Members at Large:	Jan Clay, IN
	Amy Johnson, IL
	Pamela Hackett, SC

Appreciation was given to Phyllis York and Linda Harvey for years of service.

Motion carried to adjourn. Rebecca Pugh dismissed in prayer.

10:30 A.M. Missionary Service

Malari Helman led the congregational singing. Shirley Jackson challenged the attendees to give generously to the morning offering, and prayed the offertory prayer. The offertory was a solo by Sarah Sargent. The message was given by Donna Crabtree, missionary to Fredericton, New Brunswick, Canada. She spoke about their call to the mission field, surrendering to God's call and trusting Him to provide all needs. Rebecca Pugh dismissed in prayer.

Fellowship Luncheon

Tuesday, July 21

12:00 - 2:00

The WNAC Fellowship Luncheon in the Millennium Hotel followed the service. Carol Pinkerton, retired missionary to Cote d'Ivoire, spoke about her call and ministry on the field. She also spoke of her "retreading" time of life she is in now.

Synopsis of the Minutes of WNAC Executive Committee Meeting

Wednesday, December 10, 2008

Members present were: Executive Secretary Danita High, Rebecca Pugh, Shirley Jackson, Phyllis York, Linda Harvey, Diana Bryant and Jan Clay.

Plans were finalized for the 2009 Convention and preliminary plans were made for a Branson Retreat in September, 2009.

The committee approved: (1) Transferring the excess FWBBC organ project funds to a contingency fund (2) Sending literature to pastors promoting the WNAC Mother's Day offering (3) A retreat in Branson, MO for September 11-12, 2009 (4) Restructuring the accounts in order to reflect actual account balances (5) Amending the Retreats financial policy stipulating that room and board will be provided for executive committee members, speakers and workshop/seminar leaders (6) Retaining Joel D. Collum, Jr., CPA as the auditor for WNAC (7) Amending the 2009 budget to reflect a budget decrease from \$274,211 to \$239,300 (including eliminating positions) (8) Freezing all salaries until further notice (9) Plans for the 2009 Convention and Fellowship Luncheon.

Synopsis of the Minutes of WNAC Executive Committee Meeting

Sunday, July 19, 2009

The Executive Committee met at the Millennium Hotel Queen Conference Room. Members present were: Rebecca Pugh, Phyllis York, Linda Harvey, Shirley Jackson, Jan Clay, Diana Bryant, and Danita High. The Executive Secretary-Treasurer's report was received.

The committee approved: (1) the restructuring of WNAC contingency accounts; (2) converting the Dr. Mary Ruth Wisehart Loan fund to a scholarship fund for students attending FWB colleges; (3) exploring the idea of changing the Creative Arts Contest; (4) switching the 2011 theme with the 2017 theme (5) including six weeks of paid maternity leave to the personnel policy; (6) recommendation to the WNAC convention regarding 2009 disbursements from the Cleo Pursell Foreign Student Scholarship Fund; (7) recommendation to the WNAC convention regarding appointing the WNAC staff and Executive Committee as a study committee to explore needed changes in the constitution and by-laws; (8) recommendation to the WNAC convention regarding extending the deadline for the national project 20/20/20 Building for the Future until the 2010 convention in Oklahoma City, OK.

Plans were made for the 2009 Branson Retreat.

WOMEN NATIONALLY ACTIVE FOR CHRIST 2009 Executive Secretary's Report



I am amazed how quickly this year passed. This was a year of blessings and challenges, of beginnings and endings. A historical year for WNAC, and through it all, God proved His grace sufficient time and time again.

• **Retreat**

Immediately upon taking office, the WNAC Office Team and I finalized plans for the 2008 WNAC National Retreat in Ridgecrest, NC. The retreat took place September 11-13, and we were in awe seeing God's hand at work among our women. God orchestrated everything from the weather to life-changing services, and we rejoiced together.

• **Finances**

During recent years, the ministry of WNAC has faced financial challenges. The WNAC Executive Committee and I knew we were facing difficult decisions during our December board meetings. With a continual decline in funding and increasing expenses to operate the ministry, budget cuts were essential. After much prayer and consideration, the Executive Committee approved a substantial budget reduction in 2009, resulting in the elimination of the Executive Assistant position. Financial reports from the year-end audit confirmed the necessity of this action. We have already witnessed financial improvement during this first half of 2009. The future is bright.

• **Membership**

At the 2008 Convention, WNAC appointed a membership study committee. This committee has diligently researched ways to increase participation and interest more churches in the ministries we offer. We are excited to hear of new groups forming monthly across our nation. We believe revival is breaking forth among our women as churches realize the need for an effective women's ministry.

• **Together With God Magazine**

The TWG Magazine has undergone several changes this past year. From adding a fun *Together* 1-2-3 recipe/craft section, to tackling tough issues for women of all ages through Bible studies and relevant articles, TWG continually strives to benefit both women's ministry groups and individuals.

• **Steward Provision Closet**

WNAC's Provision Closet remains a thriving part of our overall ministry. When it comes to providing household items for missionary families, women faithfully give the best. We receive regular shipments of items and gift cards. The WNAC Office Team faithfully stocks and distributes items as needed.

• **WNAC Ministry**

What does the future hold for WNAC? Although the labor will not be easy, I'm confident good days are ahead. We hold a rich heritage with Free Will Baptists, and due to faithful ones serving before us, the ministry stands on a firm foundation. Now, we hold the responsibility not only to maintain, but to improve and build for the future. Change without purpose is unwise and ineffective. However, it is impossible to remain the same and expect different results. God gives us a responsibility to evaluate our personal lives and ministries. Should the evaluation reveal

areas of needed improvement, we must make changes in accordance to God's plan. WNAC is a ministry of *service* and *support* within the home, local church, community and around the world. We do not exist to compete but rather to complement each and every ministry of our denomination.

Over the past year, I've learned much about the importance of a thriving women's ministry. I've shed tears with ladies searching for fellowship and support. I've listened as pastors shared the need for faithful, godly women in their congregations. I've rejoiced with women of all ages who finally break free and find their value in God's eyes. I've known what it means to completely step out of my comfort zone and feel God's strength in my every area of weakness. I applaud my faithful support team within the office. Sarah, Diane, and I truly are a team, and I've grown to love them dearly. I'm grateful for our WNAC Executive Committee. The countless hours and prayers they give this ministry are priceless. Their wisdom and love for WNAC contributes to its success. I'm forever grateful to our faithful WNAC members. They are the very reason we exist. I'm thankful for all our denominational leaders. Their support and words of wisdom have guided me down this new, sometimes frightening path. One of my favorite hymns declares, "I don't know about tomorrow, but I know who holds my hand." We will trust the tomorrows of WNAC to our all-knowing, all-powerful God.

Danita High
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, 2008 and 2007, 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, 2008 and 2007, 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 17, 2009

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

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 234,043	\$ 274,663
Accounts receivable	10,141	9,067
Inventory	4,610	3,527
Notes receivable, net of allowance for doubtful accounts of \$-0- (\$-0- in 2007)	4,862	5,670
Accrued interest receivable	235	292
Property & equipment, at cost less accumulated depreciation of \$20,629 (\$19,071 in 2007)	3,013	4,570
TOTAL ASSETS	\$ 256,904	\$ 297,789
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 27,543	\$ 36,601
Deferred revenue	31,767	34,741
Total liabilities	59,310	71,342
COMMITMENTS		
NET ASSETS		
Unrestricted - (deficit)	(9,728)	36,363
Temporarily restricted	176,784	166,479
Permanently restricted	30,538	23,605
Total net assets	197,594	226,447
TOTAL LIABILITIES AND NET ASSETS	\$ 256,904	\$ 297,789

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, 2008 and 2007

	2008	2007
UNRESTRICTED		
REVENUE AND OTHER SUPPORT:		
Dues and fees	\$ 75,943	\$ 79,956
Designated contributions	342,801	369,696
Magazine and literature sales	74,918	84,063
Convention and retreat income	11,789	25,469
Gifts and offerings	68,614	68,677
Interest income	8,680	9,129
Rent income	3,678	3,632
Gain (loss) on value of investment	(6,685)	2,435
Net assets released from restrictions:		
Satisfaction of program restrictions	8,551	5,036
Total revenue	588,289	648,093
EXPENSES		
Salaries and wages	123,091	112,863
Payroll taxes and employee benefits	26,636	25,252
Cost of magazine and literature printing	39,228	42,602
Travel and promotion	3,336	3,291
Conventions and retreats	25,952	37,446
Office expense	11,129	8,808
Postage	3,127	3,242
Rent expense	28,044	27,552
Professional fees	6,775	5,725
Depreciation	1,558	1,508
Bad debts	-	2,102
Insurance expense	1,104	707
Dues and subscriptions	296	439
Special projects	17,331	12,618
Continuing education	361	185
Designated contributions	346,412	369,086
Total expenses	634,380	653,426
Increase (decrease) in unrestricted net assets	(46,091)	(5,333)

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, 2008 and 2007

	2008	2007
TEMPORARILY RESTRICTED		
Gifts and offerings		
Interest income	\$ 18,621	\$ 8,978
Net assets released from restrictions:	235	279
Satisfaction of program restrictions	(8,551)	(5,036)
Increase (decrease) in temporarily restricted net assets	10,305	4,221
PERMANENTLY RESTRICTED		
Gifts and offerings	6,933	3,957
Increase in permanently restricted net assets	6,933	3,957
Total increase in net assets	(28,853)	2,845
Net assets - beginning of year	226,447	223,602
Net assets - end of year	<u>\$ 197,594</u>	<u>\$ 226,447</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, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ (28,853)	\$ 2,845
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,558	1,508
Bad Debts	-	2,102
Loss on disposition of property & equipment		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,074)	1,382
(Increase) decrease in inventory	(1,083)	670
(Increase) decrease in accrued interest receivable	56	115
Increase (decrease) in accounts payable	(9,058)	168
Increase (decrease) in deferred revenue	(2,974)	(2,966)
Net Cash Provided (Used) By Operating Activities	<u>(41,428)</u>	<u>5,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on loans receivable	808	1,470
New note made	-	(1,500)
Purchases of property and equipment	-	(600)
Net Cash Provided (Used) By Investing Activities	<u>808</u>	<u>(630)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>(40,620)</u>	<u>5,194</u>
Cash and cash equivalents at beginning of year	274,663	269,469
Cash and cash equivalents at end of year	<u>\$ 234,043</u>	<u>\$ 274,663</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, 2008 and 2007

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 2008 and 2007.

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, 2008 and 2007

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- (\$-0- in 2007).

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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:

	2008	2007
Equipment	\$ 23,642	\$ 23,641
Less: Accumulated depreciation	(20,629)	(19,071)
	<u>\$ 3,013</u>	<u>\$ 4,570</u>

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Student Loan	\$ 100,477	\$ 99,297
Foreign Scholarship	2,050	5,553
Provision Closet	64,620	51,992
Free Will Baptist Bible College Mission House	9,637	9,637
	<u>\$ 176,784</u>	<u>\$ 166,479</u>

Permanently restricted assets are restricted to:

Endowment Trust	\$ 30,538	\$ 23,605
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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 \$28,044 (\$27,552 for the year ended December 31, 2007).

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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 \$5,250 (\$5,162 in 2007). 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 \$250,000 (\$100,000 in 2007). At December 31, 2008 and 2007, the cash deposits were fully insured.

The Organization also has \$225,551 (\$217,981 in 2007) 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, 2008 and 2007.

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

9. COMMITMENTS

The Organization entered into a lease for office equipment. The lease began on September 9, 2008, and will expire on August 9, 2012. The lease has a fixed monthly payment of \$166 for 48 months. The lease expense for 2008 was \$2,058 (\$1,982 for 2007).

Future minimum rental payments required are as follows:

Year ended December 31,	Amount
2009	
2010	\$ 1,990
2012	1,990
2013	1,990
Total	1,327
	<u>\$ 7,297</u>

9. CORRECTION OF ERRORS

The Organization determined that the rent on the space occupied by the Provision Closet had not been properly allocated to the provision closet net asset account. Accordingly, the beginning unrestricted net asset balance was increased \$37,543 and the beginning temporarily restricted net asset balance was decreased \$37,543 for the year ended December 31, 2007. The net assets released from restrictions on the year ended December 31, 2007 Statement of Activities was increased \$1,744 to properly allocate the 2007 Provision Closet rent.

The Organization also determined that the bad debt expense on the Statement of Activities for the year ended December 31, 2007 was charged against the unrestricted net asset account rather than against the Student Loan temporarily restricted net asset account. Accordingly, the net assets released from restrictions on the year ended December 31, 2007 Statement of Activities was increased \$2,101. Additionally, the Student Loan interest was included in the temporarily restricted income on the year ended December 31, 2007 Statement of Activities but was not included in the Student Loan temporarily restricted balance. Accordingly the temporarily restricted net asset balance was increased \$279 and the unrestricted net asset balance was decreased \$279 on the December 31, 2007 Statement of Financial Position.

2008 TOP TEN CONTRIBUTORS TO WNAC OFFICE SUPPORT

GENERAL FUND		EMPHASIS OFFERING		Per Capita Giving	
1. Tennessee	\$ 5,376.82	1. Tennessee	\$ 2,171.13	1. Tennessee	\$ 16.77
2. North Carolina	\$ 4,111.19	2. Georgia	\$ 1,113.00	2. Ohio	\$ 9.96
3. Missouri	\$ 3,190.94	3. Arkansas	\$ 1,033.00	3. New Mexico	\$ 9.72
4. Arkansas	\$ 2,410.52	4. Alabama	\$ 458.80	4. Michigan	\$ 8.98
5. Georgia	\$ 1,900.53	5. North Carolina	\$ 438.15	5. North Carolina	\$ 8.97
6. Ohio	\$ 1,454.00	6. Texas	\$ 409.75	6. Missouri	\$ 8.59
7. Alabama	\$ 1,183.15	7. Missouri	\$ 303.38	7. Texas	\$ 8.50
8. Michigan	\$ 1,131.50	8. Illinois	\$ 265.00	8. Georgia	\$ 8.32
9. Kentucky	\$ 1,125.00	9. Oklahoma	\$ 211.00	9. Indiana	\$ 6.40
10. Oklahoma	\$ 1,005.67	10. Arizona	\$ 204.00	10. Kentucky	\$ 5.92

**2008 Cash and Non-Cash Gifts
to Missions/Missionary Objectives**

Cash gifts Sent Through WNAC	\$	506,805.76
Sent Direct to International Missions	\$	103,312.23
Sent Direct to Home Missions	\$	15,204.47
Provision Closet (Non-Cash)	\$	38,800.93
TOTAL	\$	664,123.39

2010 WNAC SALARIES AND BENEFITS BREAKDOWN

	2009		2010	
Executive Secretary-Treasurer				
Salary	\$	44,437.00	\$	44,437.00
Social Security/Medicare	\$	3,465.00	\$	3,465.00
Retirement	\$	1,333.00	\$	1,333.00
Insurance	\$	6,295.00	\$	6,345.00
Travel/Life	\$	200.00	\$	200.00
Hospital	\$	5,700.00	\$	5,750.00
Dental	\$	395.00	\$	395.00
Christmas Bonus	\$	855.00	\$	855.00
Total Salary and Benefits			\$	56,435.00
Editor				
Salary	\$	29,525.00	\$	29,525.00
Social Security/Medicare	\$	2,380.00	\$	2,380.00
Retirement	\$	1,526.00	\$	1,526.00
Insurance	\$	6,245.00	\$	6,245.00
Life	\$	150.00	\$	150.00
Hospital	\$	5,700.00	\$	5,700.00
Dental	\$	395.00	\$	395.00
Christmas Bonus	\$	587.00	\$	587.00
Total Salary and Benefits			\$	40,263.00
Bookkeeper				
Salary (24 hours per week @ \$10.40 an hour)	\$	13,023.64	\$	12,979.20
Social Security/Medicare	\$	697.00	\$	-
Christmas Bonus	\$	200.00	\$	200.00
Total Salary and Benefits	\$	13,920.64	\$	13,179.20
Grand Total of Salaries and Benefits		\$ 117,947.80		\$ 109,877.20

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

*Total includes Executive Assistant salary for two months.

WOMEN NATIONALLY ACTIVE FOR CHRIST 2010 Proposed Budget

Estimated Income:	2008 Budget	2008 Actuals	2009 Budget	2010 Budget
General Fund Income	\$ 45,000.00	\$ 30,175.05	\$ 35,000.00	\$ 32,000.00
Convention Offering	\$ 3,000.00	\$ 2,063.28	\$ 2,500.00	\$ 2,500.00
Convention Expense Gift	\$ 13,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Delegate Fees	\$ 400.00	\$ 320.00	\$ 300.00	\$ 300.00
Dues	\$ 80,000.00	\$ 75,622.50	\$ 80,000.00	\$ 80,000.00
Interest Income	\$ 4,000.00	\$ 8,915.81	\$ 4,000.00	\$ 4,000.00
Literature Sales	\$ 15,000.00	\$ 8,502.88	\$ 8,000.00	\$ 8,000.00
TWG Magazine Subscriptions	\$ 85,000.00	\$ 65,760.05	\$ 70,000.00	\$ 65,250.00
Miscellaneous	\$ 2,000.00	\$ 620.53	\$ 500.00	\$ 450.00
Rest of the Family Offering	\$ 3,000.00	\$ 7,055.21	\$ 1,000.00	\$ 1,000.00
Emphasis Offering	\$ 10,000.00	\$ 654.55	\$ 7,000.00	\$ 8,000.00
Postage & Handling	\$ 2,000.00	\$ 1,752.37	\$ 1,000.00	\$ 1,000.00
Together Way	\$ 2,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Endowment Trust Interest	\$ 1,500.00	\$ 3,000.00	\$ 2,500.00	\$ 2,500.00
Convention Luncheon Tickets	\$ 9,500.00	\$ 9,300.00	\$ 9,500.00	\$ 9,500.00
Travel Income	\$ 1,000.00	\$ 550.00	\$ 1,000.00	\$ 1,000.00
Total Income	\$ 276,900.00	\$ 226,292.23	\$ 239,300.00	\$ 232,000.00

Estimated Expense:	2008 Budget	2008 Actuals	2009 Budget	2010 Budget
Salaries	\$ 117,964.00	\$ 120,534.31	\$ 92,585.98	\$ 86,941.20
Employee Benefits	\$ 8,229.00	\$ 9,418.70	\$ 6,991.66	\$ 5,845.00
Payroll Tax Expense	\$ 5,378.00	\$ 5,249.64	\$ 3,147.32	\$ 2,859.00
Employee Retirement	\$ 18,530.00	\$ 12,036.01	\$ 13,580.84	\$ 12,590.00
Health, dental, life insurance	\$ 2,269.00	\$ 2,267.99	\$ 1,642.00	\$ 1,642.00
Christmas Bonus	\$ 800.00	\$ 1,106.69	\$ 800.00	\$ 800.00
Insurance: Gen. & Workers' Comp.	\$ 6,000.00	\$ 6,774.90	\$ 6,200.00	\$ 6,500.00
Legal and Professional Services	\$ 20,000.00	\$ 20,635.93	\$ 25,000.00	\$ 23,000.00
Convention Expense	\$ 5,000.00	\$ 3,270.20	\$ 4,500.00	\$ 4,000.00
Executive Committee Expense	\$ 3,000.00	\$ 2,399.93	\$ 3,000.00	\$ 2,500.00
TWG Magazine Expense	\$ 600.00	\$ 775.00	\$ 3,000.00	\$ 2,500.00
Mailing	\$ 32,000.00	\$ 28,144.00	\$ 31,500.00	\$ 30,500.00
Writers	\$ 4,000.00	\$ 4,326.16	\$ 5,000.00	\$ 4,000.00
Printing	\$ 130.00	\$ 3,431.59	\$ 752.20	\$ 2,122.80
Postage	\$ 28,600.00	\$ 24,366.36	\$ 24,000.00	\$ 26,000.00
Miscellaneous Expense	\$ 5,000.00	\$ 1,896.97	\$ 3,000.00	\$ 3,000.00
Office Rent	\$ 2,500.00	\$ 2,157.62	\$ 2,500.00	\$ 2,500.00
Office Supplies and Materials	\$ 4,500.00	\$ 3,019.51	\$ 4,000.00	\$ 4,000.00
Phone	\$ 3,500.00	\$ 513.50	\$ 1,000.00	\$ 2,000.00
Postage	\$ 2,000.00	\$ 3,478.77	\$ 4,000.00	\$ 4,000.00
Printing	\$ 200.00	\$ 296.23	\$ 500.00	\$ 200.00
Service Contracts	\$ 2,000.00	\$ 2,125.55	\$ 4,000.00	\$ 4,000.00
Subscriptions	\$ 1,500.00	\$ 360.63	\$ 1,000.00	\$ 500.00
Travel and Promotion	\$ 3,000.00	\$ 90.00	\$ 500.00	\$ 2,000.00
Continuing Education	\$ 200.00	\$ 70.56	\$ 100.00	\$ 500.00
Equipment (additions and repairs)				
Special Projects				
Total Expenses	\$ 276,900.00	\$ 258,746.75	\$ 239,300.00	\$ 232,000.00

STATES	General Fund	Dues	Faith Promise	Emphasis	Endowment	Provision	International	Home	State	Children's	Colleges	Student	Foreign	Mission	Rest of	Christmas	TOTAL
AL	1,183.15	8,339.00	120.00	456.80	195.00	35.00	1,840.50	1,335.00	2,457.50	576.53	250.00	450.00	25.00		350.00	1,360.00	18,977.48
AR	2,410.32	8,835.00	356.50	1,033.00	1,356.69	1,078.00	10,291.20	16,774.64	23,258.44	2,224.35	50.00	45.00	284.00		75.00	225.00	68,297.34
AZ		675.00	530.00	204.00	513.35		1,026.65	370.00									3,319.00
CA	296.77	1,575.00		88.00	500.00	758.00	4,230.19	1,574.77	208.95	380.00	980.00						10,821.68
DE						153.00											153.00
FL	165.00	840.00			150.01		1,249.34		2,700.00	120.00	1,300.00						6,524.35
FOREIGN			120.00														
GA	1,980.53	6,465.00	1,400.00	1,113.00	631.68	776.00	12,882.99	4,175.14	6,359.58	1,165.00	875.25	234.00	436.25	200.00			38,969.42
IL	268.50	2,285.00		265.00	100.00		9,926.14	2,159.01	1,140.00								16,140.65
IN	300.00	750.00		20.00			6,013.00										7,203.00
KS	5.28	105.00															110.28
KY	1,125.00	2,850.00			262.54		33,283.80	8,544.00		9,669.25	144.00						61,215.73
MI	1,131.50	2,910.00					2,054.55	1,889.58									14,155.63
MO	3,190.94	6,150.00	230.00	303.38	1,570.36	200.00	10,656.17	5,721.76		506.25	308.75	182.75	25.00		25.00		29,215.38
MS	440.00	2,190.00					1,825.00	1,704.83	400.00	650.00							7,162.41
NC	4,111.19	7,650.00	10.00	438.15	239.01	285.50	25,081.62	7,878.19		4,446.64	6,891.52	100.00	115.00	2,889.79			82,053.02
NM	58.30	90.00					558.65	620.50		1,075.00							1,327.45
NH	1,454.00	2,460.00					7,609.57	3,484.14									16,537.71
OK	1,005.67	9,795.00	220.00	211.00	223.01	1,457.07	5,552.69	1,688.33	25.00	1,846.70	75.00	50.00	89.00	540.00			22,758.47
SC	100.00	1,815.00		158.00	150.00	826.00	20,505.99	2,509.83	1,025.00	1,474.25		153.00	16.00	540.00			29,395.07
TN	5,376.82	6,253.50	1,220.00	2,171.13	773.44	100.00	13,248.52	9,110.44		865.00	1,106.20	30.00	382.00		138.00		45,687.55
TX	295.40	2,010.00	120.00	409.75	200.00	130.00	3,673.58	2,228.00		460.00							9,826.73
UT																	0.00
VA	301.84	2,010.00		152.00		50.00	2,280.00	4,836.33		308.00			25.00				10,128.17
VI		180.00		50.00			200.00						50.00				560.00
WV	20.00	1,320.00					3,659.43	895.63					735.00				6,510.06
WY		150.00															150.00
Convention	17,083.26																17,083.26
Rest Fam	645.53				3.34		2,599.82	576.32									645.53
Together Way	1,752.37																1,752.37
TOTAL	45,635.59	77,682.50	4,326.50	7,075.21	6,968.43	16,213.29	180,020.50	78,066.46	37,574.47	25,746.97	11,982.72	1,244.75	2,242.25	5,376.21	588.00	10,262.49	508,005.75

National Youth Conference Report

NYC Attendee	2272
NYC Child Attendee	139
NYC Grades 1-3	301
NYC Grades 4-6	417
NYC Grades 7-12	859
NYC Preschool Worship	114
NYC Staff	110
NYC Total	4212

Teen Altar Response	90
Competition Entries	969
Contestants	2094

Teen Service Attendance (estimated)

Sunday AM	400
Sunday PM	1400
Monday	1600
Tuesday	1750

Buck A Week Offering 4044.33

Reach That Guy

402 Opportunities
2412 hours in three days with one day cancelled
23 different completed projects
Over 175 adults and children participated

Blood Drive

93 donors registered

Global Purpose Seekers

Number of participants	60
Number completed	27

Registration Report

National Convention

Board/Commission Member	42
Licensed Minister	29
Local Church Delegate	9
NAFWB Attendee	2210
NAFWB Staff	33
Ordained Deacon	117
Ordained Minister	599
State Delegate	72
Total	3111

National Youth Conference

NYC Attendee	2246
NYC Child Attendee	139
NYC Grades 1-3	300
NYC Grades 4-6	416
NYC Grades 7-12	861
NYC Preschool Worship	114
NYC Staff	110
Total	4186

Women Nationally Active For Christ

WNAC Attendee	551
WNAC Local Delegate	25
WNAC Missionary	37
WNAC National Officer	5
WNAC Staff	3
WNAC State Delegate	128
WNAC State Field Worker	13
WNAC State President	14
Total	776

Total Unduplicated Attendance: 5662

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2010:

Executive Office (Includes:)		\$	740,111.00
Administrative	\$ 414,111.00		
Convention	326,000.00		
Free Will Baptist Bible College			5,457,425.00
(Includes \$1,285,000.00 in unrestricted gifts)			
Free Will Baptist Foundation			431,112.00
Home Missions			5,000,000.00
International Missions			8,500,000.00
Master's Men			155,417.00
Retirement and Insurance			460,000.00
Randall House Publications			4,664,800.00
Commission for Theological Integrity			4,100.00
Historical Commission			2,715.00
Media Commission			3,000.00
Music Commission			5,215.00
TOTAL		\$	25,423,895.00

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	0.5%
TOTAL	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

Georgia

C.B. Dowdney, minister

Illinois

Luther Hudson, minister

Michael Troutt, deacon

Missouri

Leu Bequette, minister

Robert Chapman, minister

Denzil Dalton, minister

Jesse Dunkin, minister

Millard Gerhard, minister

Gene Floyd, deacon

Sam Phillips, deacon

Oklahoma

Edgar Beavers, minister

Kenneth Brandon, minister

Albert Collier, minister

Shelby Greeson, minister

Albert Jarrett, minister

South Carolina

Michael Haynes, minister

J.W. Hyman, minister

Ned Pattillo, minister

Texas

Luther Sanders, minister

J.D. Baisden, deacon

James Lois McGill, deacon

Bud Walling, deacon

West Virginia

Wetzel Ball (101), minister

George Burns, minister

Grant Chaffin, deacon

Homer Qualls, deacon

Gobel Richardson, deacon

Obituary Committee:

Jim Price (KY), Chairman

Luther Morgan (WV)

David Shores (IL)

Richard Adams (TN)

Gene Norris (MI)

Resolutions Committee Report

I. We have received a resolution about fund raising by our National Departments and will be forwarding a copy to the chairman of each national board so that each board may be made aware of these concerns.

II. WHEREAS, the Bible says, "I beseech you therefore, brethren, by the mercies of God, that ye present your bodies a living sacrifice, holy, acceptable unto God, which is your reasonable service" (Rom 12:1, 2), and

WHEREAS, 2 Corinthians 6:17 says, "Come out from among them, and be ye separate, saith the Lord, and touch not the unclean thing; and I will receive you," and

WHEREAS, the Bible says that we are living in "perilous times" (2 Tim 3:1), and

WHEREAS, 2 Chronicles 7:14 says, "If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land," therefore,

BE IT RESOLVED that the National Association of Free Will Baptists reaffirm our stand for biblical holiness, and

BE IT FURTHER RESOLVED that the Executive Office plan and promote a day of prayer and fasting for Free Will Baptists.

III. WHEREAS, our society is increasingly becoming more anti-Christian, and

WHEREAS, there are proposals in the U.S. Congress and in many state legislatures that would potentially impair the free speech rights of Christians who choose to speak out against homosexuality, therefore,

BE IT RESOLVED, that we encourage our constituency to contact our elected officials in defense of free speech and in opposition to any law that limits such.

IV. WHEREAS, many have given their lives for our freedom, and

WHEREAS, many continue to fight to preserve our freedom, and

WHEREAS, PFC Bowe Bergdahl is presently being held captive, therefore,

BE IT RESOLVED, that we encourage our pastors and people to pray continually for our service personnel and for any in captivity.

V. WHEREAS, the Ohio State Association of Free Will Baptists has opened its arms to host the 73rd session of the National Association of Free Will Baptists, and

WHEREAS, their work has helped to make this a memorable experience, therefore,

BE IT THEREFORE RESOLVED that this body give a rising vote of thanks to our brethren in the State of Ohio.

Resolutions Committee:

Jeff Crabtree (ATL-CAN)

Jim Puckett (OK)

Len Blanchard (GA)

Chris Clay (IN)

Rob Morgan (TN)

A Resolution Calling for Adherence to Godly Principles for Financial Support of the Denominational Enterprises of the National Association of Free Will Baptists

WHEREAS, the Free Will Baptist Covenant, through which we all have "given ourselves to God, by faith in Christ, and adopted the Word of God as our rule of faith and practice," calls for us to "everywhere hold Christian principle sacred and Christian obligations and enterprises supreme;" and,

WHEREAS, the Covenant calls for us to "abstain from all unholy conformity to the world;" and,

WHEREAS, our Lord and Savior Jesus Christ calls upon all believers to give without desire of reward; and,

WHEREAS, giving of tithes and offerings is instituted of God for the support of the Church; and,

WHEREAS, it has been the practice of the Departments of the National Association of Free Will Baptists [hereafter referred to as Departments, and referred to as the Association] to engage in fundraising methods that diminish faith in the providential hand of God in our affairs and depart from godly principles of giving; and,

WHEREAS, the Departments are subject to the Association; and,

WHEREAS, the Executive Secretary is given responsibility to conduct a "program of stewardship education that will produce increased support for the denominational ministries through the Together Way Plan and other methods of proportionate sharing;"

THEREFORE, BE IT RESOLVED that the Departments of the Association shall timely cease all worldly methods for fundraising; and be it further

RESOLVED that the Departments shall provide written semi-annual reports of their actions to modify fundraising methods to conform to those instituted of God for the support of their activities to the General Board; and be it further

RESOLVED that the Executive Secretary shall provide written semi-annual reports to the General Board, showing how stewardship education is being executed throughout the Association; and be it further

RESOLVED that the General Board and Executive Secretary shall report annually to the Association on fundraising methods and stewardship education aimed at conforming to godly principles; and be it further

RESOLVED that timely communication shall be made by the Executive Secretary with all the churches of the Association to call for a return to unrestrained faith in God as our Provider and giving of tithes and offerings for the support of the Association.

The Executive Secretary's Report 2008

Change! Few words more aptly describe this past year. Our world is changing at an incredibly rapid pace. Many of us struggle to process the changes we routinely encounter; however, not all change is bad. It can be good...even necessary.

How does a child of God keep his spiritual equilibrium in the midst of a constantly changing world? He anchors his faith to the immutable truth of Hebrews 13:8—*Jesus Christ the same yesterday, and today, and forever*. We may live in changing times; yet we serve an unchanging God!

Change characterized the executive office in 2008. Here are just a few examples:

- **MONEY**—The eyes of the world have been focused on the economy in recent months. Most of us have been affected in some way by the current financial crisis. Individual Christians and local churches have been forced to make budgetary adjustments. Ultimately, these *changes* impact denominational ministries at every level. Thankfully, the executive office remains on solid financial footing because of measures taken in previous years and consistent cooperative support. We are committed to practicing responsible stewardship principles to ensure the financial integrity of this office.
- **MAGAZINE**—*ONE Magazine* continues to be one of the denomination's most effective communication tools. The publication maintains a modest increase in new subscribers and keeps Free Will Baptists informed about virtually every denominational ministry. Since *ONE* has operated with a healthy fund balance, significant cutbacks were implemented, saving participating agencies \$100,000. in 2009 without negatively impacting the quality of the magazine. *Changing* this year's operating budget brought needed and welcome relief.
- **MEETING**—The current economic climate has had a profound impact on the meeting industry. Various options are being considered in order to make our national convention more cost effective without compromising its quality. This year's meeting may have a significant effect on the 2010 convention. Be prepared for *changes*. Some may be substantial.
- **MANAGEMENT**—The responsibility of managing the national offices building falls chiefly on my shoulders. Maintaining an aging facility without placing an undo financial burden on the agencies housed there is a formidable challenge. Steps have been taken to provide economic relief for 2009 through a reduction in rent; however, this is, at best, only a temporary *change*.
- **MINISTRY**—Our staff understands that ministry is fundamentally about serving others. That is our commitment and it will *not change*. Thank you for the opportunity to serve Free Will Baptists.

Keith Burden, CMP
Executive Secretary

Statistical Summary 1994 - 2008

Year	Beginning Membership Totals	Baptisms	Members Added	Members Lost	Net Increase	Ending Membership Totals
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
2008	318,122	6,619	9,685	5,377	4,308	322,430
Totals		127,947	175,697	91,626	84,071	

Tracking The Together Way Totals

	Designated		Co-op		Total	
2002	3,253,772.40	2.64%	738,744.13	0.37%	3,992,516.53	2.21%
	81%		19%			
2003	3,515,300.09	8.04%	770,780.99	4.34%	4,286,081.08	7.35%
	82%		18%			
2004	3,631,305.92	3.30%	782,642.76	1.54%	4,413,948.68	2.98%
	82%		18%			
2005	3,946,786.84	8.69%	813,333.89	3.92%	4,760,120.73	7.84%
	83%		17%			
2006	4,193,622.91	6.25%	832,178.34	2.32%	5,025,801.25	5.58%
	83%		17%			
2007	4,168,077.00	-0.61%	874,548.07	5.09%	5,042,625.07	0.33%
	83%		17%			
2008	4,083,286.89	-2.03%	892,767.28	2.08%	4,976,054.17	-1.32%
	82%		18%			

Independent Auditors' Report

Terry A. Hill
(615) 417-7414
Ernest R. Harper
(615) 417-6358

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

761 Old Hickory Boulevard
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, 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 Executive Office's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Executive Office's 2007 financial statements and, in our report dated April 30, 2008, we expressed an unqualified opinion on those financial statements.

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, 2008 and 2007, 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 22, 2009

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

Statements of Financial Position

December 31, 2008 and 2007

	Assets	2008	2007
Current assets:			
Cash and cash equivalents	\$	392,210	333,304
Funds held by Free Will Baptist Foundation		1,894	1,813
Receivables:		1,008	2,681
Hymnal sales		175	179
Other departmental and agency charges		1,183	2,860
Total receivables			
Inventory, at lower of cost (first-in, first-out method)		-	926
or market		16,413	21,385
Prepaid expenses		411,700	360,288
Total current assets			
Fixed assets:		139,578	130,052
Office equipment and furniture		25,720	25,720
Automobile		165,298	155,772
		152,904	144,401
Less accumulated depreciation		12,394	11,371
Net fixed assets			
	\$	424,094	371,659
Liabilities and Net Assets			
Current liabilities:	\$	8,499	-
Accounts payable and accrued expenses		22,678	12,286
Funds held for Church on the Ridge building improvements		31,177	12,286
Total current liabilities			
Net assets:			
Unrestricted:		279,924	260,750
Executive Office		12,394	11,371
Net investment in equipment		72,546	70,637
Special Projects		28,053	16,615
Convention Fund		392,917	359,373
Total net assets	\$	424,094	371,659

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, 2008 and 2007

	Executive Office	Special Projects	Convention Fund	2008 Totals	2007 Totals
Revenues:					
The Together Way Plan	\$ 4,976,054	-	-	4,976,054	5,042,625
Disbursed to agencies and departments	(4,555,590)	-	-	(4,555,590)	(4,629,434)
Executive Office portion of Together Way	420,464	-	-	420,464	413,191
Building Kingdom Stewards Seminars	-	-	-	-	2,850
Sales of hymnals	-	13,815	-	13,815	11,577
Gifts and offerings	1,889	-	9,529	11,418	9,150
Convention fees	-	-	309,182	309,182	305,922
Other income	5,838	1,081	11,427	18,346	6,547
Total revenues	428,191	14,896	330,138	773,225	749,237
Cost of hymnal sales:					
Beginning inventory	-	926	-	926	4,268
Other costs	-	11,262	-	11,262	10,082
Total cost of inventory	-	12,188	-	12,188	14,350
Less ending inventory	-	-	-	-	926
Cost of hymnal sales	-	12,188	-	12,188	13,424
Gross profit	428,191	2,708	330,138	761,037	735,813
Expenses of operations:					
Executive Office	407,994	-	-	407,994	398,180
Special Projects	-	799	-	799	701
Convention Fund	-	-	318,700	318,700	267,698
Total expenses	407,994	799	318,700	727,493	666,579
Increase in net assets	20,197	1,909	11,438	33,544	69,234
Net assets, beginning of year	272,121	70,637	16,615	359,373	290,139
Net assets, end of year	\$ 292,318	72,546	28,053	392,917	359,373

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, 2008 and 2007

	Executive Office	Special Projects	Convention Fund	2008 Totals	2007 Totals
Expenses of operations:					
Salaries	\$ 118,113	-	41,295	159,408	178,658
Housing allowance	20,000	-	-	20,000	23,667
Employee fringe benefits and health insurance	31,159	-	-	31,159	30,496
Payroll taxes	18,519	-	151	18,670	20,048
Travel	32,226	-	42,159	74,385	70,159
Executive Committee and General Board	3,146	-	6,175	9,321	6,839
Office rental	34,077	-	-	34,077	33,479
Depreciation	8,504	-	-	8,504	8,814
Legal and audit	2,187	-	2,472	4,659	7,777
Supplies, office expense	9,849	-	9,606	19,455	19,278
Printing and promotion	3,800	-	30,055	33,855	32,782
Postage / mail services	649	-	242	891	1,062
Telephone	2,921	-	502	3,423	1,973
Auditorium and other convention services	-	-	165,708	165,708	97,924
International Fellowship	240	-	-	240	240
The Together Way Plan	103	-	-	103	109
Copier lease	7,677	-	-	7,677	4,953
Church directory	-	799	-	799	701
Publications Committee	-	-	1,024	1,024	887
Church on the Ridge expense	-	-	-	-	3,565
Nominating Committee	-	-	2,578	2,578	3,146
Support to One Magazine	110,407	-	-	110,407	110,407
Building Kingdom Stewards Seminars	4,304	-	-	4,304	5,856
Support Plan Evaluation Committee	-	-	11,412	11,412	-
Media Commission	-	-	1,682	1,682	-
Other	113	-	3,639	3,752	3,759
Total expenses	\$ 407,994	799	318,700	727,493	666,579

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, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Increase in net assets	\$ 33,544	69,234
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	8,503	8,815
(Increase) decrease in:		
Receivables	1,677	1,559
Inventories	926	3,342
Prepaid expenses	4,972	(886)
Increase (decrease) in:		
Funds held for Church on the Ridge building improvements	10,392	8,254
Relief contributions for future disasters	-	(16,368)
Accounts payable and accrued expenses	8,499	(1,442)
Net operating activities	<u>68,513</u>	<u>72,508</u>
Cash Flows from Investing Activities		
Purchase of capital assets	(9,526)	(365)
Net investment in funds held by Free Will Baptist Foundation	(81)	(85)
Net investing activities	<u>(9,607)</u>	<u>(450)</u>
Increase in cash and cash equivalents	58,906	72,058
Cash and cash equivalents, at beginning of year	333,304	261,246
Cash and cash equivalents, at end of year	\$ <u>392,210</u>	<u>333,304</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2008 and 2007

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 2007 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 \$-0- and \$926 at December 31, 2008 and 2007, 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 \$7,360 in 2008 and \$6,333 in 2007. 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 \$7,677 in 2008 and \$4,953 in 2007. The minimum annual payments required are \$6,919 for each of the years 2009 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 \$34,077 in 2008 and \$33,479 in 2007.

(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, 2007, 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 2008 and 2007.

(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 \$250,000 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 summarizes these transactions for the year ended December 31, 2008 as compared to 2007 totals.

	2008		2007
	Designated	Cooperative	Total
Receipts:			
\$	4,058	8,659	12,717
Alabama	620,670	221,631	842,301
Arkansas	350	9,974	10,324
California	5,525	12,100	17,625
Florida	482,138	22,523	504,661
Georgia	183,337	27,217	210,554
Illinois	16,610	1,906	18,516
Indiana	400	9,651	10,051
Kentucky	220,514	20,774	241,288
Michigan	725	11,436	12,161
Mississippi	639,508	229,136	868,644
Missouri	7,519	482	8,001
New Mexico	21,076	53,845	74,921
North Carolina	206,620	39,751	246,371
Ohio	620,965	167,695	788,660
Oklahoma	722,733	392	723,125
South Carolina	166,515	28,543	195,058
Tennessee	90,397	4,758	95,155
Texas	-	4,183	4,183
Utah	7,689	12,692	20,381
Virginia	17,640	1,754	19,394
West Virginia	47,857	773	48,630
Canada	441	2,893	3,334
Contributions totaling \$2,500 or less			
\$	4,083,287	892,767	4,976,054
Total receipts			5,042,625
Disbursements:			
\$	18,719	401,745	420,464
Executive Office	242,883	112,935	355,818
Free Will Baptist Bible College	2,077	29,461	31,538
FWB Foundation	902,776	88,385	991,161
Home Missions	2,766,521	112,935	2,879,456
International Missions	7,647	68,743	76,390
Master's Men	3,990	68,743	72,733
Retirement & Insurance	716	2,455	3,171
Commission for Theological Integrity	375	2,455	2,830
Historical Commission	496	2,455	2,951
Media Commission	606	2,455	3,061
Music Commission	40,384	-	40,384
Hillsdale Free Will Baptist College	96,097	-	96,097
Other			
\$	4,083,287	892,767	4,976,054
Total disbursements			5,042,625

Executive Office

Budgets

**2010
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGETS
FINANCIAL REPORT**

PROJECTED EXPENSES	2008 Budget	2008 Actuals**	2009 Budget	2010 Budget
Salaries	\$159,026.31	\$143,306.42	\$166,352.74	\$189,880.81
Housing	40,000.00	20,000.04	40,000.00	20,000.00
Social Security	24,533.18	18,518.79	25,417.40	21,179.53
Retirement	7,951.31	7,359.63	8,317.63	9,494.04
Employees Insurance (Dental/Disability/Health/Life/Travel)	26,069.49	20,855.59	27,757.62	26,786.51
Convention Reimbursements	(76,477.83) *	(29,968.05)	(79,083.00) *	(78,219.68) *
Auditing/Legal	3,500.00	2,187.00	4,000.00	3,500.00
Copier Lease	5,000.00	7,677.23	7,500.00	7,500.00
Equipment Maintenance	500.00	0.00	500.00	500.00
Computer Supplies	3,000.00	5,456.78	4,000.00	4,000.00
Executive Committee	2,600.00	3,146.45	2,600.00	3,000.00
General Insurance	2,800.00	2,943.87	2,500.00	3,000.00
Int'l. Fellowship of FWW Churches	240.00	240.00	240.00	240.00
Leadership Conference	250.00	0.00	100.00	100.00
Office Rental (\$1.14 per sq. ft. x 2,491)	34,076.88	34,076.88	34,674.72	34,076.88
Office Supplies/Expense	2,750.00	1,576.93	2,000.00	2,000.00
Other	1,500.00	113.20	250.00	200.00
Postage	1,700.00	649.25	1,200.00	1,000.00
Printing	2,000.00	1,365.59	2,000.00	2,000.00
Promotion	2,500.00	2,434.53	3,500.00	3,500.00
Books/Dues/Registrations	2,000.00	2,814.80	1,500.00	1,500.00
Telephone	3,000.00	2,920.74	2,500.00	3,000.00
Tog. Way Plan/Stewardship Education	300.00	102.60	200.00	0.00
Travel	35,000.00	33,352.23	37,500.00	37,500.00
Christmas Bonus (Extra Week's Salary)	1,516.82	3,257.48	1,577.49	1,609.04
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	1,516.82	1,516.82	1,577.49	1,609.04
One Magazine	110,406.80	110,406.84	110,406.80	110,406.80
Contingency Fund	5,479.70	0.00	2,085.37	4,748.15
Palmer Institute	0.00	4,303.51	0.00	0.00
Totals	\$402,739.48	\$400,615.15	\$411,174.26	\$414,111.12
PROJECTED INCOME				
The Together Way Plan				
Cooperative Gifts	\$375,443.22	\$401,745.17	\$382,952.08	\$390,611.12
Designated Gifts	21,296.26	18,719.09	21,722.18	19,000.00
Travel Reimbursement	2,000.00	1,126.32	2,000.00	2,000.00
Other Income	4,000.00	7,725.47	4,500.00	2,500.00
Totals	\$402,739.48	\$429,316.05	\$411,174.26	\$414,111.12

*Expenses included in Convention Budget consists of the following:
Convention Manager Compensation Package and Registration Coordinator.
**Budget comparison does not include depreciation expense.

Salary Breakdown

Executive Office

SALARY BREAKDOWN

	2008	2009	2010
Executive Secretary			\$45,366.77
Salary	\$43,462.88 (1.5%)	\$45,366.77 (3.0%)	20,000.00
Housing and Utilities	20,000.00	20,000.00	10,001.12 (15.30%)
Social Security	9,709.82 (15.30%)	10,001.12 (15.30%)	2,268.34 (5%)
Retirement	2,173.14 (5%)	2,268.34 (5%)	6,234.40
Insurance (Health/Dental/Life)	6,070.31	6,621.36	475.16
Disability/Travel	483.08	475.16	
NOTE: Office car furnished.	81,879.23	84,732.74	84,345.78
Executive Administrator			\$60,844.09 (2.0%)
Salary	36,689.05 (3.0%)	38,956.61 (4.0%)	0.00
Housing and Utilities	20,000.00	20,000.00	4,654.57 (7.65%)
Social Security	8,673.43 (15.30%)	9,020.36 (15.30%)	3,042.20 (5%)
Retirement	1,834.45 (5%)	1,947.83 (5%)	6,234.40
Insurance (Health/Dental/Life)	6,043.64	6,621.36	418.98
Disability/Travel	420.05	434.45	
NOTE: Office car furnished.	73,660.62	76,980.61	75,194.25
Executive Accountant			\$45,454.15 (2.0%)
Salary	42,848.93	44,562.89 (4.0%)	3,544.11 (7.65%)
Social Security	3,340.98 (7.65%)	3,474.62 (7.65%)	2,272.71 (5%)
Retirement	2,142.45 (5%)	2,228.14 (5%)	6,464.96
Insurance	6,303.55	6,560.66	
Health/Life	5,652.00	5,804.17	5,882.84
Dental	651.55	756.49	582.12
Disability	252.81	262.92	268.18
Christmas Bonus	824.02	856.98	874.12
	55,712.74	57,946.21	58,878.23
Yearbook Coordinator/ Registration Coordinator			\$38,215.80 (2.0%)
Salary	36,025.45	37,466.47 (4.0%)	2,979.73 (7.65%)
Social Security	2,808.95 (7.65%)	2,921.30 (7.65%)	1,910.79 (5%)
Retirement	1,801.27 (5%)	1,873.32 (5%)	6,464.96
Insurance	6,303.55	6,560.66	
Health/Life	5,652.00	5,804.17	5,882.84
Dental	651.55	756.49	582.12
Disability	212.55	221.05	225.47
Christmas Bonus	692.80	720.51	734.92
	47,844.57	49,763.31	50,531.67

Convention

Budgets

CONVENTION BUDGETS
Financial Report
National Association of Free Will Baptists, Inc.
July 19-22, 2009
Cincinnati, Ohio

	2008 Budget	2008 Actuals**	2009 Budget
PROJECTED RECEIPTS			
Booth Fees	\$28,000.00	\$34,702.51	\$28,000.00
Host State (Ohio)	32,000.00	32,000.00	30,000.00
Local Church Representation Fees (\$100)	1,000.00	1,600.00	1,000.00
Offerings	8,000.00	9,529.43	8,000.00
Printing Income	10,000.00	10,178.49	10,000.00
Reimbursements	11,500.00	8,885.85	8,500.00
State Representation Fees (\$100 per church)	232,000.00	230,700.82	238,000.00
Truck Reimbursement	1,500.00	2,536.44	2,000.00
Other	500.00	4.03	500.00
TOTALS	324,500.00	330,137.57	326,000.00
PROJECTED EXPENDITURES			
Auditorium	128,440.00	134,419.59	142,368.00
Printing and Promotion	29,030.00	30,144.05	26,215.02
Convention Office	97,511.24	70,124.40	104,458.88
Convention Personnel			
Meals			
Travel	4,392.00	4,422.85	4,788.00
Lodging	5,639.13	4,447.35	5,276.70
Convention Officials	8,922.48	5,384.98	7,309.10
Volunteer Staff	5,814.60	5,009.20	5,048.50
Honorariums	7,938.96	7,367.85	5,857.58
Decorator Services	2,183.28	2,859.00	1,600.00
Meal Functions	15,173.00	13,661.67	16,358.00
Executive Committee	2,993.00	3,754.57	3,420.60
Meal and Motel Expenses			
Pre-Convention Expenses	3,600.00	3,200.00	3,200.00
National Committee Expenses	11,700.00	10,331.59	11,200.00
	24,700.00	23,571.92	14,500.00
Sub-Totals	348,037.69	318,699.02	351,600.38
Surplus Revenue			
(Operating Capital for Future Conventions)	(23,537.69)	11,438.55	(25,600.38) *
TOTALS	\$324,500.00	\$330,137.57	\$326,000.00

*Realized losses relating to the 2009 Convention in Cincinnati, Ohio, will be funded by a prior period convention surplus.

**Budget comparison does not include depreciation expense.

Budgets

Convention

CONVENTION BUDGETS
Financial Report
National Association of Free Will Baptists, Inc.
July 19-22, 2009
Cincinnati, Ohio

	2008 Budget	2008 Actuals	2009 Budget
PROJECTED RECEIPTS			
Booth Fees	\$28,000.00	\$34,702.51	\$28,000.00
Host State (Ohio)	32,000.00	32,000.00	30,000.00
Local Church Representation Fees (\$100)	1,000.00	1,600.00	1,000.00
Offerings	8,000.00	9,529.43	8,000.00
Printing Income	10,000.00	10,178.49	10,000.00
Reimbursements	11,500.00	8,885.85	8,500.00
State Representation Fees (\$100 per church)	232,000.00	230,700.82	238,000.00
Truck Reimbursements	1,500.00	2,536.44	2,000.00
Other	500.00	4.03	500.00
TOTALS	324,500.00	330,137.57	326,000.00
PROJECTED EXPENDITURES			
AUDITORIUM			
Rental	40,000.00	41,101.66	39,000.00
Flowers	500.00	372.46	500.00
Other			
First Aid Staff	3,840.00	3,745.00	2,736.00
Liability, ASCAP, BMI, CCLI Insurance	1,000.00	1,384.58	1,500.00
Music/Equipment	7,500.00	3,681.20	5,000.00
Offering Buckets	0.00	0.00	100.00
Signs	500.00	90.41	250.00
Sound System/AV Equipment	65,000.00	63,992.13	65,000.00
Union Personnel/Stage Hands/Boom	6,000.00	17,078.78	20,000.00
Usher/Other Badges	100.00	105.00	110.00
Police Security/Badge Checkers	4,000.00	2,869.37	8,172.00
TOTALS	128,440.00	134,419.59	142,368.00
PRINTING AND PROMOTION			
Convention Materials	9,300.00	8,723.71	8,000.00
Digest of Reports	2,080.00	2,652.46	3,000.00
Programs	50.00	88.83	100.00
Photos	1,000.00	2,117.97	2,500.00
Pre-Convention Printing/Art	16,600.00	16,561.08	12,615.02
ONE Magazine			
TOTALS	29,030.00	30,144.05	26,215.02

Convention

Budgets

	2008 Budget	2008 Actuals	2009 Budget
CONVENTION OFFICE			
Audit			
Convention Manager Package	\$3,750.00	\$2,472.12	\$4,975.00
Courtesy Car	57,043.04	23,767.95	60,457.43
Equipment Rentals	50.00	0.00	50.00
Computers, Printers			
Copiers (3)/Paper	600.00	547.99	750.00
Furniture/Radios, etc.	3,000.00	2,328.15	2,750.00
Office Expense/Supplies	300.00	751.00	1,075.00
Postage	3,000.00	5,595.11	4,000.00
Pre-Registration Salaries	300.00	242.20	300.00
Payroll Taxes	16,000.00	13,749.90	16,500.00
Pre-Registration Staff	1,224.00	1,165.96	1,262.25
Payroll Taxes	2,800.00	2,611.00	2,800.00
Pre-Registration (Supplies, Postage)	214.20	151.47	214.20
Registration (Supplies)	5,000.00	10,954.77	6,000.00
Registration Computers/Printers	1,000.00	2,465.25	1,000.00
Telephone	2,000.00	2,100.00	2,100.00
Two-Way Radios	150.00	501.53	225.00
	<u>1,080.00</u>	<u>720.00</u>	<u>0.00</u>
TOTALS	97,511.24	70,124.40	104,458.88
CONVENTION PERSONNEL			
MEALS			
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)	252.00	252.00	252.00
Dari Goodfellow (24 meals @ \$12.00 each)	288.00	288.00	288.00
Melody Hood (33 meals @ \$12.00 each)	360.00	360.00	396.00
Steve Pate (18 meals @ \$12.00 each)	216.00	216.00	216.00
Eric Thomsen (24 meals @ \$12.00 each)	360.00	360.00	288.00
Ryan Lewis (36 meals @ \$12.00 each)	0.00	0.00	432.00
Convention Interns (9)	<u>2,160.00</u>	<u>2,190.85</u>	<u>2,160.00</u>
TOTALS	4,392.00	4,422.85	4,788.00
TRAVEL			
Debbie Burden	0.00	0.00	0.00
Keith Burden	391.88	166.00	308.00
Vernon Florence	439.00	439.00	350.00
Dari Goodfellow	391.88	453.96	308.00
Melody Hood	531.00	421.50	308.00
Steve Pate	391.88	453.96	308.00
Eric Thomsen	521.49	521.49	179.70
Ryan Lewis	0.00	0.00	308.00
Convention Truck (Fuel/Meals/Trailer Rental)	2,272.00	2,487.44	2,407.00
Staff Expense Money	<u>700.00</u>	<u>(496.00)</u>	<u>800.00</u>
TOTALS	5,639.13	4,447.35	5,276.70
LODGING			
Keith Burden	0.00	0.00	242.00
Vernon Florence (6 nights @ \$100.62)	835.68	598.08	603.72
Dari Goodfellow	1,263.36	1,039.33	147.00
Melody Hood (10 nights @ \$122.62)	1,502.08	1,126.13	1,226.20
Steve Pate (7 nights @ \$122.62)	974.96	755.76	858.34
Eric Thomsen (7 nights @ \$122.62)	1,253.52	987.52	858.34
Ryan Lewis (11 nights @ \$122.62)	0.00	0.00	1,343.82
Convention Interns (14 nights @ \$100.62)	3,092.88	2,966.88	2,024.68
Comp Rooms	<u>0.00</u>	<u>(2,088.72)</u>	<u>0.00</u>
TOTALS (Includes applicable tax and parking)	8,922.48	5,384.98	7,309.10

Convention

Budgets

	2008 Budget	2008 Actuals	2009 Budget
CONVENTION OFFICIALS			
Moderator - Tim York	\$391.88	\$391.88	\$308.00
Travel	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	835.68	646.08	735.72
Lodging (6 nights @ \$122.62)	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
Honorarium	<u>1,843.56</u>	<u>1,653.96</u>	<u>1,659.72</u>
Clerk - Randy Bryant	452.00	417.00	165.00
Travel	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	799.68	646.08	704.34
Lodging (7 nights @ \$100.62)	<u>400.00</u>	<u>400.00</u>	<u>400.00</u>
Honorarium	<u>1,867.68</u>	<u>1,679.08</u>	<u>1,485.34</u>
Assistant Moderator - William Smith	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	835.68	598.08	735.72
Lodging (8 nights @ \$122.62)	<u>1,051.68</u>	<u>814.08</u>	<u>951.72</u>
Assistant Clerk - Ernie Lewis	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	835.68	646.08	735.72
Lodging (6 nights @ \$122.62)	<u>1,051.68</u>	<u>862.08</u>	<u>951.72</u>
TOTALS (Includes applicable tax and parking)	5,814.60	5,009.20	5,048.50
VOLUNTEER STAFF			
Music Coordinator - Chris Truett	835.68	847.68	735.72
Lodging (6 nights @ \$122.62)			0.00
News Coordinator	835.68	678.40	0.00
Keyboardist - Deena Armstrong	696.40	706.40	613.10
Lodging (5 nights @ \$122.62)			863.10
Photographer - Travis Penn	835.68	646.08	735.72
Lodging (6 nights @ \$143.85)			858.34
Planist - Brian Floyd	974.96	753.76	858.34
Lodging (8 nights @ \$122.62)			613.10
Taping - Mike Anderson	696.40	706.40	0.00
Lodging (7 nights @ \$122.62)			1,438.50
Usher Coordinator - Billy Walker	835.68	897.42	0.00
Lodging (5 nights @ \$122.62)			5,857.58
Videographer	1,392.80	1,284.03	1,438.50
Translator Rooms	7,938.96	7,367.85	5,857.58
Lodging (10 nights @ \$143.85)			
TOTALS (Includes applicable tax and parking)	7,938.96	7,367.85	5,857.58
HONORARIUMS			
Bob Bouts	175.00	175.00	200.00
Mark Price	175.00	175.00	200.00
Jeff Sloan	175.00	175.00	200.00
Paul Harrison	175.00	175.00	200.00
Henry Horne	175.00	175.00	200.00
Fred Warner	1,133.28	1,809.00	200.00
Steve Berry	<u>0.00</u>	<u>0.00</u>	<u>200.00</u>
Ken Simpson			
TOTALS	2,183.28	2,859.00	1,600.00

Convention

	2008 Budget	2008 Actuals	Budgets 2009 Budget
DECORATOR SERVICES			
Booth (85) Installation/Draped Tables/Union Exhibitor Badges	\$9,125.00	\$7,445.17	\$8,100.00
Registration	150.00	0.00	100.00
Chairs, Counters, Skirted Tables, Carpet Electricity/Masking Drape	3,000.00	2,404.00	0.00
Stage	500.00	0.00	1,500.00
Carpet			
Risers	2,500.00	2,500.00	1,728.00
Skirted Tables/Chairs	0.00	60.00	1,200.00
Skirting/Draping/Stage Set-Up	38.00	302.50	450.00
TOTALS	15,173.00	13,661.67	3,280.00
MEAL FUNCTIONS			
Executive Committee			16,358.00
Dinner (30 people @ \$30.19)	1,050.00	1,088.38	905.70
General Board Breakfast/AV (55 people @ \$15.67)	935.00	1,886.68	1,661.85
State Leaders Breakfast (45 people @ \$16.94)	900.00	779.51	762.30
Presidents' Breakfast (5 people @ \$18.15)			
TOTALS	108.00	0.00	90.75
EXECUTIVE COMMITTEE MEAL AND MOTEL EXPENSES	2,993.00	3,754.57	3,420.60
(For the Executive Committee Meeting prior to the 2009 National Convention)			
Chris Clay	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	400.00	400.00	400.00
Fred Hanson	400.00	400.00	400.00
TOTALS	4,000.00	0.00	0.00
PRE-CONVENTION EXPENSES	3,600.00	3,200.00	3,200.00
Data Entry-Resolutions Data Base Impact Cincy	500.00	383.25	200.00
Pre-Convention Meetings/Site Inspections	1,200.00	1,024.44	1,000.00
TOTALS	10,000.00	8,923.90	10,000.00
NATIONAL COMMITTEES EXPENSES	11,700.00	10,331.59	11,200.00
Executive Committee			
Media Commission	11,500.00	7,900.71	12,000.00
Nominating Committee	0.00	1,681.73	0.00
Support Plan Evaluation Committee	3,200.00	2,577.85	2,500.00
TOTALS	10,000.00	11,411.63	0.00
SUB-TOTALS	24,700.00	23,571.92	14,500.00
SURPLUS REVENUE	348,037.69	318,699.02	351,600.38
(Operating Capital for Future Conventions)			
GRAND TOTALS	(23,537.69)	11,438.55	(25,600.38) *
	\$324,500.00	\$330,137.57	\$326,000.00

*Realized losses relating to the 2009 Convention in Cincinnati, Ohio, will be funded by a prior period convention surplus.

2008 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	\$432.79	\$225.13	\$294.12	\$418.24	\$234.41	\$116.73	\$760.10	\$291.48	\$313.51	\$231.70	\$228.27	\$329.99	\$3,896.47
Arizona	0.00	0.00	91.13	0.00	0.00	88.88	0.00	0.00	0.00	0.00	0.00	0.00	180.01
Arkansas	8,768.97	9,749.43	6,435.81	7,846.33	9,940.46	8,889.41	8,116.44	8,126.08	6,425.10	8,786.61	10,076.46	6,773.04	99,734.14
California	460.76	377.29	433.11	636.43	237.88	343.22	437.08	331.23	271.12	0.00	312.44	647.81	4,488.37
Canada	38.80	26.88	29.73	30.34	25.90	26.26	34.42	23.10	30.75	19.71	29.68	32.06	347.63
Florida	1,200.01	0.00	0.00	0.00	0.00	2,400.01	45.00	0.00	0.00	0.00	0.00	1,800.00	5,445.02
Georgia	1,022.99	769.57	541.69	950.43	843.66	959.11	990.53	487.87	722.00	1,301.57	609.12	936.99	10,135.53
Illinois	1,245.36	1,019.11	835.17	904.59	965.39	1,228.85	1,125.61	544.82	1,435.28	799.80	984.60	1,158.98	12,247.56
Indiana	85.50	93.15	87.30	0.00	18.00	216.45	0.00	0.00	176.85	19.80	93.15	67.50	857.70
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	63.93	0.00	36.32	25.70	0.00	101.58	90.73	0.00	68.63	39.19	0.00	0.00	426.08
Kentucky	249.33	287.57	516.25	284.93	434.45	0.00	588.02	123.46	288.35	264.20	368.56	957.89	4,343.01
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	798.87	986.22	558.77	877.35	1,903.91	686.60	500.34	947.48	267.59	613.07	397.98	850.24	9,348.42
Mississippi	0.00	408.12	977.70	416.73	412.43	0.00	400.14	603.11	0.00	562.63	0.00	1,365.29	5,146.15
Missouri	11,001.08	7,630.03	7,312.19	10,805.95	7,802.32	8,451.96	10,522.26	6,864.32	8,220.96	8,836.59	7,723.03	8,140.44	103,111.13
New Mexico	13.71	14.89	0.00	94.70	0.00	8.63	16.46	8.70	9.79	30.23	8.73	11.19	217.03
North Carolina	4,046.88	1,363.82	2,484.54	1,676.22	1,639.05	1,903.43	519.67	1,792.62	2,404.73	2,107.56	2,047.95	2,243.76	24,230.23
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.	45.00	45.00	45.00	56.25	45.00	45.00	45.00	36.00	67.50	54.00	54.00	67.50	605.25
Ohio	2,025.27	1,647.80	1,008.40	1,567.74	1,502.94	1,448.98	1,888.84	1,075.88	1,241.97	1,295.37	1,710.93	1,494.37	17,888.09
Oklahoma	8,218.21	5,430.03	5,363.03	6,883.11	5,726.32	5,583.78	6,971.95	5,998.90	7,946.70	5,217.37	6,159.52	5,963.70	75,462.62
South Carolina	6.69	12.69	14.27	13.56	15.14	13.74	14.29	13.79	14.96	13.91	15.91	27.29	176.24
Tennessee	1,757.07	1,037.93	596.61	1,384.13	681.19	496.69	2,245.05	1,022.02	861.86	31.50	1,454.11	1,276.28	12,844.44
Texas	528.32	207.83	0.00	516.22	0.00	0.00	180.25	118.06	0.00	0.00	381.77	208.51	2,140.96
Utah	149.85	189.00	0.00	225.00	0.00	243.00	0.00	126.00	261.00	202.50	202.50	283.50	1,882.35
Virginia	0.00	0.00	0.00	2,876.85	0.00	0.00	0.00	2,834.55	0.00	0.00	0.00	0.00	5,711.40
West Virginia	60.24	29.20	36.38	70.77	37.18	0.00	128.88	61.73	48.92	270.86	45.18	0.00	789.34
Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90.00	90.00
TOTALS	\$42,239.63	\$31,530.69	\$27,697.52	\$38,541.57	\$32,465.63	\$33,032.31	\$35,600.86	\$31,231.00	\$31,077.57	\$30,698.17	\$32,903.89	\$34,726.33	\$401,745.17

2008

A-70

A-71

Other—Other includes miscellaneous incomes, investment gains/losses.

OTH—Other: includes interest, miscellaneous sources and states.

*Masthead includes miscellaneous incomes, investment gains/losses.

*WNAC-- Total does not include Memorial Student Loan Fund, Foreign Student Scholarship or gifts designated to other departments.



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

761 Old Hickory Boulevard
Brentwood, TN 37027
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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, 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 Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Fund's 2007 financial statements and, in our report dated April 30, 2008, we expressed an unqualified opinion of those financial statements.

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, 2008 and 2007, 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 22, 2009

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

Statements of Financial Position

December 31, 2008 and 2007

	Assets	2008	2007
Current assets:			
Cash and interest bearing deposits, including reserves for telephone system replacement of \$11,322 in 2008		\$ 222,512	150,899
Accounts receivable		4,283	11,175
Total current assets		226,795	162,074
Property, plant and equipment:			
Land and land improvements		218,896	214,296
Building		1,549,160	1,542,760
Building services equipment		104,594	104,594
Departmental workstations		77,228	77,228
		1,949,878	1,938,878
		1,260,462	1,182,684
Less accumulated depreciation		689,416	756,194
Net property, plant and equipment		\$ 916,211	918,268
	Liabilities and Net Assets		
Liabilities:			
Accounts payable		\$ 17,903	-
Total liabilities		17,903	-
Net assets:			
Unrestricted net assets:			
Operations		197,570	162,074
Reserve for telephone system replacement		11,322	-
Net investment in property, plant and equipment		689,416	756,194
		898,308	918,268
Total net assets		\$ 916,211	918,268

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, 2008 and 2007

	2008			
	Operations	Services for Departments	Reserve for Telephone System Replacements	2007 Totals
Revenues:				
Building rental	\$ 280,030	-	-	280,030
Reimbursement from departments	-	478,026	-	478,026
Interest income	1,890	-	-	1,890
Other	287	-	-	287
Net assets released from departmental reimbursements	478,026	(478,026)	-	-
Net revenues	760,233	-	-	759,766
Expenses:				
Expenses incurred for departments:				
Employee benefits	302,996	-	-	302,996
Stewardship office expense	5,203	-	-	5,203
Leadership conference	23,396	-	-	23,396
Property and liability insurance	48,072	-	-	48,072
Telephone	18,751	-	-	18,751
Mailroom and other	80,459	-	-	80,459
Building operating expenses:	478,877	-	-	481,867
Salaries	69,024	-	-	69,024
Payroll taxes	5,280	-	-	5,280
Employee benefits	24,019	-	-	24,019
Janitorial services	32,973	-	-	32,973
Depreciation	77,778	-	-	77,778
Audit and legal	4,500	-	-	4,500
General insurance	15,063	-	-	15,063
Supplies and office expense	13,148	-	-	13,148
Utilities / telephone	34,704	-	-	34,704
Repairs and maintenance	13,658	-	-	13,658
Interest expense	-	-	-	-
Mailroom and other	11,169	-	-	11,169
Total expenses	301,316	-	-	291,856
Excess of expenses over revenues	780,193	-	-	773,723
Provision for telephone system replacement	(19,960)	-	-	(19,960)
Increase (decrease) in net assets	(11,322)	-	11,322	(13,957)
Net assets at beginning of year	(31,282)	-	-	(13,957)
Net assets at end of year	918,268	-	-	932,225
	\$ 886,986	-	11,322	898,308
				918,268

See accompanying notes to financial statements.

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

Statements of Cash Flows
For the years ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities	\$ (19,960)	(13,957)
Decrease in net assets		
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation	77,778	76,726
	6,892	16,007
Decrease in receivables	17,903	(8,112)
Increase (decrease) in accounts payable and accruals	82,613	70,664
Net operating activities	(11,000)	(24,476)
Cash Flows from Investing Activities	(11,000)	(24,476)
Purchase of property and equipment	(11,000)	(24,476)
Net investing activities	-	(3,753)
Cash Flows from Financing Activities	-	(3,753)
Repayment of debt	-	(3,753)
Net financing activities	71,613	42,435
Increase in cash and cash equivalents	150,899	108,464
Cash and cash equivalents, at beginning of year	\$ 222,512	150,899
Cash and cash equivalents, at end of year	\$ 373,411	\$ 259,363
Supplemental disclosures:	\$ -	316
Interest paid		

See accompanying notes to financial statements.

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

December 31, 2008 and 2007

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 (FAS) 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 2007 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) 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, 2007, from which the summarized information was derived.

(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 \$3,471 in 2008 and \$3,370 in 2007. 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 2008 and 2007. The minimum payments required are \$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 a period of one year, to be renegotiated and renewed by mutual agreement effective January 1 of each year. Each lease agreement is cancelable by either party with a 90 day written notice. Rental income amounted to \$280,030 in 2008 and \$274,633 for 2007. Due to current economic conditions, rental rates have been reduced for 2009 by approximately 14% which will impact operations negatively by approximately \$39,000.

(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 are 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 \$250,000 is subject to risk of accounting loss.

(7) Reserve for Telephone System Replacement

In order to fund the future purchase of a telephone system, a reserve has been established for this purpose. After an initial deposit of \$5,000, \$500 per month has been transferred to a trust held by Free Will Baptist Foundation. These transfers will continue until sufficient funds are accumulated; the telephone system is purchased based on need; or economic conditions dictate suspension of the transfers. This reserve is recorded as a designation of unrestricted net assets.

**2010
BUILDING SERVICES
BUDGETS
FINANCIAL REPORT**

	2008 Budget	2008 Actuals*	2009 Budget	Revised 2009 Budget	2010 Budget
PROJECTED INCOME					
Square Footage (20,470 @ \$1.14 = \$23,335.80 mo.)	\$280,029.60	\$280,029.60	\$284,942.40	\$245,640.00	\$280,029.60
Total Income	\$280,029.60	\$280,029.60	\$284,942.40	\$245,640.00	\$280,029.60
PROJECTED EXPENSES					
Audit & Legal	\$6,500.00	\$4,500.00	\$6,500.00	\$6,500.00	\$6,500.00
Replacement Reserve	6,000.00	0.00	6,000.00	6,000.00	6,000.00
General Supplies	5,000.00	4,969.06	5,000.00	5,000.00	5,000.00
Insurance (Employee)	25,000.00	20,548.27	25,643.14	25,643.14	22,905.78
Insurance (Plant)	26,750.00	15,083.33	32,000.00	32,000.00	32,000.00
Janitorial Services	38,500.00	32,972.49	38,500.00	38,500.00	38,922.40
Janitorial Supplies	3,500.00	3,794.69	3,500.00	3,500.00	3,500.00
Mail Room	12,500.00	8,674.55	12,500.00	12,500.00	12,500.00
Mail Truck	4,000.00	1,785.70	4,000.00	4,000.00	4,000.00
General Maintenance/Contingency Fund	29,306.67	13,658.20	21,326.01	21,326.01	16,942.36
Network Expense	7,500.00	4,248.72	7,500.00	7,500.00	7,500.00
Payroll Taxes (Employer's S.S.)	5,016.05	5,280.37	5,217.03	5,217.03	5,316.21
Postage Meter/UPS	500.00	135.83	500.00	500.00	500.00
Retirement (Includes Ret. in Lieu of 4th Week Vacation)	2,887.66	3,470.92	3,609.74	3,609.74	4,000.00
Salaries	64,458.58	67,913.68	67,041.41	67,041.41	68,314.68
Telephone	6,000.00	4,409.41	6,000.00	6,000.00	6,000.00
Utilities	34,500.00	30,294.20	37,950.00	37,950.00	37,950.00
Christmas Bonus/Extra Week's Salary	1,110.64	1,110.64	1,155.07	1,155.07	1,178.17
Other	1,000.00	708.10	1,000.00	1,000.00	1,000.00
Total Expenses	\$280,029.60	\$223,538.16	\$284,942.40	\$284,942.40	\$280,029.60

*Budget comparison does not include depreciation expense.

**BUILDING SERVICES
SALARY BREAKDOWN**

	2008	2009	2010
Maintenance Superintendent/			
Mail Room Supervisor	\$30,328.42 (3.0%)	\$31,541.56 (4.0%)	\$32,172.39 (2.0%)
Salary	2,364.74 (7.65%)	2,459.33 (7.65%)	2,508.52 (7.65%)
Social Security	18,940.00	18,940.00	18,940.00
Insurance (Dental/Health/Life)	178.94	186.10	189.82
Disability	1,516.42 (5%)	1,577.08 (5%)	1,608.62 (5%)
Retirement	583.24	606.57	618.70
Christmas Bonus	51,911.76	53,310.63	53,466.05
Receptionist/Phone System			
Administrator/Assistant Bookkeeper	27,424.86 (3.0%)	28,521.85 (4.0%)	\$29,092.29 (2.0%)
Salary	2,138.35 (7.65%)	2,223.88 (7.65%)	2,268.36 (7.65%)
Social Security	7,589.78	8,348.76	8,176.32
Insurance	416.92	458.61	293.44
Dental	7,172.86	7,890.15	5,882.88
Health/Life	161.81	168.28	171.64
Disability	1,371.24 (5%)	1,426.09 (5%)	1,454.61 (5%)
Retirement	527.40	548.50	559.47
Christmas Bonus	39,213.44	41,237.36	39,722.69
Part-time Worker			
Salary	6,705.30 (75 days 3.0%/11.18 hr.)	6,978.00 (75 days 4.0%/11.52 hr.)	7,050.00 (75 days 2.0%/11.75 hr.)
Social Security	512.96 (7.65%)	533.82 (7.65%)	539.33 (7.65%)
	7,218.26	7,511.82	7,589.33

Independent Auditors' Report

Terry A. Hill
(615) 417-7414
Ernest R. Harper
(615) 417-6358

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

761 Old Hickory Boulevard
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, 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 One Magazine's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from One Magazine's 2007 financial statements and, in our report dated April 30, 2008, we expressed an unqualified opinion of those financial statements.

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, 2008 and 2007, 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.

Ernest R. Harper

April 22, 2009

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

Statements of Financial Position

December 31, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:	\$ 213,692	203,819
Cash and interest bearing deposits	18,783	25,399
Funds held by Free Will Baptist Foundation	5,010	7,790
Accounts receivable	237,485	237,008
Total current assets		
Fixed assets:	16,857	12,624
Furniture and equipment	(7,028)	(4,164)
Less accumulated depreciation	9,829	8,460
Net fixed assets		
	\$ 247,314	245,468
Liabilities and Net Assets		
Liabilities:	\$ 48,507	43,811
Accounts payable	48,507	43,811
Total liabilities		
Net assets:	180,024	180,657
Unrestricted - operations	18,783	21,000
Permanently restricted - endowment funds	198,807	201,657
Total net assets		
	\$ 247,314	245,468

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, 2008 and 2007

	2008			2007
	Unrestricted Operations	Endowment Funds	Total	Total
Revenues:				
Assessments to publish One Magazine from Free Will Baptist departments and agencies	\$ 419,657	-	419,657	419,657
Revenues for additional pages printed	17,435	-	17,435	2,500
Endowment earnings	-	-	-	2,431
Unrealized loss from investments held by Free Will Baptist Foundation	(3,124)	(2,217)	(5,341)	-
Other	345	-	345	389
Total revenues	434,313	(2,217)	432,096	424,977
Expenses:				
Direct cost of publication:				
Printing	208,298	-	208,298	177,274
Postage and mailing services	94,194	-	94,194	88,531
Design	36,395	-	36,395	31,752
Graphics expense	4,159	-	4,159	931
Writer's fees	1,120	-	1,120	1,634
Total direct cost of publication	344,166	-	344,166	300,122
Employee compensation:				
Salary	60,647	-	60,647	57,968
Payroll Taxes	4,640	-	4,640	4,369
Retirement	2,709	-	2,709	2,647
Other employee benefits	6,381	-	6,381	6,185
Total employee compensation	74,377	-	74,377	71,169
Operating expenses:				
Supplies and other office expense	9,892	-	9,892	9,154
Travel	3,647	-	3,647	3,334
Depreciation	2,864	-	2,864	2,023
Total operating expenses	16,403	-	16,403	14,511
Total expenses	434,946	-	434,946	385,802
Increase (decrease) in net assets	(633)	(2,217)	(2,850)	39,175
Net assets at beginning of year	180,657	21,000	201,657	162,482
Net assets at end of year	\$ 180,024	18,783	198,807	201,657

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, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities	\$ (2,850)	39,175
Increase (decrease) in net assets		
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	2,864	2,023
Changes in Funds Held by Free Will Baptist Foundation	6,616	(1,289)
Decrease in accounts receivable	2,780	14,841
Increase in accounts payable	4,696	40,105
Net operating activities	14,106	94,855
Cash Flows from Investing Activities	(4,233)	(4,167)
Purchase of equipment	(4,233)	(4,167)
Net investing activities	9,873	90,688
Increase in cash and cash equivalents	203,819	113,131
Cash and cash equivalents, at beginning of year	\$ 213,692	203,819
Cash and cash equivalents, at end of year		

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2008 and 2007

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 certain Free Will Baptist organizations as indicated in note 2.

(1) Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of One Magazine 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 2007 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

(1) 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 to entities of the National Association of Free Will Baptists:

	2008	2007
Executive Office:		
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	67,348	67,348
International Missions	57,964	57,964
Master's Men	7,949	7,949
Randall House Publications	44,163	44,163
Board of Retirement and Insurance	22,081	22,081
	<u>\$ 419,657</u>	<u>419,657</u>

Due to the current economy, assessments have been reduced by approximately \$100,000 for the 2009 year. This reduction is accomplished by decreasing the size of the magazine, which lowered costs by approximately \$43,000. The remaining \$57,000 shortfall will be funded from accumulated surplus revenues.

(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 \$249,610 in 2008 and \$232,424 in 2007.

(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 \$2,709 in 2008 and \$2,647 in 2007. 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, bank balances in excess of the amount of FDIC insurance of \$250,000 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, 2007, from which the summarized information was derived.

**2010
ONE MAGAZINE
BUDGETS
FINANCIAL REPORT**

REVENUE	2008 Budget	2008 Actuals**	2009 Budget	Revised 2009 Budget	2010 Budget
Convention	\$16,561.02	\$16,561.08	\$16,561.02	\$12,615.02	\$16,561.02
Executive Office	110,406.80	110,406.84	110,406.80	84,097.80	110,406.80
Free Will Baptist Bible College	49,020.62	49,020.60	49,020.62	37,339.62	49,020.62
Free Will Baptist Foundation	44,162.72	44,162.76	44,162.72	33,638.72	44,162.72
Home Missions	67,348.15	67,348.20	67,348.15	51,300.15	67,348.15
International Missions	57,963.57	57,963.60	57,963.57	44,151.57	57,963.57
Master's Men	7,949.29	7,949.28	7,949.29	6,055.29	7,949.29
Randall House Publications	44,162.72	44,162.76	44,162.72	33,638.72	44,162.72
Retirement & Insurance	22,081.36	22,081.32	22,081.36	16,819.36	22,081.36
Endowment	500.00	(5,340.73)	1,000.00	1,000.00	0.00
Graphics	3,000.00	17,434.86	3,000.00	3,000.00	3,000.00
Subscription Revenue	0.00	345.00	400.00	400.00	400.00
Total Revenue	\$423,156.25 *	\$432,095.57	\$424,056.25	\$324,056.25 *	\$423,056.25
EXPENSES					
Salary & Benefits	\$69,257.21	\$70,256.08	\$71,845.57	\$71,845.57	\$73,089.41
Auto Allowance	4,120.00	4,120.00	5,000.00	5,000.00	5,000.00
Audit & Legal	3,250.00	3,200.00	4,000.00	4,000.00	4,500.00
Books, Dues & Registrations	0.00	0.00	1,500.00	1,500.00	1,500.00
Computer Software/Services	1,500.00	1,550.74	3,500.00	3,500.00	5,000.00
Design	38,000.00	36,394.65	32,000.00	32,000.00	32,000.00
Graphics	5,000.00	4,159.10	5,000.00	5,000.00	5,000.00
Mail Services	12,000.00	6,006.68	12,000.00	12,000.00	10,000.00
Mailing List Maintenance	1,500.00	0.00	1,500.00	1,500.00	1,500.00
Miscellaneous	4,222.79	3,334.13	3,910.68	3,910.68	4,666.84
Postage	100,000.00	86,285.00	85,000.00	85,000.00	85,000.00
Postal Returns	4,500.00	1,902.09	4,500.00	4,500.00	4,000.00
Printing	190,000.00	208,298.19	180,000.00	180,000.00	180,000.00
Promotion	1,000.00	845.49	2,000.00	2,000.00	2,000.00
Supplies	3,000.00	961.03	4,000.00	4,000.00	3,500.00
Telephone	150.00	0.53	300.00	300.00	300.00
Travel	3,500.00	3,647.01	4,000.00	4,000.00	4,000.00
Writer's Fees	3,000.00	1,119.64	4,000.00	4,000.00	2,000.00
Total Expenses	\$444,000.00	\$432,080.36	\$424,056.25	\$424,056.25	\$423,056.25

*Additional funds are being provided in the 2008/2009 Revised Budget by accumulated surplus revenue.

**Budget comparison does not include depreciation expense.



randall house

Executive Director's Report

Publishing Climate and Trends

It is safe to say that no one can fully forecast the future of industries with any certainty in today's economy. I have watched every publisher go through changes that seasoned leaders, ten years ago, would never guessed would have occurred.

The best illustration of what Christian and secular publishers are going through right now is erosion. It is like standing on the coast with a time-lapse camera shot over a long period of time and watching a slow erosion of the sand from the shoreline.

Like shoreline erosion, our culprits are not isolated to one erosion source. They are the slow moving culprits of big box discounters, ineffectiveness of full service Christian stores, a market flooded with more titles than ever, the lack of desiring doctrine as part of curriculum, churches creating their own curriculum, and voting blocks that assume they are the majority of the buyers. We could list more but these are trends that are being seen by all denominational publishing houses. Most cannot point to any one item nor has any publisher solved the issue.

Here is what I think we must do during this time. When there is erosion, the sand slowly washes away. For emphasis, it is not a drastic disappearance but trends show that one day we will have very little to stand on in the way of unit sales. First, we must remember that we still have shore to work with and use. If this were a real tourist beach, the entrepreneur would move his or her chairs back from the waves and keep charging rental fees. If you loose placement for some of the chairs, you add the rental of umbrellas, rafts, and sell sunscreen to replace the loss revenue of those chairs. In other words, you do not concede to the beach. You maximize what you have and add more products to your line. This is working through a critical success. When one top line of income begins to shrink or erode, you must create other lines of income. This is what we are doing through our non-dated Bible studies, children's church curriculum, trade books, and conference fees.

We should stop any erosion possible even while it is occurring. We plan for the future even when our main line of business has historically been one product that is slowly dwindling. Creativity, managed risk, new product development, and listening to all customers will be the tools of growth.

We continue to launch products both in trade books and non-dated curriculum that bring back revenue from lost dated curriculum sales. We cannot concede to the beach. We can cautiously grow our market with our strengths.

Financial

2008 and 2009 will be noted in history as some of the most trying times that any organization or corporation has faced in many decades. When Fortune 500 companies are reduced to penny stocks and the rules of accounting continue to be strengthened for better reporting to protect those invested, then we have reached uncharted territory.

I have outlined a plan to do more with less. It shows how to take our stake of real estate and earn more income with a reduced acreage. That philosophy is paying off when combined with the principle of staying ahead of status quo. Churches are looking for the "next big thing" and we see this as products that are

relevant with the power to change lives. The need to be relevant, in my opinion, keeps us just ahead of many of our competitors who have the same mission but are facing their toughest days just to function financially.

Attending the Spring PCPA (Protestant Church-Owned Publishers Association) and with over twenty five publishers' CEOs sitting around the table, we were only one of two publishers who have not cut staff and are not at least 5% down in sales. In the last eighteen months, several publishing houses of all sizes have cut expenses and reduced the work force from 5% to 20%. Most were down 10% plus for the past year and trending that way even in the current year.

We have been very blessed to be ahead of some of the decisions that other publishers are just now dealing with. We are running very lean and cash is still tight, but we are holding our own with the potential outlook of continued growth ahead of us. We have shown a profit of \$61,000 for 2008.

Strategy

In 2001, I gave a vision statement to the board of directors when I was a candidate for the director's position. Much has changed in the past seven years. In leadership, change is often described as either first-order change or second-order change.

I like to think that our strategy of doing business slightly different than others has kept us ahead. I have combined first-order change and second-order change since 2002 in making the Free Will Baptist denomination and Randall House a publisher that makes our churches proud of who we are within the body of Christ

From first order change to second order change, we are making headway in producing new products and creating more resources for churches and families. We are giving away products, investing in a conference, and showing parents how to reconnect to their kids. Why are we doing this? Parents and Churches. We are attracting the attention of parents and churches in ways that we have never done.

What is D6? (D6 is not a conference or curriculum)

D6 is a principle of Scripture from Deuteronomy 6:5-7. Our goal at Randall House is to help you strengthen the partnership between church and home. Churches need to reach into the home every day and the home needs to step up and be a leader in the church.

We come to work each day to make that goal a reality – tools to help you do this:

- D6 Curriculum
- D6 Devotional Magazines
- Parenting Books (Coming this summer and fall)
- D6 Conference (Sept 23, 24, 25, 2009) Dallas TX

Specific Growth areas for 2009 and beyond

Rebranding CLEAR to D6 Curriculum – The rebranding of the curriculum is a customer driven initiative combined with the fact that the whole family (Deuteronomy 6) is the single biggest growing phenomenon in church movements today.

Splink – Splink is one of the products that we are giving away. We are paying for the content, the editing, and the design of this program and yet from its inception never expected one dollar for this specific service. We are living in a viral or digital world. When people spot items of value for free, the word spreads when it is available on the web or Internet. When people come to check them out, they are introduced to Randall House. They see our main message is for families and they see our products. The purchases of the products

are growing as a result of this free service. The truth is many new purchases cannot be specifically tracked on a spreadsheet but do appear in the total bottom line.

607 – What Splink is to families, 607 is to churches. 607 is a new program that will come online in the fall at the D6 Conference. 607 is based on (you guessed it) Deuteronomy 6:07. This program helps churches help families put it all together. It provides the church with a totally planned family worship service intended for once a month. This is an intentional time where everyone in the family will be in the sanctuary or auditorium for a family lesson and connection. 607 is a family worship service that equips parents. This time will highlight what dads and moms can be doing in the home by showing them easy to use methods of connecting with their kids during the week.

The Brink – The Brink is our new young adult line of the D6 Curriculum. It will fit the gap between *Horizon* and *Fusion*. This has been tested, refined and will launch in September. *The Brink* combines online and print to give the young adult the experience they have come to expect in the delivery of most of their content everyday.

Elements (Children's Church delivered online) Since I have been at Randall House the three most requested items are a VBS, a mid-week program like an AWANA, and a children's church program. At this stage, I do not see us doing a traditional VBS because of high costs and a one time sales window. But we have examined multiple ways to accomplish the children's church and mid-week programs.

We will deliver the children's church product digitally. This will reduce some costs, and it will eliminate the need to inventory or face any obsolescence. The delivery system will allow a church to subscribe at an affordable price point. Elements will be designed for any size church to take advantage of the features. Some churches will use all features and some will use part of them.

D6 Conference – The results and benefits of the D6 Conference continues to produce new accounts for Randall House which helps offset the loss of accounts by the wholesale side of our business. Randall House is establishing a creditable identity that makes people more likely to use our products and purchase books we imprint. It is opening up a whole new set of contacts for potential authors, endorsements, and collaboration.

This is one of the biggest steps of faith that our team has ever attempted and so far God is rewarding the effort. While the dollars are large, we are paying for most of the items as we go knowing that a significant amount is due at the event itself. This event appears to be a good investment for the returns we are receiving and expect to receive.

Summary

As you can see, we are doing more than ever. I believe that Randall House is making more progress than ever in its history by meeting the needs that churches have requested. More is being accomplished with less. In this very difficult financial time, we are being good stewards not by crawling into a hole but by continuing to develop the best family and church products on the market today. The D6 Conference has a greater impact than three days in Dallas; it can change the landscape of churches and homes. The D6 Conference can also make Randall House a viable long-term provider of products for churches like we have never witnessed.

Imagining Great Things,



Ron Hunter Jr.,
Executive Director & CEO

Independent Auditors' Report

Terry A. Hill
(615) 417-7414
Ernest R. Harper
(615) 417-6358

The Board of Directors
Randall House Publications of the National
Association of Free Will Baptists, Inc.

761 Old Hickory Boulevard
Brentwood, TN 37027
TEL: 615/377-3485
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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, 2008 and 2007 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 Randall House'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, 2008 and 2007, 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 9, 2009

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

Balance Sheets

December 31, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 47,118	214,747
Cash invested with the Free Will Baptist Foundation	259,807	248,501
Total cash and cash equivalents	<u>306,925</u>	<u>463,248</u>
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$10,000 in 2008 and 2007	156,831	200,773
Employees and other	-	600
Total receivables	<u>156,831</u>	<u>201,373</u>
Inventory	439,480	293,649
Deferred charges and prepaid expenses	134,986	70,507
Total current assets	<u>1,038,222</u>	<u>1,028,777</u>
Property, plant and equipment, at cost:	110,341	110,341
Land	931,786	878,649
Building	1,015,688	1,001,832
Printing service equipment	258,270	225,605
Office and administrative equipment	101,391	84,445
Automobiles and trucks	2,417,476	2,300,872
	1,620,255	1,490,949
Less accumulated depreciation and amortization	797,221	809,923
Net property, plant and equipment	<u>\$ 1,835,443</u>	<u>1,838,700</u>
Liabilities and Net Assets		
Current liabilities:	\$ 130,461	118,241
Accounts payable	109,368	103,271
Current portion of long term debt	22,264	-
Deferred revenues	69,907	65,949
Accrued expenses	332,000	287,461
Total current liabilities	<u>103,561</u>	<u>212,855</u>
Long term debt	435,561	500,316
Total liabilities	<u>1,399,882</u>	<u>1,338,384</u>
Unrestricted net assets	<u>\$ 1,835,443</u>	<u>1,838,700</u>
Commitments		

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, 2008 and 2007

	2008	2007
Revenues:		
Net sales:		
Curriculum, books, hymnals and related merchandise	\$ 3,232,460	3,248,322
Bookstore, including operations of Free Will Baptist Bible College	211,528	311,523
Printing	309,947	284,146
Net sales	<u>3,753,935</u>	<u>3,843,991</u>
Freight and handling	142,813	134,422
Other income	55,884	59,486
Denominational Ministries	19,757	17,176
Interest income	11,306	11,975
Gain on sale of assets	6,294	-
Total revenues	<u>3,989,989</u>	<u>4,067,050</u>
Expenses:		
Cost of sales:		
Inventory at beginning of year		
Merchandise purchases	293,649	436,991
Depreciation	241,217	206,643
Editorial	61,083	60,732
Design	422,564	456,034
Digital	305,090	276,682
Printing production	96,117	89,535
	<u>1,106,592</u>	<u>1,045,769</u>
Less inventory at end of year	2,526,312	2,572,386
Total cost of sales	<u>439,480</u>	<u>293,649</u>
Selling, general and administrative:	<u>2,086,832</u>	<u>2,278,737</u>
Administrative / Accounting	370,139	349,951
Bookstore, including operations of Free Will Baptist Bible College	142,768	225,429
Sales / Marketing	616,516	561,186
Building	152,271	126,089
Shipping	306,126	254,741
Denominational Ministries	23,592	32,884
One Magazine	44,163	44,163
General	118,427	99,710
Depreciation	68,223	62,851
Interest expense, including finance charges	16,095	22,037
Total selling, general and administrative expenses	<u>1,858,320</u>	<u>1,779,041</u>
Total expenses	<u>3,945,152</u>	<u>4,057,778</u>
Increase in net assets from operations	<u>44,837</u>	<u>9,272</u>
Other income (expense):		
Youth department	28,661	1,502
Printing contributed to the denomination	(12,000)	(12,000)
Net other expenses	<u>16,661</u>	<u>(10,498)</u>
Increase (decrease) in net assets	<u>61,498</u>	<u>(1,226)</u>
Net assets, beginning of year	<u>1,338,384</u>	<u>1,339,610</u>
Net assets, end of year	<u>\$ 1,399,882</u>	<u>\$ 1,338,384</u>

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, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 61,498	(1,226)
Adjustments to reconcile increase (decrease) in net assets to net operating activities:		
Depreciation and amortization	129,306	123,583
(Increase) decrease in:		
Receivables	44,542	(105,442)
Inventories	(145,831)	143,342
Deferred charges and prepaid expenses	(64,479)	(8,443)
Increase (decrease) in:		
Accounts payable	12,220	(36,529)
Deferred revenues	22,264	-
Accrued expenses	3,958	17,702
	<u>63,478</u>	<u>132,987</u>
Net operating activities		
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(116,605)	(19,090)
Net investing activities	<u>(116,605)</u>	<u>(19,090)</u>
Cash Flows from Financing Activities		
Repayments of long term debt	(103,196)	(97,154)
Net financing activities	<u>(103,196)</u>	<u>(97,154)</u>
Increase (decrease) in cash and cash equivalents	<u>463,248</u>	<u>446,505</u>
Cash at beginning of year	<u>\$ 306,925</u>	<u>463,248</u>
Cash at end of year		
Cash and cash equivalents, as reported on the balance sheet, as follows:		
Cash and interest bearing deposits	\$ 47,118	214,747
Cash invested with the Free Will Baptist Foundation	259,807	248,501
	<u>\$ 306,925</u>	<u>463,248</u>
Supplemental disclosures:		
Interest paid	\$ 16,095	22,037

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, 2008 and 2007

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, 2008 and 2007 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 \$71,924 and \$54,433 in 2008 and 2007, 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 \$259,807 and \$248,501, as of December 31, 2008 and 2007, respectively, are subject to risk of accounting loss. Cash held in a local bank are insured by the FDIC up to a maximum of \$250,000.

(3) **Inventory**

Inventory consists of the following:

	2008	2007
Finished curriculum	\$ 105,503	\$ 60,742
Work in progress	150,449	113,126
Printing raw materials	63,685	47,122
Hymnals (see note 5)	34,418	11,401
Warehoused other books and merchandise	\$ 177,425	163,758
Less allowance for loss	92,000	102,500
	<u>\$ 439,480</u>	<u>\$ 293,649</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.

\$ 118,694 * 178,999

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.

42,211 * 69,218

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.

52,024 * 67,909

212,929 316,126

Total long-term debt

109,368 103,271

Current portion of long-term debt

\$ 103,561 212,855

* Each of these notes were refinanced at 4.5% by Free Will Baptist Foundation in March 2009.

Maturities of long-term debt is as follows:

	2009	2010	2011	Total
	\$ 109,368	87,101	16,460	212,929

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, 2008 and 2007.

**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:

	2008	2007
Revenue from conferences and related services	\$ 202,190	167,301
Expenditures for conferences and related services	132,756	125,937
General and administrative expenses	40,773	39,862
Total expenditures	173,529	165,799
Excess of revenues over expenses	\$ 28,661	1,502

(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 \$53,315 in 2008 and \$52,256 in 2007. 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 has an agreement to pay the Executive Office of the National Association of Free Will Baptists, Inc. \$2.45 for each hymnal sold. Expenses relating to these hymnal sales amounted to \$14,223 and \$12,284, respectively in 2008 and 2007. Further, Randall House had a liability relating to these payments of \$1,008 and \$2,681 as of December 31, 2008 and 2007, respectively.

Free Will Baptist Bible College

Randall House operates Free Will Baptist Bible College's bookstore, campus store and snacks. Results of operations are as follows:

	2008	2007
Revenues	\$ 92,305	96,002
Operating expenses, including merchandise purchased, salaries and other operating costs	93,036	95,133
Results of operations	\$ (731)	869

One Magazine

One Magazine is the combined publication of certain Free Will Baptist agencies and organizations, and is funded by contributions from each of those respective agencies and organizations. Randall House provided \$44,163 in 2008 and 2007 as their share of the funding requirement. Further, Randall House prints and provides mailing services for One Magazine, and reported revenues of \$274,900 in 2008 and \$232,424 in 2007 for these services.

Free Will Baptist Foundation

Randall House maintains interest bearing accounts with Free Will Baptist Foundation amounting to \$259,807 in 2008 and \$248,501 in 2007. Further, Randall House has indebtedness to Free Will Baptist Foundation amounting to \$52,024 and \$67,909 at December 31, 2008 and 2007, respectively (see note 4).

(7) D6 Conference and Deferred Revenue

The D6 Conference, scheduled for September 2009, is designed to assist churches to reconnect families to their children spiritually. Registrations in the amount of \$22,264 have been received during 2008 and recorded as deferred revenues; costs have been incurred during 2008 amounting to \$67,182 which are included in prepaid expenses. Minimum expenses are anticipated to approximate \$250,000. Randall House expects between 2,000 and 3,000 registrants. Considering the current economy, an uncertainty exists as to whether revenues will offset expenditures. A shortfall of revenues to expenses could have a material negative effect on operations for 2009.

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
REVENUES				
Sales - Curriculum	3,750,000	3,915,000	3,890,000	3,482,432
Sales - RHP	750,100	415,600	325,600	424,980
Sales - Miscellaneous	105,700	105,300	99,700	72,291
Printing Sales	350,000	295,000	275,000	309,947
Freight and Handling Income	150,000	140,000	140,000	142,813
Sales/Merchandise	125,000	175,000	290,000	119,222
Denominational Ministries	10,000	20,000	30,000	19,757
Sales - FWBBC Bookstore	104,000	111,000	118,700	92,305
300.75 - POS Discounts Given	-680,000	-730,000	-700,000	-673,759
TOTAL REVENUES	4,664,800	4,446,900	4,469,000	3,989,988
EXPENSES				
Costs of Outside Purchases - RHP	201,150	201,250	188,250	15,248
Costs of Outside Purchases - Bookstore	83,600	105,000	176,250	80,138
Design Department	327,000	315,750	301,726	305,090
Editorial Department	476,000	532,500	482,583	422,564
Digital Department	73,700	115,000	107,073	96,117
Printing Production	1,094,100	1,124,000	1,090,680	1,106,592
Depreciation	60,000	60,000	60,000	61,083
TOTAL COST OF SALES	2,315,550	2,453,500	2,406,562	2,086,832
GENERAL EXPENSES				
Sales/Marketing Department	931,000	606,000	556,512	616,516
Book Division	61,200	59,500	159,462	49,732
Administration	386,000	386,000	385,261	370,139
Distribution	350,200	313,450	283,884	306,126
FWBBC Bookstore	99,550	103,600	116,110	93,036
Denominational Ministries	3,000	42,300	35,265	23,592
One Magazine	45,000	45,000	44,163	44,163
Building	142,300	139,400	148,021	152,271
General	201,500	196,000	192,000	202,744
TOTAL GENERAL EXPENSES	2,219,750	1,891,250	1,920,678	1,858,319
TOTAL EXPENSES	4,535,300	4,344,750	4,327,240	3,945,151
INCREASE/(DECREASE) IN ASSETS	129,500	102,150	141,760	44,837
OTHER INCOME (EXPENSE)				
Printing Contributed to Denomination	-12,000	-12,000	-12,000	-12,000
SCM Department	2,720	9,250	-7,033	28,661
TOTAL OTHER EXPENSES	-9,280	-2,750	-19,033	16,661
INCREASE/(DECREASE) IN ASSETS	120,220	99,400	122,727	61,498
REVENUES				
SALES - CURRICULUM	3,600,000	3,790,000	3,790,000	3,437,326
300.02 - Curriculum Sales - SS	50,000	75,000	75,000	0
300.06 - Non-Dated Curriculum Digital	100,000	50,000	25,000	45,106
300.06 - Non-Dated Curriculum Sales	3,750,000	3,915,000	3,890,000	3,482,432
TOTAL CURRICULUM SALES	3,750,000	3,915,000	3,890,000	3,482,432
SALES - RHP				
300.05 - Merchandise - RHP	4,000	4,000	2,000	3,484
300.08 - Helps & Supplies	25,000	30,000	30,000	22,336
300.10 - Helps & Supplies - Spanish	100	100	100	0
300.12 - Competitive Activities Sales	20,000	20,000	20,000	17,856
300.14 - Children's Church Sales	500	500	500	0
300.16 - Spanish Book Sales	500	1,000	1,000	156
300.18 - Randall House Book Sales	300,000	260,000	152,000	292,224
300.20 - Rejoice Hymnal Sales	75,000	80,000	90,000	73,784
300.21 - Rejoice Worship Hymnal Sales	0	0	10,000	0
300.22 - National Sales	15,000	20,000	20,000	13,948
300.26 - D6 Merchandise	10,000	0	0	1,193
300.28 - D6 Registration	300,000	0	0	0
TOTAL SALES - RHP	750,100	415,600	325,600	424,980

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
FWBBC BOOKSTORE SALES				
320.40 - FWBBC - Textbooks	85,000	90,000	97,000	77,480
320.42 - FWBBC - Snacks/School Supplies	13,000	13,000	13,000	11,362
320.44 - FWBBC - Apparel	1,000	3,000	3,000	0
320.46 - FWBBC - Athletic Apparel	500	500	1,200	193
320.48 - FWBBC - Bibles/Books/Gifts	4,500	4,500	4,500	3,270
TOTAL FWBBC BOOKSTORE SALES	104,000	111,000	118,700	92,305
SALES - MISCELLANEOUS				
300.30 - Bulletin Service	200	200	200	198
300.34 - Bookstore	500	0	1,200	95
300.36 - Video/Audio	200	0	0	0
300.42 - Interest Income	12,000	12,000	8,000	11,306
300.46 - Service Charges	3,500	3,000	2,000	3,187
300.48 - Recreation Fund	1,000	750	750	922
300.50 - Miscellaneous Income	15,000	15,000	15,000	11,318
300.51 - Commission Income - LTNG	6,000	6,000	5,000	4,783
300.52 - Commission Income - Signs	1,000	750	750	981
300.53 - Commission Income - JM Stewart	500	0	1,200	0
300.56 - Commission Income - Cathedral	35,000	32,000	30,000	33,227
300.59 - Commission Income - CPN	200	5,000	5,000	0
300.60 - Disposal of Assets	0	0	0	6,294
300.76 - SCM Overhead Allocations	30,600	30,600	30,600	0
GIFT CERTIFICATES OUTSTANDING	0	0	0	-20
TOTAL MISCELLANEOUS SALES	105,700	105,300	99,700	72,291
COST OF OUTSIDE PURCHASES - RHP				
310.02 - COG - Curriculum / SS	25,000	25,000	50,000	41,275
310.05 - COG - RHP Merchandise	2,000	2,000	2,000	1,896
310.06 - COG - Curriculum CTS	25,000	2,000	0	-5,858
310.08 - COG - SS/CTS Helps & Supplies	10,000	7,000	7,000	9,768
310.12 - COG - Competitive Activities	5,000	7,500	7,500	5,491
310.14 - COG - Children's Church	500	500	500	0
310.16 - COG - Spanish Books	200	500	500	74
310.18 - COG - RHP Books	80,000	90,000	50,000	75,236
310.19 - COG - RHP Electronic Book	0	0	0	0
310.20 - COG - Rejoice Hymnals	40,000	50,000	55,000	35,102
310.21 - COG - Rejoice Workshop Hymnals	250	250	250	0
310.22 - COG - National Merch	10,000	10,000	10,000	7,005
310.28 - COG - Campaign	0	0	0	2
310.30 - COG - Bulletins	0	0	0	119
310.32 - COG - VBS	0	0	0	68
310.34 - COG - Bookstore	200	500	500	57
310.45 - COG - Supplies	0	0	0	-12,000
310.60 - COG RHP Change in Inventory	0	0	0	-95,331
313.00 - Freight in RHP	3,000	3,000	2,000	3,233
625 - Coupons Redeemed	0	3,000	3,000	0
722 - Shrinkage	0	0	0	-10,828
310 - Cost of Sales - RHP - Other	0	0	0	-40,060
TOTAL COST OF OUTSIDE PURCHASES - RHP	201,150	201,250	188,250	15,248
COST OF OUTSIDE PURCHASES - BOOKSTORE				
315.05 - COG - Bibles	3,000	10,000	15,000	3,052
315.10 - COG - Books	20,000	25,000	50,000	20,744
315.15 - COG - Cards	100	0	2,000	139
315.20 - COG - Church Supplies	8,000	5,000	10,000	7,561
315.25 - COG - Curriculum VBS	20,000	28,000	28,000	17,095
315.30 - COG - Curriculum / SS	20,000	25,000	40,000	19,863
315.35 - COG - Gifts	2,000	2,000	12,000	1,760
315.40 - COG - Jewelry	0	0	500	0
315.45 - COG - Miscellaneous	1,000	0	3,500	987
315.50 - COG - Music	4,500	3,000	4,500	4,400
315.60 - COG - Video	500	1,000	750	26
318.00 - Freight in Bookstore	4,500	6,000	10,000	4,512
TOTAL COST OF OUTSIDE PURCHASES - BKSTR	83,600	105,000	176,250	80,138
PRINTING PRODUCTION				
350.02 - PP - Salaries	243,000	275,000	263,080	278,190
350.04 - PP - Travel Expense	0	1,000	1,000	0
350.06 - PP - Supplies	3,000	1,000	1,000	2,839
350.07 - PP - Equipment Maint.	1,000	1,000	1,000	0
350.12 - PP - Dues & Subscriptions	1,000	1,000	1,000	1,234

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
350.16 - PP - Entertainment	100	0	100	0
350.18 - Outside Printing	310,000	320,000	320,000	325,160
350.19 - Outside Bindery	60,000	60,000	60,000	55,248
350.26 - PP - FICA	18,500	21,000	20,000	18,151
350.29 - PP - Retirement	9,000	12,000	12,000	10,774
350.32 - PP - Insurance	26,000	27,000	21,000	20,925
350.34 - Pressroom Supplies	16,000	17,000	18,000	16,491
350.36 - Pressroom Maintenance	15,000	15,000	10,000	8,798
350.38 - Pressroom Parts	10,000	15,000	15,000	8,143
350.40 - Pressroom Stock	195,000	195,000	195,000	200,170
350.42 - Pressroom Ink	12,000	12,000	12,000	10,751
350.44 - Bindery Supplies	1,000	1,000	2,500	171
350.46 - Bindery Maintenance	4,000	2,500	3,500	5,312
350.48 - Bindery Parts	1,000	1,000	1,500	385
350.50 - CTP Supplies	7,500	5,500	5,500	7,249
350.52 - Proofing Supplies	5,500	3,000	0	5,762
350.54 - CTP Maintenance	6,000	12,000	12,000	0
350.56 - Camera Parts	0	0	0	261
350.60 - Stripping / Masking Supplies	0	0	0	229
350.62 - Plates	75,000	75,000	65,000	84,023
350.88 - Outside Purchases - Ess Packs	50,000	50,000	50,000	46,324
350.89 - Digital Press Maintenance	24,000	0	0	0
350.90 - PP - Miscellaneous	500	1,000	500	0
TOTAL PRINTING PRODUCTION	1,094,100	1,124,000	1,090,680	1,106,592
EDITORIAL				
360.02 - CS - Salaries	245,000	270,000	227,115	234,858
360.03 - CS - Housing Allowance	29,000	29,000	43,747	28,126
360.04 - CS - Travel	2,000	2,000	2,000	2,889
360.06 - CS - Supplies	2,000	2,000	2,000	1,606
360.07 - CS - Equipment Maintenance	1,000	1,000	500	754
360.10 - CS - Conventions & Seminars	2,000	4,500	2,000	1,947
360.11 - Software Supply	500	1,000	1,000	0
360.12 - CS - Dues & Subscriptions	2,000	3,000	1,000	727
360.16 - CS - Entertainment	1,000	1,000	0	1,118
360.20 - CS - Postage	0	0	500	0
360.26 - CS - FICA	18,000	17,000	20,721	15,327
360.29 - CS - Retirement	10,000	11,000	10,000	10,983
360.32 - CS - Insurance	34,000	40,000	37,000	34,239
360.34 - Curriculum Development	25,000	25,000	30,000	392
360.35 - Product Improvement	2,000	2,000	0	580
360.36 - Writer's Fees	80,000	100,000	95,000	73,746
360.37 - Register of Copyrights	5,000	8,000	4,000	3,735
360.88 - Outside Editing/Proofing	15,000	15,000	5,000	9,146
360.89 - Extra 12	500	0	0	0
360.90 - CS - Miscellaneous	2,000	1,000	1,000	2,393
TOTAL EDITORIAL	476,000	532,500	482,583	422,564
ADMINISTRATION/ACCOUNTING				
400.02 - AD/AC - Salaries	240,000	233,000	225,892	223,386
400.03 - AD/AC - Housing Allowance	32,000	31,000	29,808	29,400
400.04 - AD/AC - Travel Expense	33,000	33,000	24,000	26,393
400.06 - AD/AC - Supplies	7,000	8,000	8,000	5,888
400.07 - AD/AC - Equipment Maintenance	1,500	1,500	1,000	2,245
400.10 - AD/AC - Conventions & Seminars	2,000	2,500	1,000	539
400.12 - AD/AC - Dues & Subscriptions	1,000	1,000	1,000	1,295
400.16 - AD/AC - Entertainment	5,000	3,500	3,000	5,126
400.23 - AD/AC - Telephone	4,500	4,500	4,500	3,877
400.26 - AD/AC - FICA	14,000	14,000	19,561	14,577
400.29 - AD/AC - Retirement	13,000	13,000	12,000	12,104
400.32 - AD/AC - Insurance	27,000	36,000	35,000	31,623
400.70 - AD/AC - Automobile Expense	5,000	4,000	5,500	4,818
400.88 - Contract Labor	0	0	15,000	0
400.89 - Extra 14	0	0	0	-435
400.90 - AD/AC - Miscellaneous	1,000	1,000	0	9,301
TOTAL ADMIN/ACCOUNTING	386,000	386,000	385,261	370,139
SALES/MARKETING				
410.02 - Sales/Mkt - Salaries	267,500	275,000	271,261	267,275
410.03 - Sales/Mkt - Housing Allowance	22,000	15,000	0	20,340
410.04 - Sales/Mkt - Travel Expense	25,000	21,500	8,000	25,510
410.05 - Sales/Mkt - In House Printing	0	6,000	6,000	0

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
410.06 - Sales/Mkt - Supplies	8,000	3,000	3,000	8,127
410.07 - Sales/Mkt - Equipment Maint	3,000	0	0	3,409
410.08 - Sales/Mkt - Equipment Rental	0	0	0	-173
410.10 - Royalty Payments	25,000	18,000	15,000	31,210
410.11 - Sales/ - Conventions & Seminars	2,000	3,000	4,000	1,361
410.12 - Sales/Mk - Dues & Subscriptions	1,000	2,000	1,500	882
410.15 - National Expense	30,000	30,000	25,000	29,233
410.20 - Sales/Mkt - Postage	2,500	0	0	3,059
410.23 - Sales/Mkt - Telephone	15,000	15,000	12,000	13,876
410.26 - Sales/Mkt - FICA	22,000	20,000	20,751	17,097
410.29 - Sales/Mkt - Retirement	9,500	6,000	7,500	7,265
410.32 - Sales/Mkt - Insurance	35,000	48,000	41,000	36,579
410.34 - Sales/Mkt - Advertising	80,000	100,000	100,000	71,924
410.36 - Sales/Mkt - Promotion	80,000	40,000	30,000	75,281
410.88 - Sales/Mkt - Entertainment	3,000	3,000	1,000	3,872
410.89 - Sales/Mkt - D6 Conference Expense	300,000	0	10,000	0
410.90 - Sales/Mkt - Miscellaneous	500	500	500	386
TOTAL SALES/MARKETING	931,000	606,000	556,512	616,516
BOOK DIVISION ('06 & '07 BOOKSTORE)				
425.02 - RB - Salaries	44,000	38,000		37,875
425.04 - RB - Travel Expense	2,000	3,000		196
425.06 - RB - Supplies	1,000	2,500		166
425.07 - RB - Equipment Maintenance	500	500		146
425.10 - RB - Conventions & Seminars	1,000	1,000		0
425.12 - RB - Dues & Subscriptions	500	1,000		242
425.26 - RB - FICA	3,500	3,000		2,471
425.29 - RB - Retirement	2,200	2,000		3,019
425.32 - RB - Insurance	4,000	6,000		4,833
425.66 - Workshops Expense	1,000	1,000		0
425.88 - RB - Entertainment	1,000	1,000		784
425.90 - RB - Miscellaneous	500	500		0
425 - RHP Book Division - Other	0		159,462	0
TOTAL BOOK DIVISION	61,200	59,500	159,462	49,732
DESIGN				
420.02 - Design - Salaries	202,500	195,000	154,413	187,096
420.04 - Design - Travel Expense	1,000	2,500	1,000	0
420.05 - Design - In House Printing	0	0	0	0
420.06 - Design - Supplies	3,000	3,000	4,000	2,097
420.07 - Design - Equipment Maintenance	1,000	2,000	2,000	244
420.10 - Design - Conventions & Seminars	1,000	2,000	2,500	0
420.12 - Design - Dues & Subscriptions	500	1,000	1,000	196
420.14 - Art Services	65,000	50,000	90,000	66,926
420.16 - Design - Entertainment	2,000	1,000	1,000	1,515
420.23 - Design - Telephone	0	0	500	0
420.26 - Design - FICA	15,500	15,000	11,813	11,959
420.29 - Design - Retirement	7,500	5,750	3,750	5,375
420.32 - Design - Insurance	27,500	38,000	29,500	29,562
420.90 - Design - Miscellaneous	500	500	250	120
TOTAL DESIGN	327,000	315,750	301,726	305,090
DISTRIBUTION				
430.02 - DC - Salaries	140,000	98,000	83,218	102,330
430.06 - DC - Supplies	21,000	24,000	21,000	20,068
430.07 - DC - Equipment Maintenance	2,000	2,000	2,000	2,974
430.08 - DC - Equipment Rental	7,500	12,000	13,000	5,456
430.09 - DC - Software Fees and Services	1,200	1,200	0	1,179
430.12 - DC - Dues & Subscriptions	500	0	0	350
430.16 - DC - Entertainment	750	750	0	154
430.20 - DC - Postage	23,000	22,000	25,000	22,468
430.26 - DC - FICA	11,000	7,500	6,366	6,679
430.29 - DC - Retirement	5,500	3,500	3,000	239
430.32 - DC - Insurance	22,500	27,000	15,000	23,917
430.34 - DC - Advertising	0	0	0	2,479
430.40 - DC - Freight Expense	115,000	115,000	115,000	117,831
430.90 - DC - Miscellaneous	250	500	300	0
TOTAL DISTRIBUTION	350,200	313,450	283,884	306,126
DIGITAL				
435.02 - Digital - Salaries	42,000	55,500	45,000	46,184
435.03 - Digital - Housing Allowance	0	20,000	20,000	19,200

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
435.04 - Digital - Travel	1,000	1,000	2,000	1,339
435.06 - Digital - Supplies	2,500	1,000	1,000	2,654
435.07 - Digital - Equipment Maintenance	4,000	2,000	500	4,148
435.08 - Digital - Software Services	2,000	1,000	1,000	1,614
435.10 - Digital - Conventions/Seminars	1,000	1,000	1,000	573
435.12 - Digital - Dues & Subscriptions	500	500	500	259
435.16 - Digital - Entertainment	500	500	500	0
435.26 - Digital - FICA	3,200	500	4,973	3,011
435.29 - Digital - Retirement	0	3,000	3,000	2,843
435.32 - Digital - Insurance	4,000	16,000	14,600	14,292
435.36 - Digital-Contract Work	12,500	12,500	12,500	0
435.90 - Digital - Misc.	500	500	500	0
TOTAL DIGITAL DIVISION	73,700	115,000	107,073	96,117
BUILDING				
440.02 - PM - Salaries	19,000	18,000	22,500	26,835
440.04 - PM - Travel Expense	0	0	0	91
440.06 - PM - Supplies	7,500	7,500	8,000	6,532
440.07 - PM - Equipment Maintenance	5,000	6,000	4,500	8,264
440.08 - PM - Equipment Rental	0	1,000	0	0
440.23 - PM - Telephone	0	0	0	4,430
440.26 - PM - FICA	1,500	1,400	1,721	1,283
440.32 - PM - Insurance	0	0	0	47
440.34 - PM - Building Maintenance	25,000	25,000	30,000	23,656
440.40 - Utilities	55,000	50,000	50,000	52,851
440.45 - Building Insurance	29,000	30,000	31,000	28,281
440.90 - PM - Miscellaneous	300	500	300	0
TOTAL BUILDING	142,300	139,400	148,021	152,271
FWBBC BOOKSTORE				
460.02 - FWBBC - Salaries	17,500	20,000	23,000	16,600
460.04 - FWBBC - Travel Expense	1,000	1,000	1,000	1,013
460.05 - FWBBC - Building Rental	5,000	5,000	5,000	2,500
460.06 - FWBBC - Supplies	500	1,000	1,500	465
460.07 - FWBBC - Equipment Maintenance	0	250	250	0
460.08 - FWBBC - Equipment Rental	0	0	250	0
460.12 - FWBBC - Dues & Subscriptions	100	100	100	35
460.23 - FWBBC - Telephone	0	0	500	0
460.26 - FWBBC - FICA	1,200	1,500	1,760	1,083
460.40 - FWBBC - Textbooks	63,000	63,000	68,000	60,562
460.42 - FWBBC - Snacks/School Supplies	7,500	8,000	8,500	7,497
460.44 - FWBBC - Apparel	500	500	2,500	0
460.46 - FWBBC - Athletic Apparel	500	500	1,000	473
460.48 - FWBBC - Bibles/Books/Gifts	2,500	2,500	2,500	2,807
460.90 - FWBBC - Miscellaneous	250	250	250	0
TOTAL FWBBC BOOKSTORE	99,550	103,600	116,110	93,036
GENERAL EXPENSES				
490.06 - GE - Supplies	5,000	5,000	3,000	3,582
490.07 - GE - Equipment Maintenance	5,000	10,000	10,000	781
490.08 - GE - Equipment Rental	20,000	20,000	15,000	18,658
490.14 - Depreciation	75,000	63,000	63,000	68,223
490.15 - Interest Expense	15,000	22,000	25,000	16,095
490.18 - Bank Service Charges	10,000	10,000	12,000	10,777
490.20 - Insurance	0	0	0	232
490.25 - RHP - Board Expense	20,000	15,000	18,000	33,736
490.30 - Legal & Audit	15,000	15,000	15,000	13,209
490.35 - GE - Automobile Expense	2,500	3,000	3,000	1,846
490.40 - Bad Debts	1,000	1,000	1,000	0
490.45 - Recreation Fund Expense	12,000	10,000	6,000	11,746
490.50 - Taxes	9,000	9,000	8,000	8,299
490.55 - Payroll Services	7,000	8,000	8,000	7,919
490.90 - GE - Miscellaneous	5,000	5,000	5,000	7,641
TOTAL GENERAL EXPENSES	201,500	196,000	192,000	202,744
STUDENT/CHILDREN MINISTRIES INCOME				
300.62 - NYC 2009	0	100,000		1,813
300.63 - NYC Fees 2008	100,000		105,000	109,805
300.64 - Truth & Peace Fees - 2009	0	85,000		50
300.65 - Truth & Peace Fees 2008	90,000		72,000	79,853
300.66 - NYET Fees - 2009	0	7,500		320
300.67 - NYET Fees 2008	7,500		7,500	7,402

	2010 BUDGET	2009 BUDGET	2008 BUDGET	2008 ACTUAL
300.69 - NSCWC Fees 2008	0		5,000	0
300.70 - Youth Collections	2,000	2,000		2,371
300.73 - Extra 27	0	0		576
TOTAL SCM INCOME	199,500	194,500	189,500	202,190
STUDENT/CHILDREN MINISTRIES EXPENSES				
450.02 - YD - Salaries	20,000	15,000	19,000	26,102
450.03 - YD - Housing Allowance	6,000	6,000	3,000	5,400
450.04 - YD - Travel Expense	3,000	2,000	2,000	2,613
450.06 - YD - Supplies	1,000	1,000	1,000	680
450.07 - YD - Equipment Maint.	0	0	0	22
450.10 - YD - Conventions & Seminars	1,000	1,000	1,000	0
450.12 - YD - Dues & Subscriptions	500	500	500	173
450.16 - YD - Entertainment	500	500	500	322
450.26 - YD - FICA	1,530	500	1,683	1,708
450.29 - YD - Retirement	750	750	750	714
450.32 - YD - Insurance	3,500	3,500	3,100	3,040
450.34 - NYC Expense 2009	0	80,000	0	511
450.35 - YD - NYC 2008	85,000		80,000	64,575
450.36 - Truth & Peace - 2009	0	65,000		996
450.37 - YD - Truth & Peace 2008	65,000		65,000	56,578
450.38 - NYET 2009 Expense	0	8,000	0	0
450.39 - YD - NYET 2008	7,500		11,000	9,320
450.41 - NSCWC 2008	0		5,000	0
450.89 - Promotional Materials	1,000	1,000	2,500	0
450.90 - YD - Miscellaneous	500	500	500	776
TOTAL SCM EXPENSES	196,780	185,250	196,533	173,529
SCM INCREASE/(DECREASE)	2,720	9,250	-7,033	28,661
DENOMINATIONAL MINISTRIES INCOME				
9200 - Revenues Denom. Ministries - Other	10,000	20,000	30,000	19,757
TOTAL INCOME	10,000	20,000	30,000	19,757
EXPENSES				
445.65 - Yearbook Printing	12,000	12,000	12,000	12,000
445.66 - ONE Magazine	45,000	45,000	44,163	44,163
445.93 - Scholarships	3,000	3,000	3,000	0
445.96 - Conferences	0	33,000	32,265	23,592
TOTAL DEM MIN INCREASE/(DECREASE)	60,000	99,300	91,428	79,755
DEM MINISTRIES INCREASE/(DECREASE)	-50,000	-79,300	-61,428	-59,998

	2009 PROJECTED PACKAGE	2010 PROJECTED PACKAGE
EXECUTIVE DIRECTOR & CEO RONALD HUNTER, JR		
SALARY ***	\$47,953	\$49,392
HOUSING ALLOWANCE	\$32,927	\$33,915
CHRISTMAS BONUS	\$1,550	\$1,597
COMPENSATION TOTAL	\$82,430	\$84,903
INSURANCE	\$15,133	\$11,273
SOCIAL SECURITY	\$0	\$0
RETIREMENT	\$4,111	\$4,234
BENEFITS TOTAL	\$19,244	\$15,507
TOTAL PAY PACKAGE	\$101,674	\$100,410
*** Salary subject to change dependent on the performance of the company for the year.		
ASSISTANT DIRECTOR & COO CLARENCE LEWIS		
SALARY	\$69,336	\$71,416
HOUSING ALLOWANCE	\$0	\$0
CHRISTMAS BONUS	\$1,040	\$1,071
COMPENSATION TOTAL	\$70,376	\$72,487
INSURANCE	\$10,612	\$7,888
SOCIAL SECURITY	\$5,384	\$5,545
RETIREMENT	\$3,519	\$3,624
BENEFITS TOTAL	\$19,515	\$17,058
TOTAL PAY PACKAGE	\$89,891	\$89,545

Summary of the Minutes For the Randall House Publications Board 2008-2009

The Board had three regular meetings and two phone conferences in the past year. The first meeting was held at the National Association July 23, 2008 in Charleston, WV. At that meeting we elected officers and determined committees.

The second meeting was held at Randall House December 10-11, 2008 after the National Leadership Conference. At that meeting, two new board members were welcomed. We approved board members attending the D6 Conference September 23-25, 2009 in Dallas, Texas. We approved the speakers for the Youth Worship Services for NYC 2009 and approved the 2010 NYC Theme. We approved five curriculum writers. We approved a policy that would allow board members and employees to publish non-dated materials for Randall House. We voted to allow a "Casual Fridays" dress code.

The first phone conference was held February 19, 2009. At that meeting we accepted the resignation of our board chairman.

The second phone conference was held March 5, 2009. At that meeting we approved a Randall House Conflict of Interest Statement and discussed a D6 speaker.

The third meeting was held April 27-28, 2009 at Randall House. At that meeting, received reports from the editors on new products and the digital division, accepted the 2008 audit and approved the 2010 budget. The Board Members and the Executive Director accepted and signed the Conflict of Interest Statement.



Home Missions North America Report 2008

Dear Friends of Home Missions,

This year was financially challenging for Home Missions. Since our department had begun downsizing in staff and operational expenses for several years, we did close the year at "break even" with no missionary deficit accounts. Our financial support remains strong and consistent. We thank our Father for faithful and loyal supporters of our soul winning efforts.

Church Planters Appointed

Danny and Dawn Elliott, Quebec City, Canada
 Brian and Emily Williams, Buffalo, New York
 Barry and Jessica Long, Denver, Colorado

Missions Became Self-Supporting 2008

Shane and Lupita Wilson, Johnson City, Tennessee
 Jarvis and Kelly Reed, Conroe, Texas
 Chad and Paula Kivette, Grand Junction, Colorado
 Dr. Thomas Marberry stepped down as President of the Seminary of the Cross in Reynosa, Mexico

Cross Cultural Ministries

Thank you, Free Will Baptists, for your enthusiastic support of our efforts to share the gospel with many ethnic groups in ten states across America. Home Missions North America has the vision to disciple and plant churches among the many diverse groups in our great cities. We are asking God to raise up missionaries to extend our witness to the some five hundred ethnic groups representing more than six hundred languages within our borders. The field is "white unto harvest."

Missionary Chaplains

The ministry to the military is expanding rapidly. Home Missions is endorsing chaplains for the United States Army, Air Force, Navy, National Guard and Reserve Forces. We are giving approval for chaplains serving in prisons, hospitals, Police, Fire Departments, Hospice and various other care institutions. Literally thousands of lives are touched and changed for Christ by these ministries.

Mexico Ministries

Thank you, Free Will Baptist pastors and lay persons, for your partnership efforts in the states of Mexico. Many groups have been involved in building church facilities and improving our seminary facilities in Altamira and Reynosa. Thank you for continued financial giving to our seminaries for operational expenses and scholarship funds for ministerial students. We are blessed to have so many faithful and loyal Free Will Baptist pastors all across Mexico.

Church Extension Loan Fund

Free Will Baptists are building beautiful facilities while earning with investment funds. Investment loans help our church planters secure land and facilities in their efforts to connect with and win families to Christ. Our people invested approximately nine million dollars with CELF in 2008. Thank you for your continued support of the Church Extension Loan Fund.

Our missionaries continue to preach repentance and faith for salvation, and Christ, the only way to the Father.

Rev. Larry A. Powell
 General Director

Home Missions Department

Synopsis of Board Minutes

April 29, 2008

The Personnel Committee recommends to the National Home Mission Board that we hire Danny and Dawn Elliott as missionaries to Quebec City, Quebec, Canada.

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

A motion was made to give recognition and commendation to church planters who have brought their missions to self-supporting status, Randy Puckett, Roger Raper and Shane Wilson. M/S/C

M/S/C to accept report -- Rick Bowling, Director of Hispanic Ministry for National Home Missions.

December 8, 2008

The Personnel Committee recommends to the National Home Mission Board that we hire the following couples as missionaries to start Free Will Baptist churches in New York and Colorado.

Barry and Jessica Long, Denver, Colorado, will be a joint project with Georgia

Brian and Emily Williams, National Home Missionaries to Buffalo, New York.

M/S/C to accept Personnel Committee's recommendations.

Finance Committee Report

The Finance Committee recommends that we give approximately \$28,000.00 each to Tim McDaniel, Monroe, Louisiana, and Tommy Jones, Greensburg, Pennsylvania, from the Build My Church Endowment. M/S/C



BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2008 and 2007, 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, 2008 and 2007, 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 17, 2009

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, 2008 and 2007**

<u>ASSETS</u>		
	2008	2007
ASSETS		
Cash		
Investments	\$ 550,539	\$ 522,432
Investments in Church Extension Fund	4,463	12,310
Accounts receivable - related party	259,948	365,938
Inventory	403,764	122,270
Property & equipment, at cost less accumulated less accumulated depreciation of \$102,291 (\$77,866 in 2007)	27,674	31,088
	165,579	180,761
TOTAL ASSETS	\$ 1,411,967	\$ 1,234,799
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 6,670	\$ 9,295
Capital lease payable	8,006	11,126
Total Liabilities	14,676	20,421
COMMITMENTS		
NET ASSETS		
Unrestricted		
Operating	982,390	781,811
Board designated	343,255	343,255
Total Unrestricted	1,325,645	1,125,066
Temporarily Restricted	71,646	89,312
Total net assets	1,397,291	1,214,378
TOTAL LIABILITIES AND NET ASSETS	\$ 1,411,967	\$ 1,234,799

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

	2008	2007
UNRESTRICTED		
REVENUES		
Cooperative program	\$ 390,042	\$ 191,793
Designated contributions	800,377	682,490
Management fees - Note 4	192,000	183,600
Interest income	18,292	23,495
Dividend income	4	11
Gain (loss) on sale of property & equipment	-	2,422
Unrealized gain (loss) on value of investment	(7,851)	(8,589)
Net assets released from restrictions:		
Restrictions satisfied by payments	3,468,011	3,867,332
Total revenue	4,860,875	4,942,554
EXPENSES		
Administrative expenses	1,192,285	1,121,575
Missionary expenses	3,195,376	3,626,015
Missionary land & building	272,635	241,317
Total expenses	4,660,296	4,988,907
Increase (decrease) in unrestricted net assets	200,579	(46,353)
TEMPORARILY RESTRICTED		
REVENUES		
Cooperative program	922,174	978,534
Designated contributions	2,528,171	2,974,505
Net assets released from restrictions:		
Restrictions satisfied by payments	(3,195,376)	(3,626,015)
Missionary expenses	(272,635)	(241,317)
Missionary land & building		
Increase (decrease) in temporarily restricted net assets	(17,666)	85,707
Total increase (decrease) in net assets	182,913	39,354
Net assets - beginning of year	1,214,378	1,175,024
Net assets - end of year	\$ 1,397,291	\$ 1,214,378

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	\$ 182,913	\$ 39,354
Depreciation		
(Gain) loss on sale of property & equipment	24,425	24,125
(Gain) loss on value of investment	-	(2,422)
Changes in operating assets and liabilities:	7,851	8,589
(Increase) decrease in receivables		
(Increase) decrease in inventories	(281,494)	90,280
Increase (decrease) in accounts payable and accrued expenses	3,414	(13,799)
	(2,625)	1,562
Net Cash Provided (Used) By Operating Activities	(65,516)	147,689
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments		
Acquisition of investments	124,162	20,000
Proceeds from the sale of property & equipment	(18,176)	(21,657)
Purchases of property and equipment	-	4,000
	(9,243)	(44,637)
Net Cash Provided (Used) By Investing Activities	96,743	(42,294)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease payments made		
	(3,120)	(2,948)
Net Cash Provided (Used) by Financing Activities	(3,120)	(2,948)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	28,107	102,447
Cash and cash equivalents at beginning of years	522,432	419,985
Cash and cash equivalents at end of years	\$ 550,539	\$ 522,432
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 552	\$ 724

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, 2008 and 2007**

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 2008 or 2007.

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, 2008 and 2007.

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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, 2008 and 2007**

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.

**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, 2008 and 2007**

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2008	2007
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	61,161	61,161
Office furniture & equipment	101,709	92,466
	267,870	258,627
	(102,291)	(77,866)
Less: Accumulated depreciation	\$ 165,579	\$ 180,761
	<u>\$ 24,425</u>	<u>\$ 24,125</u>
Depreciation for the year		

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Missionaries	\$ 68,041	\$ 85,707
Church Extension Loan Fund	3,605	3,605
	<u>\$ 71,646</u>	<u>\$ 89,312</u>

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 \$192,000 (\$183,600 at December 31, 2007) 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 \$259,948 (\$365,938 at December 31, 2007). 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 \$403,764 (\$122,270 at December 31, 2007).

**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, 2008 and 2007**

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, 2007).

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 \$250,000 (\$100,000 in 2007). At December 31, 2008, the excess amount over the federally insured limit was \$300,539 (\$422,432 in 2007). 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 \$259,948 (\$365,938 in 2007) 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, 2008 and 2007**

9. INVESTMENTS

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

	December 31, 2008		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 144,684	\$ 4,463	\$ (140,221)

Investment return is summarized as follows:

Net realized and unrealized income (loss)	\$ (7,851)
---	------------

	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)
---	------------

This investment is on Level 1 in the fair value measurements as prescribed by SFAS 157. There are no items in Level 2 or Level 3 of the hierarchy.

Level 1 measurements are valued based on quoted market prices in active markets.

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 administrative employees with 5 or more years of service and 2% of gross salary for administrative employees with less than 5 years of service. The Board contributes 2% of gross salary for missionaries on their first mission project and 5% of gross salary for missionaries on their second and all subsequent mission projects. Pension expenses amounted to \$52,484 (\$58,347 in 2007). 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, 2008 and 2007**

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:

2009	
2010	\$ 3,672
2011	3,672
	<u>1,224</u>
Less amount representing interest	8,568
	<u>(562)</u>
Present value of net minimum lease payments	<u>\$ 8,006</u>

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

11. CORRECTION OF AN ERROR

While performing the audit it was discovered that the 2007 designated income for the Church Extension Loan Fund Build My Church program was included in the unrestricted revenues but the disbursement of these funds was included in the temporarily restricted expenses. This error is corrected on the 2008 report and the 2007 amounts have been restated accordingly. The net resulted is an \$85,707 increase in 2007 temporarily restricted net assets and an \$85,707 decrease in 2007 unrestricted net assets.

**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, 2008 and 2007**

	2008	2007
ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 318,527	\$ 368,896
Payroll taxes	12,831	14,748
Housing allowance and employee benefits	74,194	99,167
Retirement	8,499	11,885
Cost of literature	6,333	21,953
Promotion expense	158,108	65,852
Utilities	17,950	17,922
Office expense	34,237	31,362
Printing and postage	106,007	48,921
Rent expense	57,264	56,247
Professional fees	6,500	6,500
Auto and travel expense	182,312	165,338
Board meeting expense	13,875	14,784
Insurance expense	78,099	87,664
Telephone	3,451	3,300
Together Way Office	1,274	1,131
Scholarships	3,000	3,000
Flowers and gifts	2,950	2,876
Bank service charges	49	74
Miscellaneous	14,194	5,258
One magazine	67,654	69,848
Interest expense	552	724
Depreciation	24,425	24,125
Total administrative expenses	<u>1,192,285</u>	<u>1,121,575</u>
MISSIONARY EXPENSES		
Salary and wages	2,639,226	2,763,534
Retirement	43,985	46,462
Promotion expense	19,468	7,464
Printing and postage	105,171	115,164
Literature	78,472	86,360
Auto and travel expense	178,398	205,952
Insurance expense	40,166	45,577
Designated contributions	36,332	196,668
Miscellaneous other expense	54,158	158,834
Total missionary expenses	<u>3,195,376</u>	<u>3,626,015</u>
	<u>272,635</u>	<u>241,317</u>
MISSIONARY LAND & BUILDINGS		
Total Expenses	<u>\$ 4,660,296</u>	<u>\$ 4,988,907</u>

	2008	2009	2010
General Director: Larry Powell			
Salary	\$55,397.79	\$57,599.72	\$59,327.71
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$2,900.00	\$3,000.00	\$3,100.00
Retirement	\$3,669.89	\$3,752.98	\$3,866.39
Insurance*	\$13,500.00	\$14,500.00	\$15,500.00
TOTALS	\$93,467.68	\$96,852.70	\$99,794.10
Office car furnished			
Director of Missionary Assistance: Richard Atwood			
Salary	\$39,734.81	\$41,574.85	\$43,653.59
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$3,800.00	\$3,900.00	\$4,000.00
Retirement	\$3,066.74	\$3,126.34	\$3,262.68
Insurance*	\$17,000.00	\$18,000.00	\$19,000.00
TOTALS	\$85,201.55	\$88,201.19	\$91,516.27
Office car furnished			
Director of Church Growth/Development: David Crowe			
Salary	\$43,334.81	\$45,174.85	\$47,253.59
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,600.00	\$3,700.00	\$4,000.00
Retirement	\$3,066.74	\$3,126.34	\$3,262.68
Insurance*	\$17,000.00	\$18,000.00	\$19,000.00
TOTALS	\$85,001.55	\$88,001.19	\$91,516.27
Office car furnished			
Insurance: Travel, Life, Health, Dental			

	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Year 2008:						
Salaries/Housing	\$475,000.00	\$376,126.98	\$3,000,000.00	\$2,639,225.97	\$3,475,000.00	\$3,015,352.95
Personal Revivals	\$20,000.00	\$20,000.00			\$20,000.00	\$20,000.00
Retirement	\$15,000.00	\$8,499.44	\$50,000.00	\$43,984.64	\$65,000.00	\$52,484.08
Insurance	\$85,000.00	\$78,099.17	\$50,000.00	\$40,166.21	\$135,000.00	\$118,265.38
Health Spending	\$10,000.00	(\$3,406.31)			\$10,000.00	(\$3,406.31)
Auto and Travel	\$150,000.00	\$182,312.07	\$250,000.00	\$178,398.25	\$400,000.00	\$360,710.32
Postage	\$20,000.00	\$42,368.95	\$55,000.00	\$39,067.72	\$75,000.00	\$81,436.67
Printing	\$70,000.00	\$63,637.79	\$70,000.00	\$66,103.17	\$140,000.00	\$129,740.96
Promotion/Advertising	\$50,000.00	\$158,108.09	\$5,000.00	\$19,467.29	\$55,000.00	\$177,575.38
Office Supplies/Maintenance	\$20,000.00	\$34,788.63			\$20,000.00	\$34,788.63
Utilities	\$15,000.00	\$17,950.46			\$15,000.00	\$17,950.46
Board Expense	\$15,000.00	\$13,875.45			\$15,000.00	\$13,875.45
Literature	\$25,000.00	\$6,332.48			\$25,000.00	\$84,804.46
Rent	\$60,000.00	\$57,264.00	\$85,000.00	\$78,471.98	\$110,000.00	\$57,264.00
Phone and FAX	\$5,000.00	\$3,451.35			\$5,000.00	\$3,451.35
Depreciation	\$20,000.00	\$24,424.79			\$20,000.00	\$24,424.79
Payroll Taxes	\$12,000.00	\$10,398.80			\$12,000.00	\$10,398.80
Medicare Taxes	\$3,000.00	\$2,431.98			\$3,000.00	\$2,431.98
Legal and Audit	\$4,000.00	\$6,500.00			\$4,000.00	\$6,500.00
Together Way	\$2,000.00	\$1,273.56			\$2,000.00	\$1,273.56
Misc.	\$2,000.00	\$14,194.24	\$25,000.00	\$11,840.22	\$27,000.00	\$26,034.46
Scholarships	\$5,000.00	\$3,000.00			\$5,000.00	\$3,000.00
Flowers/Gifts	\$2,000.00				\$2,000.00	\$2,950.44
Misc. Receipts					\$2,000.00	\$2,950.44
Land/Building					\$10,000.00	\$37,361.97
Foreign Missions Exchange					\$300,000.00	\$272,635.04
ONE Magazine			\$6,000.00	\$37,361.97	\$10,000.00	\$272,635.04
Bank service charges			\$300,000.00	\$272,635.04	\$300,000.00	\$4,956.06
Copier Lease			\$15,000.00	\$4,956.06	\$15,000.00	\$67,654.08
TOTALS	\$1,089,000.00	\$1,196,107.54	\$3,911,000.00	\$3,431,678.52	\$5,000,000.00	\$4,627,786.06

2010 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
Auto and Travel	\$150,000.00	\$250,000.00	\$400,000.00
Postage	\$25,000.00	\$55,000.00	\$80,000.00
Printing	\$60,000.00	\$70,000.00	\$130,000.00
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
ONE Magazine	\$51,000.00		\$51,000.00
Utilities	\$15,000.00		\$15,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$15,000.00		\$15,000.00
Rent	\$60,000.00	\$90,000.00	\$105,000.00
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
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		\$225,500.00	\$225,500.00
FM Exchange		\$10,000.00	\$10,000.00
TOTALS	\$1,126,500.00	\$3,873,500.00	\$5,000,000.00

2010 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		\$65,000.00
Insurance	\$80,000.00	\$55,000.00	\$125,000.00
Health Spending	\$10,000.00	\$45,000.00	\$10,000.00
Auto and Travel	\$150,000.00		\$400,000.00
Postage	\$25,000.00	\$250,000.00	\$80,000.00
Printing	\$65,000.00	\$55,000.00	\$135,000.00
Promotion/Adv.	\$70,000.00	\$70,000.00	\$78,000.00
Off. Supplies/Maint.	\$30,000.00	\$8,000.00	\$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		\$15,000.00
Rent	\$60,000.00	\$90,000.00	\$115,000.00
Phone/Fax	\$5,000.00		\$60,000.00
Depreciation	\$15,000.00		\$5,000.00
Payroll Taxes	\$12,000.00		\$15,000.00
Medicare Taxes	\$3,000.00		\$12,000.00
Legal/Audit	\$7,000.00		\$3,000.00
Together Way	\$1,500.00		\$7,000.00
Misc.	\$2,500.00		\$1,500.00
Scholarships	\$5,000.00	\$40,000.00	\$42,500.00
Flowers/Gifts	\$2,000.00		\$5,000.00
Misc. Receipts		\$25,000.00	\$2,000.00
Land/Building		\$250,000.00	\$25,000.00
FM Exchange		\$10,000.00	\$250,000.00
TOTALS	\$1,102,000.00	\$3,898,000.00	\$5,000,000.00



BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2008 and 2007, 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, 2008 and 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.

March 17, 2009

CHURCH EXTENSION LOAN FUND
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

<u>ASSETS</u>		
	2008	2007
ASSETS		
Cash	\$ 836,779	\$ 407,289
Certificate of deposit		
Notes receivable	30,502,464	24,984,919
Accrued interest receivable	190,640	156,156
Prepaid unrelated business taxes	244	-
Property & equipment, at cost		
less accumulated depreciation of \$13,430		
(\$12,233 in 2007)	20,487	44,783
TOTAL ASSETS	<u>\$ 31,550,614</u>	<u>\$ 25,593,147</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable - related party	\$ 403,764	\$ 122,270
Accrued interest	315	282
Revocable and irrevocable trusts	1,746,427	1,757,269
Note payable - automobile	-	18,837
Notes payable	27,214,751	21,547,993
Other accrued liabilities	31,636	31,636
Accrued unrelated business income tax	-	784
Total liabilities	<u>29,396,893</u>	<u>23,479,071</u>
NET ASSETS		
Unrestricted	2,153,721	2,114,076
Total net assets	<u>2,153,721</u>	<u>2,114,076</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,550,614</u>	<u>\$ 25,593,147</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, 2008 and 2007

	2008	2007
OPERATING		
REVENUES		
Investment income	\$ 11,025	\$ 10,404
Interest income on notes receivable	2,059,801	1,811,195
Total revenue	<u>2,070,826</u>	<u>1,821,599</u>
EXPENSES		
Interest expense	1,382,184	1,379,656
Office expense	4,434	15,437
Auto and travel	-	19,928
Management fee - Note 4	192,000	183,600
Promotion	-	23,564
Postage	241	2,243
Professional fees	7,951	7,275
Director compensation	18,479	-
Depreciation	5,817	6,070
Build My Church Project expense	55,000	60,000
Transfer to Free Will Baptists Home Missions	403,764	122,270
Unrelated business income tax	956	1,556
Total expenses	<u>2,070,826</u>	<u>1,821,599</u>
Increase (decrease) in operating net assets	<u>-</u>	<u>-</u>
BUILD MY CHURCH - NOTE 5		
REVENUES		
Designated Contributions	39,645	190,292
EXPENSES		
Increase (decrease) in Build My Church net assets	<u>39,645</u>	<u>190,292</u>
Total increase (decrease) in net assets	<u>39,645</u>	<u>190,292</u>
Net assets - beginning of year	<u>2,114,076</u>	<u>1,923,784</u>
Net assets - end of year	<u>\$ 2,153,721</u>	<u>\$ 2,114,076</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, 2008 and 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	\$ 39,645	\$ 190,292
Depreciation		
Compensation of director	5,817	
Changes in operating assets and liabilities:	18,479	6,070
(Increase) decrease in accrued interest receivable		
(Increase) decrease in prepaid unrelated business income tax	(34,484)	(8,210)
Increase (decrease) in accounts payable	(244)	772
Increase (decrease) in accrued interest payable	281,494	(90,280)
Increase (decrease) in other accrued liabilities	33	42
Increase (decrease) in unrelated business income tax		31,636
	(784)	784
Net Cash Provided (Used) By Operating Activities	309,956	131,106
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable		
Collection on notes receivable	(8,117,037)	(3,767,931)
Purchases of new equipment	2,599,492	2,454,446
		(22,366)
Net Cash Provided (Used) By Investing Activities	(5,517,545)	(1,335,851)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to trust		
Terminations of trust	93,764	97,964
Repayment of installment note payable	(104,606)	(73,138)
Additions to notes payable	(18,837)	
Repayment of notes payable	10,509,511	4,038,312
	(4,842,753)	(3,902,367)
Net Cash Provided (Used) by Financing Activities	5,637,079	160,771
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of years	429,490	(1,043,974)
Cash and cash equivalents at end of years	407,289	1,451,263
	\$ 836,779	\$ 407,289
SUPPLEMENTAL DISCLOSURES		
Interest received		
Interest paid	\$ 2,036,342	\$ 1,813,389
Property and equipment purchased	\$ 1,382,151	\$ 1,379,614
Less: Amount of note payable used to purchased equipment	\$ -	\$ (41,203)
	\$ -	18,837
	\$ -	\$ (22,366)

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, 2008 and 2007**

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 \$7,375 unrelated business income for 2008 (\$11,375 for 2007).

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

Basis of Accounting:

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

Basis of Presentation:

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

Use of Estimates:

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

Contributions:

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

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CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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 2007) 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:

2009	\$ 1,531,537
2010	1,650,434
2011	1,778,561
2012	1,916,636
2013	2,065,429
Thereafter	21,559,867
	<u>\$ 30,502,464</u>

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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:

	2008	2007
Automobile	\$ 21,837	\$ 44,936
Office equipment	12,080	12,080
	<u>33,917</u>	<u>57,016</u>
	(13,430)	(12,233)
Less: Accumulated depreciation	<u>\$ 20,487</u>	<u>\$ 44,783</u>

3. NOTES PAYABLE

Notes payable consist of 4 - 5.5% (4.5 - 6% in 2007) 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 \$192,000 (\$183,600 at December 31, 2007) 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 \$403,764 (\$122,270 at December 31, 2007).

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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 \$55,000 (\$60,000 at December 31, 2007) 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 has also reached \$1,000,000. 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 for the entire program is \$2,124,237 (\$2,084,592 at December 31, 2007).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000 (\$100,000 in 2007). At December 31, 2008, the excess amount over the federally insured limit was \$336,779 (\$307,289 in 2007). 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, 2008 and 2007.

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, 2008 and 2007.

8. CONCENTRATION

Included in notes receivable at December 31, 2008 are forty-three loans which total \$20,388,692 (thirty-six loans which total \$20,034,359 in 2007). This balance represents 66.84% (60.17% in 2007) of total notes receivable.

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CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

8. CONCENTRATION (CONTINUED)

Notes payable include forty-one notes which total \$13,711,641 or 50.38% (thirty-one notes which total \$8,757,912 or 40.64% in 2007) of total notes payable. Of these forty-one (thirty-one in 2007) notes payable, five total \$4,306,006 or 15.82% (two notes total \$1,019,452 or 4.73% in 2007) 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, 2008 amounted to \$135,317 (\$136,178 at December 31, 2007).

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:

	2008	2007
Current payable	\$ 956	\$ 1,556
Deferred taxes	-	-
	<u>\$ 956</u>	<u>\$ 1,556</u>

11. NOTE PAYABLE

The Fund entered into a note payable for the purchase of an automobile on December 28, 2008. The note was 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 was zero percent. During the year the entire note was repaid.

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**Master's Men
Free Will Baptist Men's Ministry**

General Director's Report

Many times I am asked the purpose of Master's Men. I try to explain that we are the men's ministry for Free Will Baptist and exist to encourage and equip our men to be better servants, beginning in their local church, and then expanding beyond their own walls and outside their comfort zone.

As we look at 2008, we have accomplished that task.

I was able to attend several men's retreats during the year, where I spent time speaking with and encouraging men. The last week of March, we held our Deep South Golf Tournament. Not only was this a fund raiser for our department, but it served as an opportunity for men to fellowship with one another in a relaxed atmosphere.

The first of April we were in southern Illinois for a Master's Men Regional Rally, another time for fellowship and encouragement by God's Word. Later in April, several men went to Russia to help at the Baptist Youth Camp. Five men from five states spent twelve days doing manual labor for the Lord. In May we conducted our first financial planning seminar.

August began as it has so many times with the National Golf and Softball Tournaments. One of the largest gatherings of Free Will Baptist men, women, and families from across our nation came to Nashville for fun and fellowship.

As fall got underway we made our annual trip to New Durham, New Hampshire for phase two of the Ridge Church Restoration Project. Seven men from five states spent the week scraping and painting this historic Free Will Baptist landmark.

In September we joined the Tennessee State Master's Men to host the Tennessee Master's Men Retreat. The following week, we partnered with Home Missions North America to travel to Greensburg, PA to help Brother Tom Jones and the folks of Keystone Free Will Baptist Church spread information about their church to the surrounding neighborhoods.

Looking back on 2008, we feel a great sense of accomplishment at all we were able to do. But, we also look back and see where many others missed these opportunities.

The goal for 2009 is to see more involvement from the men of our denomination as we lead more men to become The Master's Men.

Your fellow servant,

Kenneth W. Akers

Kenneth W. Akers, General Director

Synopsis of Board Meetings 2008

February 26, 2008

The board met for a board meeting and retreat in Branson, Missouri. Seven members were present. Approved last meeting minutes and financial report. Discussed Father's Day Offering and approved the financial seminar content. Discussed DRT and voted to purchase a food service trailer for its use.

December 7-8, 2008

The board met for its annual meeting at the Master's Men office, Antioch, Tennessee. Seven Members were present. An update on Ridge Church Project was given and the Father's Day offering was discussed. Approval was given to change rallies to conferences and the 2010 budget was approved.

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of The Master's Men (a nonprofit organization) as of December 31, 2008, 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 23, 2009
Cookeville, Tennessee

**THE MASTER'S MEN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008**

Assets		
Current Assets		
Cash	\$ 12,864.33	
Disaster Relief Trust	92,556.58	
Revocable Trust-Master's Men	463.82	
Revocable Trust-Build A House	119.46	
Endowment-Lifetime Member	78,879.45	
Accounts Receivable	53,644.59	
Inventory	430.00	
Total Current Assets		\$ 238,958.23
Fixed Assets		
Equipment and Furniture	80,485.82	
Accum. Depreciation—Equip/Furn.	(59,045.32)	
Capitalized Leases	4,017.80	
Accum. Amortization—Cap. Leases	(3,516.23)	
Total Fixed Assets		21,942.07
Total Assets		<u>\$ 260,900.30</u>
Liabilities		
Current Liabilities		
Accounts Payable	2,625.76	
Payroll Tax Payable	211.86	
Accrued Wages	153.00	
Total Current Liabilities		2,990.62
Long-term Liabilities		
Notes Payable-HHR		13,180.70
Total Liabilities		16,171.32
Net Assets		
Temporarily Restricted	233,352.63	
Unrestricted	11,376.35	
Total Net Assets		<u>244,728.98</u>
Total Liabilities and Net Assets		<u>\$ 260,900.30</u>

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, 2008**

	Temporarily Restricted Assets	Unrestricted	Total
Revenues & Gains			
Gifts and Donations	\$ 14,630.00	\$ 23,324.28	\$ 37,954.28
Dues from Members	-	15,841.51	15,841.51
Cooperative Program	-	71,711.72	71,711.72
Special Events	-	3,022.83	3,022.83
Tournament & Conference income	-	43,722.26	43,722.26
Rental Income	-	2,204.08	2,204.08
Interest Income	-	4,767.14	4,767.14
Total Revenues & Gains	14,630.00	164,593.82	179,223.82
Net Assets Released from Restrictions			
Disaster Relief	(32,108.94)	-	(32,108.94)
Build A House	-	-	-
Lifetime Memberships	-	-	-
Total Revenues, Gains & Other Support	<u>\$ (17,478.94)</u>	<u>\$ 164,593.82</u>	<u>\$ 147,114.88</u>
Expenses			
Salaries and Wages	-	67,265.00	67,265.00
PR Taxes and Benefits	-	11,482.57	11,482.57
Cost of Sales and Printing	-	9,311.30	9,311.30
Travel Expense	-	6,168.98	6,168.98
Conferences & Conventions	-	7,165.79	7,165.79
Office Expense	-	2,668.37	2,668.37
Equipment Expense	-	4,789.55	4,789.55
Telephone	-	2,608.13	2,608.13
Postage	-	1,640.53	1,640.53
Rent Expense	-	23,132.88	23,132.88
Professional Fees	-	1,750.00	1,750.00
Bookkeeping Expense	-	975.00	975.00
Ministry & Resource Development	-	2,091.22	2,091.22
Tournament Expense	-	24,131.64	24,131.64
Interest Expense	-	1,370.59	1,370.59
Depreciation Expense	-	5,936.29	5,936.29
Amortization Expense	-	200.89	200.89
Unrealized Loss on Investments	-	16,125.07	16,125.07
Miscellaneous Expense	-	1,320.03	1,320.03
Total Expenses	<u>\$ -</u>	<u>\$ 190,133.83</u>	<u>\$ 190,133.83</u>
Change in Net Assets	(17,478.94)	(25,540.01)	(43,018.95)
Prior Period Adjustment	52.21	(2,545.32)	(2,493.11)
Net Assets-Beginning of Year	250,779.36	39,461.68	290,241.04
Net Assets-End of Year	<u>\$ 233,352.63</u>	<u>\$ 11,376.35</u>	<u>\$ 244,728.98</u>

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, 2008**

<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets		\$ (43,018.95)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 5,936.29	
Amortization	200.89	
Unrealized Loss on Investments	22,170.55	
Interest on Investments	(4,767.14)	
Prior Period Adjustment for Restricted Funds	52.21	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	-	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(421.81)	
Payroll Tax Payable	(126.33)	
Accrued Wages	(340.00)	
Total		<u>22,704.66</u>
Net Cash Provided by Operating Activities		(20,314.29)
<u>Cash Flows from Investing Activities</u>		
Purchases of Equipment	(6,000.00)	
Transfers to Trusts & Investments	(4,767.14)	
Transfers from Trusts & Investments	24,000.00	
Interest Received	6,328.73	
Net Cash Used by Investing Activities		19,561.59
<u>Cash Flows from Financing Activities</u>		
Principal Payments on Loan for HHR		(1,819.30)
Net Increase in Cash and Cash Equivalents		(2,572.00)
Beginning Cash and Cash Equivalents		15,436.33
Ending Cash and Cash Equivalents		<u>\$ 12,864.33</u>

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, 2008**

Note 1 - Summary of Significant Accounting Policies

Governing Body

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

Basis of Accounting

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

Financial Statement Presentation

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

Promises to Give

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

Receivables and Allowance for Doubtful Accounts

Receivables are presented in the financial statements at the amount deemed collectible by management. Any provision for doubtful accounts is recognized using the direct write-off method.

Investments

The investments are valued at the lower of cost or market. For gifts, the cost is determined by the fair market value of the security at the time of the gift.

Inventories

The inventories are valued at the lower of cost or market, with cost being determined by using the first-in, first-out method.

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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, 2008:

Equipment and furniture	\$ 80,485.82
Less: Accumulated Depreciation	< 59,045.32 >
Property and Equipment, Net	<u>\$ 21,440.50</u>

Note 3 – Capitalized Leases

The National Association of Free Will Baptists purchased an office building to house various departments and agencies of the denomination. The Board of Directors has entered into an agreement to lease space in this new building and agreed to contribute to the debt service costs during the construction period and to continue until the debt has been retired. The construction period costs of \$4,017.80 were capitalized and are being amortized over a period of twenty years. Amortization expense for 2008 and accumulated amortization as of December 31, 2008 were \$200.89 and \$3,516.23, respectively.

Note 4 – Deferred Revenue

There were no deferred revenues for 2008.

Note 5 – Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2008.

Build a House campaign	\$ 51,245.59
Lifetime Membership	79,079.45
Disaster Relief	<u>103,027.59</u>
Total	<u>\$233,352.63</u>

Note 6 – Compensated Absences

There was no compensated absence balance at December 31, 2008.

Note 7 – Loan Payable

In December, 2008, Mater's Men purchased a Chevrolet HHR and entered into a Note Payable in the amount of \$15,000. The balance on the loan as of December 31, 2008 is \$13,180.70.

**2010 Master's Men
Financial Report**

Projected Expenses	2008 Budget	2008 Actuals	2009 Budget	Proposed Budget 2010
Salaries				
Director				
Salary	39,393.00	31,350.00	39,393.00	39,393.00
Housing	20,400.00	18,700.00	20,400.00	20,400.00
Retirement	2,990.00	2,580.00	2,990.00	2,990.00
Insurance	6,500.00	7,687.50	6,500.00	8,000.00
Total	69,283.00	60,317.50	69,283.00	70,783.00
Secretary				
Wages(40hrs/wk@8.50)	17,680.00	13,005.00	17,680.00	17,680.00
FICA	1,097.00	806.31	1,097.00	1,097.00
MED	257.00	188.57	257.00	257.00
Insurance		1,084.68	700.00	1,100.00
Total	19,034.00	15,084.56	19,734.00	20,134.00
Total Salaries	88,317.00	75,402.06	89,017.00	90,917.00
Office Operations				
Automobile			3,600.00	3,600.00
Rent	23,133.00	20,928.80	23,539.00	24,000.00
Equipment & Supplies	6,000.00	6,828.08	8,000.00	6,000.00
Telephone	3,000.00	2,693.71	2,500.00	2,500.00
Postage	2,500.00	1,721.24	2,500.00	2,500.00
Total	34,633.00	32,171.83	40,139.00	38,600.00
Accounting				
Bookkeeping	900.00	900.00	900.00	900.00
Audit	1,750.00	0.00	1,750.00	2,000.00
Total	2,650.00	900.00	2,650.00	2,900.00
Resource Development				
Printed Materials	7,200.00	7,949.28	9,000.00	7,000.00
Department Travel	10,000.00	8,650.50	12,000.00	12,000.00
National Association	2,500.00	2,998.86	3,000.00	4,000.00
Total Expenses	145,300.00	128,072.53	155,806.00	155,417.00
Projected Income				
Dues	20,000.00	15,841.51	20,000.00	20,000.00
Father's Day Offering	12,170.00	13,906.63	13,600.00	13,600.00
Together Way	70,130.00	71,711.72	75,000.00	75,000.00
Softball	4,000.00	2,306.44	4,000.00	4,000.00
Golf	4,000.00	6,044.18	6,406.00	6,000.00
Gifts	17,000.00	9,029.83	14,800.00	14,817.00
Sales	5,000.00	2,972.83	5,000.00	5,000.00
Endowment Income	6,000.00	0.00	10,000.00	10,000.00
BAH	5,000.00	2,650.00	5,000.00	5,000.00
Master's Men Conference	2,000.00	1,575.00	2,000.00	2,000.00
Total Income	145,300.00	126,038.14	155,806.00	155,417.00



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

This is my fourth annual report to this body as the General Director of the Board of Retirement & Insurance. It is a privilege to serve Free Will Baptists.

The Board of Retirement is the channel through which Free Will Baptists can provide retirement and life insurance benefits for our pastors, missionaries, and employees of our churches, schools, and denominational agencies.

The Bible says, "But if any provide not for his own, and specially for those of his house, he hath denied the faith and is worse than an infidel" (1 Timothy 5:8). This is not only referring to a man providing for his family, but to a denomination (church) providing for those who serve them. Contributing to your pastor's retirement account tells him you are concerned about both his present and future needs.

I am thankful for 595 churches that send contributions to their pastor's retirement account. Every church should be contributing something toward the pastor's retirement. This should be in addition to his salary and other benefits. Why not sign your pastor up for the \$10 Club for just thirty-three cents a day?

June 30, 2009, ended our 40th year of service. Part of my report today will be a reflection of the past along with a comparison of where the Plan is today.

Retirement assets totaled \$11,707 at the close of our first year of operation. We closed 2008 with \$32,593,303. We've come a long way, but the accumulation of funds is not our primary goal. We encourage accumulations in order to provide future benefits to those individuals, or their family, who have served us.

We had 35 participants in 1969. Through the years we have helped 2,394 individuals save for retirement. We added 74 participants in 2008 which is well above our yearly average of 58.

At the close of 2008 we had 1,488 active participants. The chart below shows the breakdown of our participants by age with the average account balance for each age group.

Age	Participants	Avg. Acct. Balance
Ages 22-29	75	\$2,862.42
Ages 30-39	264	4,993.08
Ages 40-49	312	10,635.09
Ages 50-59	482	18,451.30
Ages 60-69	262	31,152.57
Ages 70-79	80	37,713.81
Ages 80-84	13	16,776.01

Year 1974 proved to be a momentous year. The first retirement check paid to a Free Will Baptist minister was issued. It was for the modest amount of \$2,841.08. Through the end of 2008 we have distributed \$22,133,111.61 to our participants, or their heirs, in retirement benefits. This is the purpose of a retirement plan.

In September 1978, assets reached \$1 million for the first time. Assets reached an all-time high in 2007 of over \$43 million.

It was in 1986 that we began the transition away from a fixed income investment plan. We began slowly to enter the equity market.

In March 1988, we issued our first annuity check. Today we have 84 annuitants receiving a total of \$42,301.35 every month. Since our first annuity check was issued, we have distributed a total of \$2,296,562.09 in annuity payments. We have 68 individuals receiving another \$55,515.03 monthly who chose a self-directed payout.

In 1993 we were able to start giving our annuitants, and their spouses, a \$50 birthday and Christmas check. We have now been able to add a \$500 death benefit to the surviving spouse.

In 1994 the Plan was amended in order to offer additional settlement options to those reaching retirement age.

In 2003 we received our first rollover funds from other retirement programs. At the end of 2008 we managed over \$1.8 million dollars in rollover funds.

In 2006 the long awaited, completely revised plan document was adopted and distributed to our participants. This was also the year we discontinued our Church loan program.

The last year and a half have been a real challenge. We came to the second half of 2006 with the largest earnings rate in our history. Everybody was happy with the returns.

After the market reached a record high in October 2007, we began a roller coaster ride that hasn't ended yet. In December 2007 we distributed zero percent earnings.

And then there was 2008. In a market where the S&P 500 Index lost 38% we lost 32%. Again, this is not intended to be an excuse but rather an explanation.

Retirement planning is long term and over long time periods the stock market has been friendly, yielding many more positive returns than negative ones.

We believe the present crisis is one we will work our way out of just as we have every other crisis we have faced. The climb back won't take place overnight, but we believe it will happen.

History provides examples of periods when the market experienced steep declines only to sharply rebound soon afterward. From September 2000 through July 2002, the market declined nearly 50%, only to increase by 78% over the next 3 years. From 1973 to 1974, the market lost 45%, but rebounded 63% over the next two years. In the fall of 1987, the market decreased 36% (including a one-day loss of 20%) in less than two months, yet rose almost 60% the next two years.

This scenario is true for the Board of Retirement too. In our own history, our first negative return was the first half of 2001 when we had a 3.9% loss (annualized). This was followed by a 1.5% positive the second half, giving us a 1.2% annualized loss for 2001. Then the first half of 2002 we had a 22.3 (annualized) loss the first half of the year with a zero return the last half. This gave us an 11.15% loss for 2002.

Following that, our next few earnings periods were 19.5%, 17%, 8.5%, 19%, 3%, 9.25%, 7.5%, 24.25% and 12.75%.

The Board has adopted a conservative investment approach for both positive and negative markets. We have a long term market commitment that includes stocks and bonds. At the end of 2008 the funds under management were invested in the following general areas:

Stocks/Mutual Funds 60%
Bonds/Fixed Rate Instruments 39%
Cash/Cash Equivalents 1%

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

- ✓ No sales commissions or front or back end sales load.
- ✓ May reduce your taxes.
- ✓ Tax sheltered contribution limits are much higher than with an IRA.
- ✓ Up to 100% of minister's benefits can be designated as a housing allowance.
- ✓ Your funds will be invested in Christian based socially screened investments.
- ✓ We use proven investment managers to manage plan funds.
- ✓ Then there is our track record.

1 year - 2008	-34.375%
3 years - 2006-2008	-4.042%
5 years - 2004-2008	1.55%
10 years - 1999-2008	3.665%
Life of plan - 1969-2008	7.53%

In 2008 the IRS issued new regulations for 403(b) retirement plans. These Regulations went into effect on January 1, 2009, and affect every church, Christian school/college, and state/national agency that sends money to any 403(b) retirement plan for its employees. If you have questions about compliance issues, please come by our booth and talk to John or me.

Now we come to 2009 and there are more plan changes.

- ✓ A new interactive website. We have computers set up in our booth, so stop by our booth and check it out.
- ✓ Effective July 1, 2009, we changed from semiannual to monthly allocations of earnings and losses.
- ✓ A second, more conservative, investment fund option.

At the very heart of the Board of Retirement is our motto, "Serving those who serve others." 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.

I want to close my report by recognizing two men who have served on our board for the past twelve years and are not eligible to be re-elected, Bill Ferguson and Jim Lowe. Both of these men have been faithful to the task they were elected to. They have served you well. I would like to publicly thank both Jim and Bill for their faithfulness and their friendship. I'll miss having them on the board.

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

April 22, 2008

In Attendance: Ray Lewis, John Brummitt, Jack Ward, Jack Daniel, Craig Cook, Tim Hall, Jim Lowe, Rick Cason, Ron Barber, and Milburn Wilson.

Bill Ferguson was absent.

Chris Long and Andrea Ellis of Manning & Napier, made a presentation to the Board concerning the annuity and retirement accounts, the current investments, historical results/performance, current market conditions, future outlook and the current positioning of each of the portfolios. The report also addressed the performance of the outside investment managers who are currently being monitored by Manning & Napier.

Mr. Joel Collum, C.P.A., reviewed the annual audit performed by Bellenfant and Miles, P.C. Mr. Collum noted that the opinion rendered by the auditors was unqualified.

Ray Lewis presented the Director's Report; followed by the quarterly financial report given by John Brummitt.

Budget was presented and adopted. Corporate officers were elected.

Board officers were elected.

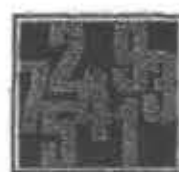
December 3, 2008

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

Bill Ferguson, Jim Lowe, Craig Cook, and Ron Barber were absent.

Financial Report through October 31, 2008 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.

Attorneys Danny Miller and Erica Summers shared with the Board about the Compliance Issues that will affect our churches, schools and agencies that make contributions to a 403(b) retirement program for its employees.



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, 2008 and 2007, 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, 2008 and 2007, 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.

April 7, 2009

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2008 and 2007

	2008	2007
ASSETS		
OPERATING ASSETS		
Cash and cash equivalents	\$ 31,769	\$ 29,754
Funds invested with Free Will Baptist Foundation	58,473	53,564
Total Operating Assets	90,242	83,318
RETIREMENT ASSETS		
Cash and cash equivalents	1,661,461	1,741,116
Investment in marketable securities and instruments, at fair market value	30,739,719	40,923,533
Prepaid annuitant benefits	11,670	540,748
Notes receivable, net of allowance for doubtful accounts	32,412,850	43,206,397
Total Retirement Assets	90,211	86,779
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES		
at cost, net of accumulated depreciation	\$ 32,593,303	\$ 43,376,494
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 6,058,932	\$ 3,922,584
Accounts payable, accrued expenses and other liabilities	18,732	13,462
Total liabilities	6,077,664	3,936,046
NET ASSETS		
Unrestricted		
Operations:		
Operating funds (deficit)	16,482	19,891
Designated for future assets purchases	58,473	53,564
Net invested in equipment	90,211	86,779
Total Operating Net Assets	165,166	160,234
Retirement Accounts:		
Net assets available for participants	26,123,654	39,199,391
Designated as reserve funds	226,819	80,823
Total Retirement Net Assets	26,350,473	39,280,214
Total net assets	26,515,639	39,440,448
TOTAL LIABILITIES AND NET ASSETS		
	\$ 32,593,303	\$ 43,376,494

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, 2008 and 2007**

	2008		2007	
	Retirement Accounts	Operations	Retirement Accounts	Operations
SUPPORT, REVENUE AND OTHER ADDITIONS				
Contributions from participants	\$ 2,971,197	\$ -	\$ 3,737,067	\$ -
Investment income:				
Gains of investment portfolio:				
Net realized gains (losses)	(2,790,223)	-	3,481,763	-
Net unrealized gains (losses)	(8,007,125)	-	(2,127,767)	-
	(10,797,348)	-	1,353,996	-
Interest and dividends from investments (net investment fees)	960,237	-	1,397,647	-
Total investment income	(9,837,111)	-	2,751,643	-
Income earned from interest bearing notes:				
Interest income	41,373	2,206	65,151	1,725
Gain (loss) on sale of property and equipment	-	(420)	-	-
Total income earned from interest and sale of property	41,373	1,786	65,151	1,725
Forfeitures and late charges	-	-	-	-
Gifts	-	-	-	-
Miscellaneous income	-	76,596	-	-
Total other income	-	50	-	75,097
Total additions	-	76,646	-	75,097
Allocation for Operations	(6,824,541)	78,432	6,553,861	76,822
	(340,627)	340,627	(341,309)	341,309
Net additions after allocation for operations	\$ (7,165,168)	\$ 419,059	\$ 6,212,552	\$ 418,131
		\$ (6,746,109)		\$ 6,630,683

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, 2008 and 2007**

	2008		2007	
	Retirement Accounts	Operations	Retirement Accounts	Operations
Net additions after allocation for operations	\$ (7,165,168)	\$ 419,059	\$ 6,212,552	\$ 418,131
		\$ (6,746,109)		\$ 6,630,683
EXPENSES AND OTHER DEDUCTIONS				
Withdrawals from participants	3,184,136	-	1,883,568	-
Transfers to annuities by participants	2,537,472	-	656,975	-
Insurance deductions from participants accounts	37,776	-	40,685	-
Income allocated to annuitant obligations	3,379	-	190,975	-
Salaries	-	114,784	-	120,892
Housing	-	31,200	-	31,200
Fringe Benefits	-	51,361	-	49,803
Travel and promotional	-	43,092	-	47,912
Office supplies and expense	1,810	84,573	-	82,133
Occupancy	-	25,021	-	28,672
Board members expense	-	14,335	-	14,037
Legal and accounting	-	24,547	-	19,659
Depreciation	-	22,368	-	16,919
Miscellaneous	-	2,846	-	3,833
Total deductions	5,764,573	414,127	2,772,203	415,060
		6,178,700		3,187,263
Increase (decrease) in net assets	(12,929,741)	4,932	3,440,349	3,071
NET ASSETS - beginning of year	39,280,214	160,234	35,839,865	157,163
NET ASSETS - end of year	\$26,350,473	\$ 165,166	\$39,280,214	\$ 160,234
		\$26,515,639		\$39,440,448

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007**

	2008		2007	
	Retirement Accounts	Operations	Retirement Accounts	Operations
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from:				
Contributions from participants and employers	\$ 2,971,197		\$ 3,737,067	\$ -
Gifts	-	76,596	-	75,097
Income earned from interest and sale of loan property				
Investment income	41,373	-	65,151	-
Forfeitures and late charges	960,237	2,206	1,397,647	1,725
Miscellaneous income	-	-	-	-
Cash paid for:				
Supplies and employees	-	50	-	-
Withdrawal of funds by participants	(38,740)	(386,335)	(40,220)	(396,869)
Income allocated to annuitant obligations	(5,721,608)	-	(2,541,543)	-
Net Cash Provided (Used)	(3,379)	-	(190,975)	-
By Operating Activities	(1,790,920)	(307,483)	2,427,127	(320,047)
				2,107,080

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of office furniture and equipment	-	(26,220)	-	(43,603)
Investments:				
Purchases of investment securities	(33,368,026)	(33,368,026)	(32,778,378)	-
Funds invested with Free Will Baptist Foundation		(4,909)	-	16,122
Proceeds from sale of investment securities	32,754,492		31,123,759	-
Proceeds from sale of equipment			-	-
Notes receivable:				
New loans made	(190,226)		(403,717)	-
Collection of notes receivable	719,304		464,442	-
Net Cash Provided (Used)	(84,456)	(31,129)	(115,585)	(27,481)
By Investing Activities			(1,593,894)	(1,621,375)

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, 2008 and 2007**

	2008		2007	
	Retirement Accounts	Operations	Retirement Accounts	Operations
CASH FLOWS FROM FINANCING ACTIVITIES:				
Allocation for operations	\$ (340,627)	\$ 340,627	\$ -	\$ -
Net to additions to (withdrawals from) annuities payable	2,136,348	-	2,136,348	547,648
Net Cash Provided (Used) By Financing Activities	1,795,721	340,627	2,136,348	341,309
INCREASE (DECREASE) IN CASH	(79,655)	2,015	(77,640)	(6,219)
Cash and cash equivalents at beginning of years	1,741,116	29,754	1,770,870	35,973
Cash and cash equivalents at end of years	\$ 1,661,461	\$ 31,769	\$ 1,741,116	\$ 29,754

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (decrease) in net assets	\$ (12,929,741)	\$ 4,932	\$ (12,924,809)	\$ 3,071
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:				
Depreciation and amortization	-	22,368	-	16,919
Allocation for operations	340,627	(340,627)	341,309	(341,309)
Loss (gains) on investment transactions	10,797,348	10,797,348	(1,353,996)	-
Loss (gains) on sale of property	-	420	-	-
Decrease (increase) in prepaid expenses	1,000	-	(1,000)	-
Increase (decrease) in accounts payable, accrued expenses and other	(154)	5,424	465	1,272
Total adjustments	11,138,821	(312,415)	(1,013,222)	(323,118)
Net Cash Provided (Used) By Operating Activities	\$ (1,790,920)	\$ (307,483)	\$ (2,098,403)	\$ (320,047)
				\$ 2,107,080

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, 2008 and 2007**

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, 2008 and 2007.

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

Income Taxes:

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

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 2008 amounted to \$10,314 (\$9,946 for 2007).

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, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Cash and Cash Equivalents:

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

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:

	2008	2007
Participant notes (net) secured by retirement account balances	\$ 11,670	\$ 9,906
Churches and agency notes secured by related real property		530,842
	<u>\$ 11,670</u>	<u>\$ 540,748</u>

The notes bear interest at 3.0% and mature at various dates from 2009 through 2013.

3. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES

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

	2008	2007
Office furniture and fixtures	\$ 48,531	\$ 48,531
Computer hardware and software	107,703	90,081
Automobiles	40,428	40,428
	<u>196,662</u>	<u>179,040</u>
Less: Accumulated depreciation	(106,451)	(92,261)
	<u>\$ 90,211</u>	<u>\$ 86,779</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

4. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

	2008		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Mutual Funds	\$ 3,447,725	\$ 5,412,559	\$ (1,964,834)
Common Stocks	15,488,649	20,244,436	(4,755,787)
U.S. Government Issues	7,411,564	6,983,685	427,879
Corporate Bonds	3,965,146	4,085,086	(119,940)
Foreign Equities	426,635	549,448	(122,813)
Total Investments	<u>\$ 30,739,719</u>	<u>\$ 37,275,214</u>	<u>\$ (6,535,495)</u>

For 2008, total investment gain (loss) relating to marketable securities and instruments amounted to (\$9,837,111) and consisted of investment gains (losses) of (\$10,797,348) and interest and dividends of \$960,237 (net of investment fees of \$330,664). Investment income (loss) represented yields of (27.45%) and (25.63%) based on the average market value and average cost of such investments for 2008.

	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 6.98% and 7.50% based on the average market value and average cost of such investments for 2008.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

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 2007) per square foot per month. The Board shares the office with the Free Will Baptist Foundation. Beginning in 2008 the Foundation began paying one-half of the rent. Total lease payments were \$25,021 and \$28,672 for the years ended December 31, 2008 and 2007, 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, 2008 and 2007, the recorded liability amounted to \$6,058,932 and \$3,922,584 respectively. The actuary has determined that the current periodic benefit exceeded the reserve account at December 31, 2008 by \$323,027 (the reserve account exceeded the current periodic benefit by \$52,141 at December 31, 2007). Management has determined that there will be no pension benefit increases for 2008.

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.

The following table summarizes the Board's accounting risk of loss as of December 31, 2008 and 2007:

	2008		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 11,670	\$ 11,670	\$ -
Cash and cash equivalents	187,979	187,979	-
Funds invested with the Free Will Baptist Foundation	58,473	58,473	-
Short-term liquid investments	1,505,251	500,000	1,005,251
Corporate bonds	3,965,146	-	3,965,146
Mutual funds	3,447,725	-	3,447,725
Common stocks	15,488,649	-	15,488,649
U.S. Treasury notes and bills	7,411,564	7,411,564	-
Foreign Equities	426,635	-	426,635
	<u>\$ 32,503,092</u>	<u>\$ 8,169,686</u>	<u>\$ 24,333,406</u>

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**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED

	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>

8. FAIR VALUE MEASUREMENTS

The investments are valued using fair value measurements.

The investments are categorized in the fair value hierarchy as follows:

Level 1	Level 2	Level 3
\$ 30,739,719	\$ -	\$ -

Level 1 investments are valued based on quoted market prices in active markets.

Level 2 investments are valued based on quoted market prices for similar investments.

Level 3 investments are valued based on the Organizations assumptions using the best available information.

9. RELATED PARTY TRANSACTIONS

The Board had \$58,473 and \$53,564 invested with the Free Will Baptist Foundation, Inc. at December 31, 2008 and 2007, respectively.

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**Board of Retirement and Insurance
Proposed Budget for 2010**

	2008 Budget	2008 Actual	2009 Budget	2010 Proposed
INCOME				
Service Fees	\$469,700	\$340,627.42	\$468,400	\$383,000
Insurance Administrative Fees	800.00	3,034.90	800	1,200
The Together Way	70,000.00	71,880.45	72,000	72,000
Other State Gifts	500.00	555.36	500	500
Rest of the Family Offering	2,000.00	1,125.56	1,500	1,200
Interest Income	500.00	2,206.19	1,500	2,000
Miscellaneous Income	1,500.00	50.00	300	100
TOTAL	\$545,000	\$419,479.88	\$545,000	\$460,000
EXPENSES				
Salaries	\$159,280	\$114,784.00	\$149,776	\$121,360
Employee Benefits	71,615.34	51,361.48	71,417	54,471
Housing	31,200.00	31,200.00	31,200	31,200
Travel/Promotion	35,000.00	39,923.51	50,000	45,000
Auto Maintenance	7,500.00	3,168.60	10,000	5,000
Future Purchases/Auto	12,000.00	12,000.00	12,000	12,000
Hardware/Software Future Purchases	12,000.00	12,000.00	12,000	12,000
Plant Fund	40,000.00	25,020.58	35,000	30,000
Office Expense	45,000.00	39,671.91	45,000	42,000
Equipment	10,000.00	4,970.49	10,000	5,000
Education/Training	15,000.00	9,086.21	15,000	10,000
Publications	30,000.00	23,369.88	35,000	30,000
Board Expense	20,000.00	14,335.31	25,000	20,000
Legal	15,000.00	12,347.36	15,000	15,000
Auditing	15,000.00	12,200.00	15,000	15,000
Offsite Backup Storage	2,400.00	0.00	2,400	2,400
Website Development/Hosting/Maintenance	5,000.00	5,000.00	5,000	5,000
Software Maintenance	2,000.00	2,474.00	2,500	2,500
Depreciation Expense	15,000.00	0.00		
Miscellaneous	2,005.01	2,845.98	3,707	2,069
TOTAL	\$545,000	\$415,759.31	\$545,000	\$460,000

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

	2009	2010
Director: Ray Lewis		
Salary	41,383.40	42,007.40
Housing/Utilities	31,200.00	31,200.00
Social Security/Medicare	13,111.29	13,224.00
Christmas Check	1,647.97	1,662.14
Retirement	5,196.20	5,240.87
Insurance	8,308.66	9,139.53
Note: Office Car Furnished		
Total	100,847.52	102,473.94

Business Manager: John Brummitt		
Salary	43,447.87	44,316.83
Social Security/Medicare	3,387.68	3,455.43
Christmas Check	835.54	852.25
Retirement	3,099.84	3,161.84
Insurance	6,964.96	7,661.46
Note: Office Car Furnished		
Total	57,735.89	59,447.80

FREE WILL BAPTIST FOUNDATION

We faced a challenging year in 2008. The S & P 500 decline of 38.5% was the worst annual decline since 1931. The interest rate environment was very volatile. Major players disappeared from the financial landscape. However, relatively speaking, the Foundation did well in this unstable environment. We had some market exposure and experienced some loss. Our endowment pool experienced investment losses of around 22%. Our planned gift assets had losses of between 25-30%.

Our Money Management Trusts saw no decline due to investment losses, since they are invested in government-backed instruments. However, we did have withdrawals that exceeded our deposits in the Money Management area. In 2008, several churches and ministries withdrew funds to build new churches and purchase land. We are delighted that the Foundation was able to help them achieve their goals, but the high withdrawal rate hurt our bottom line.

Our actual asset loss in the endowment pool is around \$2.4 million, but some of that loss in assets is distributions from the endowments and the rest is actual investment loss. In 2003 our board approved a policy of paying a flat rate of 5% on endowment balances regardless of what the pool actually earned. This allowed excess earnings to grow the balance in each endowment account. Because of this policy we were able to make endowment distributions on most of the endowment trusts we manage. Those distributions totaled over \$196,000 last year. The asset loss in the planned giving area was around \$1.05 million and the same is true for our planned gift assets, in that distributions were made despite the market decline.

Our income statement looks great. We generated an increase in operating assets of over \$58,000. You may recall that we experienced a loss last year and that has been turned around. We are cutting spending dramatically in 2009 – around \$15,000 to \$20,000 below our approved budget. We are holding the line in our proposed budget for 2010 as we make cuts of around 7% from the 2009 budget. We have frozen salaries for 2010 and my overall package has been cut by around \$3,900. My staff works hard to keep everything running smoothly, and I appreciate their effort and willingness to forego a raise in 2010.

Like an Olive Tree

Olive, olive trees, olive yards and olive groves are mentioned 61 times in the Bible. The first mention is in Genesis where Noah releases the dove after the flood and it brings back an olive leaf. In Exodus we begin to see how important olive trees are when it is mentioned that they used olive oil to keep the lamps burning in the tabernacle. Olive oil was also used as one of the ingredients to make the anointing oil for the high priest.

In Deuteronomy Moses addresses the people before they go into the Promised Land and tells them they will find houses they did not build, wells they did not dig, vineyards and olive groves they did not plant. Joshua makes mention of it again after they have come into the Promised Land. Nehemiah records the reading of the Deuteronomy passage in the hearing of the remnant that came back to Jerusalem.

The olive tree is used as an illustration of judgment in Deuteronomy, Job, Isaiah, Jeremiah, Amos, and Micah. Samuel warns the people that when they have a king he will take the best of their fields, vineyards, and olive groves, and give them to his attendants. Guess what? In I Chronicles, Baal-Hanan the Gederite is named as Solomon's attendant in charge of the olive and fig trees of the western foothills.

In the books I and II Kings we discover just how precious God considers the olive tree wood when He requires that the cherubim over the Ark of the Covenant in the inner sanctuary are to be made with this wood overlaid with gold. The doors leading into the inner sanctuary are also to be made of olive wood as are the jambs of the entrance to the main hall.

Nehemiah condemns the wealthy for taking olive groves as collateral for loans. He also encourages them to use olive branches to build their shelters during the festival of booths. Psalms uses the olive tree to illustrate God's blessings when David describes himself as being like an olive tree flourishing in the House of God and the blessings of sons are described as being like olive shoots around your table.

The olive tree and the Mount of Olives are used symbolically in prophecy in Zechariah and the olive tree again in Revelation. The Mount of Olives is mentioned 11 times in the gospels. The Mount of Olives is where Jesus prayed, was betrayed and arrested. He also ascended back into heaven from there.

Romans tells about the Gentiles being grafted in as wild olive shoots becoming a part of the cultivated olive tree that represents the church. James declares that a fig tree cannot bear olives as he illustrates that when we become Christians, we are changed people.

It is quite clear that the olive tree was extremely important to the Israelites' way of life. It produced food and oil for many purposes. The wood was very precious as illustrated by its use in Solomon's Temple.

Olive trees and the Foundation are alike because our ministry is to look into the future to provide funding for ministry. We emphasize endowments that will give perpetually for many years to come and planned gifts that will eventually produce income for ministry.

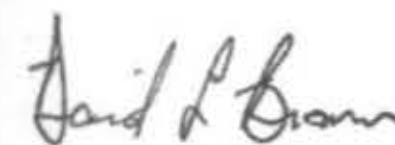
Olive trees are similar because they take between seven and 35 years before the first harvest. Olive trees are planted for the next generation. The Foundation is managing planned gifts that will not produce income for ministries for several years into the future and in some cases it will be many years before these gifts are harvested.

Once olive trees produce they will continue to do so for many years. Olive trees from Jesus' days are still producing today. The Foundation has endowments that will produce and are producing income for ministries till Jesus returns again.

I particularly like the passage found in Deuteronomy, Joshua, and Nehemiah. When God mentions something three times it must be important. God said in the Old Testament that He had richly blessed Israel far above what they deserved. He is still telling us that as 21st century Christians, Free Will Baptists, and Americans.

We are so blessed today. Don't you think we ought to give at least a portion back to the Lord? We all need to give at least a tithe of our estates back to the Lord's work.

I have the privilege of talking to some of the most generous people in the world who are doing just that through the Foundation. Won't you join with them? The Free Will Baptist Foundation is standing by, with our shovels, ready to help you plant your olive tree.



David L. Brown,
Director

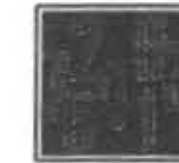
Free Will Baptist Foundation
Synopsis of Board Meetings Minutes

April 21, 2008

All members were present for all or significant portions of the meeting except Phil Whiteaker, Brian Hurst, Donnie Miles, Melvin Worthington, Ken Akers and Marjorie Workman. Audit, Financial Report, Director's Report, and Proposed Budget were presented and approved. Board Officers and Corporate Officers were elected. The Chairman appointed a committee to develop an instrument to evaluate the performance of the Director.

December 8, 2008

All members were present for all or significant portions of the meeting except Matt Pinson and Larry Powell. Financial and Director's Reports were presented and approved. Announced the launch of a new program allowing other FWB ministries to use resources provided and link to the Foundation website. Director's benefits were reduced at his request due to a change in health insurance benefits.



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, 2008 and 2007, 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, 2008 and 2007, 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.

April 7, 2009

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007

ASSETS

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 2,451,985	\$ 724,725
Accrued earnings receivable	345,130	425,981
Other accounts receivable	7,120	50,984
Loan origination fees	1,940	2,940
Prepaid expenses	236	5,923
Office equipment and automobiles, net of accumulated depreciation	58,913	37,261
	<u>2,865,324</u>	<u>1,247,814</u>
Investments, at fair market value		
Certificates of deposit	789,407	773,482
U S Government instruments	23,996,221	28,568,290
Common stocks	2,013,516	4,000,758
Foreign stocks	566,866	1,339,848
Real estate investments	1,664,975	1,652,354
Mutual funds	2,435,470	1,323,967
Corporate bonds	484,113	16,798
Municipal bonds	-	200,000
Trusts	224,960	215,170
Total investments	<u>32,175,528</u>	<u>38,090,667</u>
Notes receivable	77,099	103,409
TOTAL ASSETS	<u>\$ 35,117,951</u>	<u>\$ 39,441,890</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Operating liabilities:		
Accrued expense	\$ 3,412	\$ 5,780
Liabilities to beneficial owners		
Interest bearing revocable and savings trust	26,568,592	26,485,810
Future gifts interest payable	2,158,085	3,216,367
Funds held in trust	6,293,634	9,698,478
Total liabilities	<u>35,023,723</u>	<u>39,406,435</u>
NET ASSETS		
Unrestricted	94,228	35,455
Total net assets	<u>94,228</u>	<u>35,455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 35,117,951</u>	<u>\$ 39,441,890</u>

The accompanying notes are an integral part of these financial statements

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	2008	2007
REVENUE AND SUPPORT		
Investment income:	\$ 2,041,918	\$ 1,852,110
Interest and dividends, net of investment fees	(535,145)	665,292
Realized gains (losses) on sale of investments	(1,840,872)	231,041
Unrealized gains (losses) from investments	(334,099)	2,748,443
Total investment income		
Support through "The Together Way" Plan and other contributions	36,049	33,901
Interest income - note receivable	5,319	5,699
Loss on sale of property and equipment	(2,472)	-
Endowment income	-	311
Total revenue and support	<u>(295,203)</u>	<u>2,788,354</u>
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	806,677	(2,337,057)
Revenue and support after allocations	<u>511,474</u>	<u>451,297</u>
EXPENSES	204,610	235,278
Salaries and benefits	10,403	20,095
Equipment expense	49,631	67,504
Travel and promotion	15,919	19,169
Board expense	25,587	19,209
Office expense	27,263	25,980
Rent expense	1,364	2,171
Printing and publications	55,309	45,641
One magazine	32,352	20,888
Training and education	9,680	9,540
Legal and accounting	15,476	14,531
Depreciation	1,000	1,000
Amortization of loan origination fees	4,107	4,941
Miscellaneous	<u>452,701</u>	<u>485,947</u>
Total expenses	58,773	(34,650)
Increase (decrease) in operating net assets	35,455	70,105
Net assets - beginning of year		
Net assets - end of year	<u>\$ 94,228</u>	<u>\$ 35,455</u>

The accompanying notes are an integral part of these financial statements

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 79,913	\$ 33,499
Interest and dividends	2,122,769	1,767,904
Other income	5,319	6,010
Cash paid to suppliers and employees	(432,906)	(472,783)
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	806,677	(2,337,057)
Net Cash Provided (Used) By Operating Activities	<u>2,581,772</u>	<u>(1,002,427)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(43,400)	-
Proceeds from sale of office equipment and automobiles	3,800	-
New loans made	-	(15,000)
Principal payments received on notes receivable	26,310	22,740
Proceeds from sale or call of investment securities	17,182,890	6,412,772
Purchase of investment securities	(13,643,768)	(10,427,786)
Net Cash Provided (Used) By Investing Activities	<u>3,525,832</u>	<u>(4,007,274)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	10,391,922	7,924,643
Contributions to funds held in trust	(14,772,266)	(2,618,850)
Net Cash Provided (Used) by Financing Activities	<u>(4,380,344)</u>	<u>5,305,793</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,727,260</u>	<u>296,092</u>
Cash and cash equivalents at beginning of years	724,725	428,633
Cash and cash equivalents at end of years	<u>\$ 2,451,985</u>	<u>\$ 724,725</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 58,773	\$ (34,650)
Depreciation	15,476	14,531
Realized and unrealized (gains) losses on investment transaction	2,376,017	(896,333)
Loss (gain) on the sale of office equipment and automobiles	2,472	-
Decrease (increase) in accrued investment income	80,851	(84,206)
Decrease (increase) in other accounts receivable	43,864	(402)
Decrease (increase) in loan origination fees	1,000	1,000
Decrease (increase) in prepaid expenses	5,687	(5,923)
Increase (decrease) in operating liabilities	(2,368)	3,556
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,581,772</u>	<u>\$ (1,002,427)</u>

The accompanying notes are an integral part of these financial statements

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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, 2008 and 2007.

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 2008 and 2007.

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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

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:

	2008		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
Certificate of deposit	\$ 789,407	\$ 795,009	\$ (5,602)
U.S. Government instruments	23,996,221	23,908,443	87,778
Common stocks	2,013,516	2,858,473	(844,957)
Foreign stocks	566,866	706,158	(139,292)
Mutual Funds	2,435,470	3,202,389	(766,919)
Corporate bonds	484,113	490,469	(6,356)
Trusts	224,960	224,960	-
Land held for resale	225,000	225,000	-
Real estate investment trust	1,439,975	1,439,639	336
Total Investments	<u>\$ 32,175,528</u>	<u>\$ 33,850,540</u>	<u>\$ (1,675,012)</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

2. INVESTMENTS - CONTINUED

	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	<u>\$ 38,090,667</u>	<u>\$ 37,742,915</u>	<u>\$ 347,752</u>

Total investment income (loss) amounted to (\$334,099) for 2008, consisting of investment losses of (\$2,376,017) and interest and dividends of \$2,041,918. This investment income (loss) represents yields of (0.95%) and (0.93%) based on the average market value and average cost of such investments for 2008.

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 2008.

3. NOTES RECEIVABLE

Notes receivable consist of obligations from related parties as follows:

	2008	2007
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	\$ 12,500	\$ 20,500
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.	12,575	15,000

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

3. NOTES RECEIVABLE - CONTINUED

7.5% note receivable due in 60 monthly installments of \$1,703 through 2011 by Randall House Publications. This note is unsecured.

	2008	2007
	\$ 52,024	\$ 67,909
	<u>\$ 77,099</u>	<u>\$ 103,409</u>

4. INTEREST BEARING REVOCABLE AND SAVINGS TRUST

The Foundation maintains revocable trusts and savings trusts which totaled \$26,568,592 and \$26,485,810 at December 31, 2008 and 2007, 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 \$1,424,322 and \$1,923,351 and gift annuities amounting to \$733,763 and \$1,293,016 as of December 31, 2008 and 2007, 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, 2008 and 2007, the permanently restricted endowment funds totaled \$6,293,634 and \$9,698,478, 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, 2008 and 2007:

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

	2008		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 938,078	\$ 608,937	\$ 329,141
Short term liquid investments	1,513,907	1,178,453	335,454
Certificate of deposit	789,407	789,407	-
U.S. Government instruments	23,996,221	23,996,221	-
Common Stocks	2,013,516	-	2,013,516
Foreign stocks	566,866	-	566,866
Mutual funds	2,435,470	-	2,435,470
Corporate bonds	484,113	-	484,113
Land held for resale	225,000	225,000	-
Real estate investment trust	1,439,975	-	1,439,975
Trusts	224,960	-	224,960
Receivables	429,349	-	429,349
Total Investments	<u>\$ 35,056,862</u>	<u>\$ 26,798,018</u>	<u>\$ 8,258,844</u>

	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>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

	2008	2007
Automobiles	\$ 43,400	\$ 26,869
Office equipment	11,203	11,203
Software	29,581	29,581
	84,184	67,653
Accumulated Depreciation	(25,271)	(30,392)
	<u>\$ 58,913</u>	<u>\$ 37,261</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 2007) per square foot per month. Beginning in 2007 the Foundation began paying one-half of the rent. Total lease payments were \$27,263 and \$25,980 for the years ended December 31, 2008 and 2007 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, 2008 or 2007.

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 \$7,344 (\$9,112 in 2007). 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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

12. FAIR VALUE MEASUREMENTS

The investments are valued using fair value measurements.

The investments are categorized in the fair value hierarchy as follows:

Level 1	Level 2	Level 3
<u>\$ 30,510,553</u>	<u>\$ -</u>	<u>\$ 1,664,975</u>

Level 3 Reconciliation:

Beginning balance	\$ 1,652,354
Purchases	100,000
Dividends reinvested	2,621
Sales	(90,000)
Ending balance	<u>\$ 1,664,975</u>
Total Level 3 gains and losses for the year	<u>\$ 2,621</u>

Level 1 investments are valued based on quoted market prices in active markets.

Level 2 investments are valued based on quoted market prices for similar investments.

Level 3 investments are valued based on the Organizations assumptions using the best available information.

FOUNDATION BUDGET

	Actual 2007	Actual 2008	Approved 2008	Approved 2009	Proposed 2010
INCOME					
The Together Way	\$ 31,052	\$ 33,880	\$ 30,500	\$ 32,000	\$ 34,000
Gifts	\$ -	\$ 157	\$ 300	\$ 250	\$ 250
Rest of the Family Offer	\$ 2,345	\$ 1,568	\$ 1,200	\$ 2,500	\$ 1,750
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Endowments	\$ 311	\$ -	\$ 300	\$ 1,425	\$ 1,250
Miscellaneous	\$ 504	\$ -	\$ 100	\$ 100	\$ 100
Management Fees	\$ 417,085	\$ 475,869	\$ 365,453	\$ 435,000	\$ 445,000
Total	\$ 451,297	\$ 511,474	\$ 397,853	\$ 471,275	\$ 482,350

EXPENSES

Salaries	\$ 159,953	\$ 148,392	\$ 148,879	\$ 156,124	\$ 156,124
Salaries Part-Time	\$ -	\$ -	\$ -	\$ -	\$ -
Housing	\$ 17,228	\$ -	\$ -	\$ -	\$ -
Employee Benefits	\$ 60,881	\$ 56,217	\$ 56,128	\$ 56,843	\$ 52,500
Auto Depreciation	\$ 6,374	\$ 7,319	\$ 5,388	\$ 7,500	\$ 8,680
Travel	\$ 45,031	\$ 41,537	\$ 32,000	\$ 50,000	\$ 38,000
Magazine Expense	\$ 45,642	\$ 55,308	\$ 47,000	\$ 47,000	\$ 52,000
Board Expense	\$ 19,169	\$ 15,919	\$ 14,000	\$ 19,000	\$ 13,000
Promotion	\$ 22,473	\$ 8,093	\$ 22,000	\$ 24,000	\$ 6,000
Office Expense	\$ 9,752	\$ 8,845	\$ 8,500	\$ 14,000	\$ 8,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ 25,980	\$ 27,263	\$ 26,958	\$ 27,381	\$ 26,958
Printing	\$ 243	\$ -	\$ 2,500	\$ 2,500	\$ 1,000
Publication	\$ 1,928	\$ 1,364	\$ 750	\$ 750	\$ 2,500
Training & Education	\$ 20,888	\$ 32,352	\$ 13,500	\$ 16,000	\$ 19,000
Auditing/Legal	\$ 9,540	\$ 9,680	\$ 6,550	\$ 10,100	\$ 10,100
Bank Fees	\$ 1,000	\$ 4,016	\$ 100	\$ 4,000	\$ 2,500
Telephone Expense	\$ 4,494	\$ 5,004	\$ 2,500	\$ 5,500	\$ 5,000
Postage	\$ 2,179	\$ 2,099	\$ 2,500	\$ 2,500	\$ 2,250
Equipment Maintenance	\$ 16,912	\$ 16,955	\$ 4,000	\$ 8,000	\$ 16,843
Equipment Depreciation	\$ 8,157	\$ 8,157	\$ 3,000	\$ 9,000	\$ 8,157
Equipment Purchase	\$ 3,182	\$ 3,088	\$ 1,500	\$ 2,000	\$ 1,500
Miscellaneous	\$ 4,941	\$ 1,093	\$ 100	\$ 1,000	\$ 1,000
Total	\$ 485,947	\$ 452,701	\$ 397,853	\$ 463,198	\$ 431,112
	\$ (34,650)	\$ 58,773	\$ -	\$ 8,077	\$ 51,238

FREE WILL BAPTIST FOUNDATION SALARIES AND BENEFITS

APPROVED		APPROVED		% Incr	PROPOSED		% Incr
2008		2009			2010		
David Brown		David Brown			David Brown		
Salary	\$69,879.00	Salary	\$72,674.16	4.00%	Salary	\$72,674.16	0.00%
Soc Security/Medicare	\$5,345.74	Soc Security/Medicare	\$5,558.57		Soc Security/Medicare	\$6,288.30	
Retirement	\$3,493.95	Retirement	\$3,633.71		Retirement	\$4,110.00	
Hospitalization Insurance	\$14,149.68	Insurance Replacement	\$13,712.52		Insurance Replacement	\$9,525.84	
Life Insurance	\$193.80	Life Insurance	\$179.40		Life Insurance	\$179.40	
Dental	\$923.40	Dental	\$988.08		Disability	\$484.98	
Disability	\$412.29	Disability	\$428.78				
	\$94,397.86		\$97,176.22			\$93,262.68	
Richard Davis		Richard Davis			Richard Davis		
Salary	\$50,000.00	Salary	\$53,000.00	6.00%	Salary	\$53,000.00	0.00%
Soc Security/ Medicare	\$3,825.00	Soc Security/ Medicare	\$4,054.50		Soc Security/ Medicare	\$4,054.50	
Retirement	\$2,500.00	Retirement	\$2,650.00		Retirement	\$2,650.00	
Hospitalization Insurance	\$14,149.68	Hospitalization Insurance	\$13,712.52		Hospitalization Insurance	\$13,712.52	
Life Insurance	\$193.80	Life Insurance	\$179.40		Life Insurance	\$179.40	
Dental Insurance	\$923.40	Dental Insurance	\$988.08		Dental Insurance	\$988.08	
Disability Insurance	\$295.00	Disability Insurance	\$312.70		Disability Insurance	\$312.70	
	\$71,896.88		\$74,897.20			\$74,897.20	
Dotty Moore		Dotty Moore			Dotty Moore		
Salary	\$29,000.00	Salary	\$30,450.00	5.00%	Salary	\$30,450.00	0.00%
Soc Security/ Medicare	\$2,218.50	Soc Security/ Medicare	\$2,329.43		Soc Security/ Medicare	\$2,329.43	
Retirement	\$1,450.00	Retirement	\$1,522.50		Retirement	\$1,522.50	
Hospitalization Insurance	\$4,916.52	Hospitalization Insurance	\$4,916.52		Hospitalization Insurance	\$4,916.52	
Life Insurance	\$133.80	Life Insurance	\$133.80		Life Insurance	\$133.80	
Dental Insurance	\$350.52	Dental Insurance	\$350.52		Dental Insurance	\$350.52	
Disability Insurance	\$171.10	Disability Insurance	\$179.66		Disability Insurance	\$179.66	
	\$38,240.44		\$39,882.42			\$39,882.42	



General Director's Report

A Restructured Funding Plan

The International Mission Board voted in April of 2008 to change the way we, as Free Will Baptists, fund missions. (The rationale and process was detailed in last year's Digest.) At the 2008 convention in Charleston, West Virginia, FWBIM's General Director James Forlines announced the board's plan to change the system. A new *Global Evangelism Fund* is at the heart of the new system and will support most of the Mission's activities. Board Chairman Danny Williams urged delegates to stand with the Mission and endorse the decision. When the vote was taken, an overwhelming majority of the voting delegates gave enthusiastic support to the plan to be implemented on January 1, 2010.

A Renewed Commitment

Every week nearly 40,000 believers gather in more than 1,000 Free Will Baptist churches and mission works outside North America to worship the true and living God. Even more incredible is the potential for thousands of people to hear—for the first time—the truth of salvation through Jesus Christ.

Millions of men and women have never even heard the name of Jesus. The gospel is for every person, everywhere. It is for the gang member in Brazil and the college student deceived by humanistic philosophy in France. The message of salvation is for the heavily veiled woman in North Africa and the successful businessman in Japan. The good news is for the Hindu priest in India and the elderly Imam in Central Asia. It is for the atheist in Bulgaria and the scantily clad child in West Africa. The gospel is for every man, woman, boy, or girl in any place in the world. What an overwhelming thought; what an overwhelming job! For each of them to hear, *EveryOne* of us must work together. Together—united in Christ—we can help reach them.

God is moving! He is moving in the hearts of men and women around the world. He is drawing people to Himself. He is challenging men and women to share the gospel with others—with family and friends, with strangers, and across cultural boundaries. It will take all of us—*EveryOne*—to maintain the momentum.

EveryOne is thousands of people—people like you and me—who have made a commitment to be part of something bigger than themselves. It is people joining their efforts for the greatest cause of all time—sharing the gospel with people all over the globe. We all can do, as *EveryOne*, what no single one can—we can reach farther together.



You are *EveryOne*!

The next generation of Free Will Baptists believes in what we can do together. Young people from around our nation are demonstrating their passion for a movement like *EveryOne* not just with their words, but also with their actions.

In April of 2008, three young couples were appointed for career service with International Missions. David and Kendra Dodson and Neil and Mandi Morgan are committed to facilitating a church planting movement among the peoples of Uruguay. Paul and Chrissy Collins will be working to that same end among the peoples of Panama. Along with these, two young men were appointed to a two-year intern status: Casey Jones in Creative Access areas, and Caleb Dement in Japan.

Not only is the next generation committing themselves to missionary service, but many more are also volunteering for cross-cultural ministry through our Student Missions Programs. In 2008, 75 students went to nine locations by participating in E-TEAM. In addition, last year saw 28 college students further their education through hands-on ministry training in four destinations around the globe.

Be a part of the movement! Pray daily for the work of International Missions, our missionaries, and the success of the funding plan. Continue to give regularly to your missionary's account for the remainder of 2009, and then transition your regular giving to the *Global Evangelism Fund* beginning January 1, 2010. We want you to stay connected with and encourage your missionaries even more than in the past! Visit www.fwbgo.com and sign up for a *MyIM* account to personalize your web experience with the latest news, information, and updates on the missionaries you select.



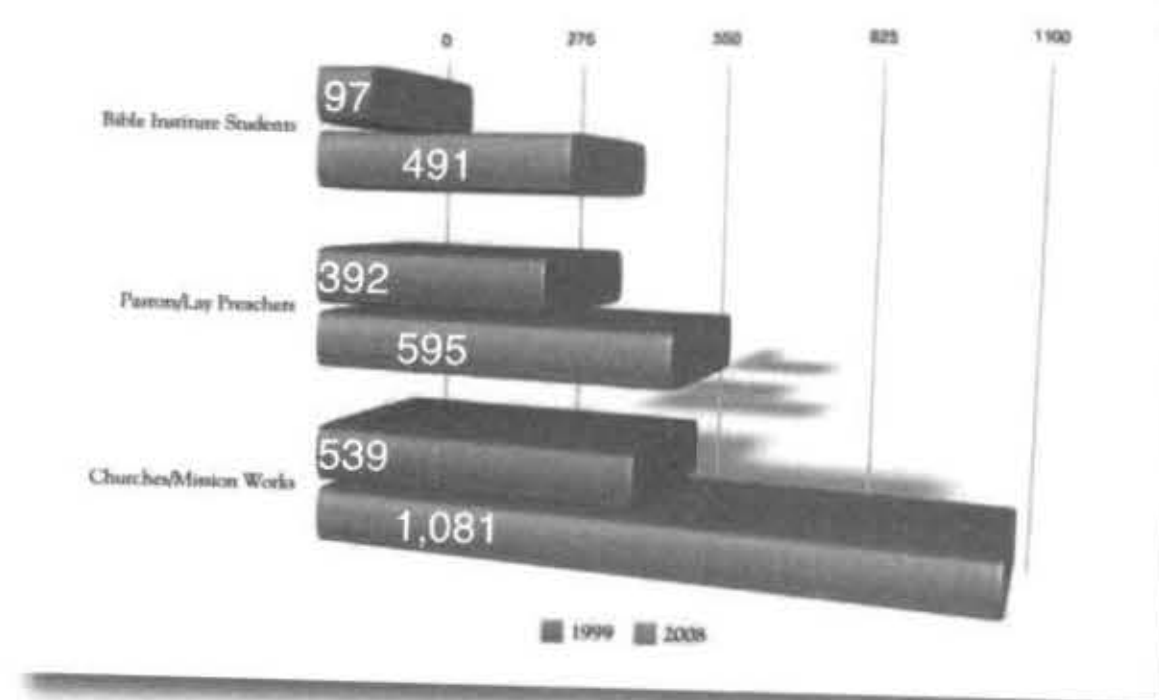
What can *EveryOne* do?

God has blessed Free Will Baptists as we have sought to expand His kingdom in some of the most difficult areas of the world. An exciting future is unfolding before us as we watch God move in the hearts of people, both in North America and abroad, and as they seek to find their roles in fulfilling the Great Commission. As we work together we can continue this expansion like never before. Join me in praising God for the following 2008 evidences of His blessing:

- 1,081 churches and mission works
- 37,851 total average church attendance
- 595 pastors and lay preachers
- 491 students in Bible institutes
- 1,732 conversions

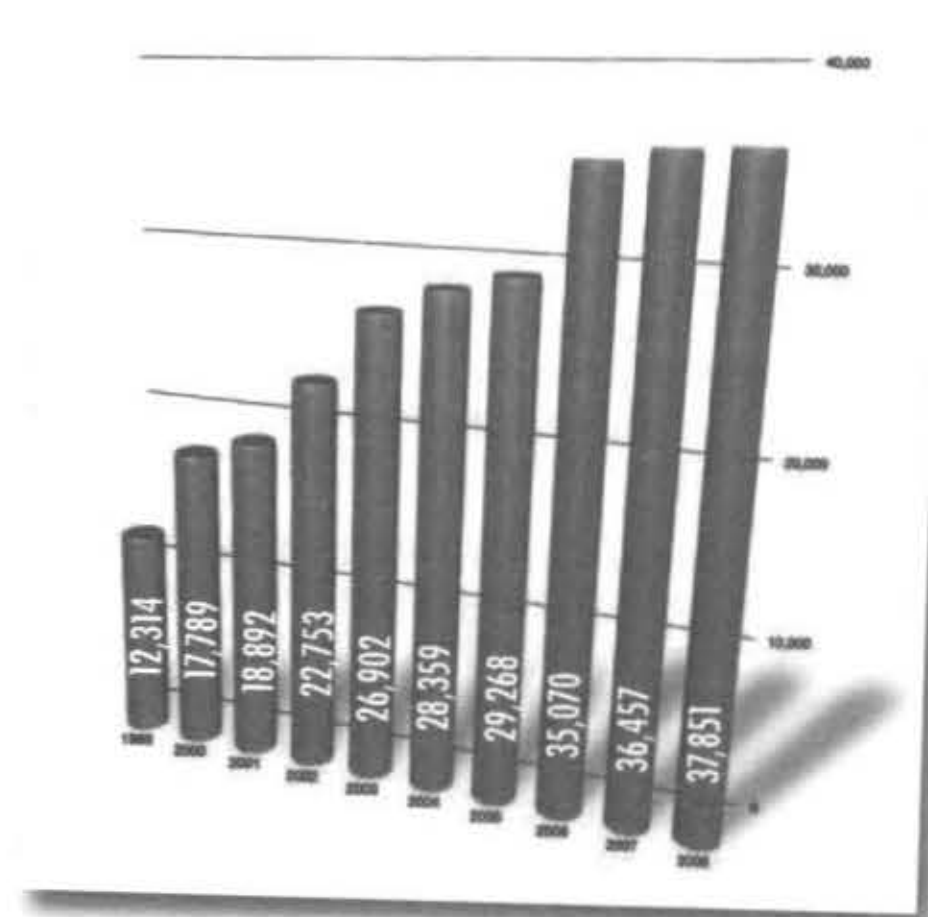
Celebrate with us the amazing growth that has been experienced in the last 10 years. Join the movement of *EveryOne* and experience what God can do through all of us working together in the next 10 years!

Key Activities: 10-Year Rate of Growth (1999-2008)



As we work together to facilitate church planting movements among unreached peoples, the overseas attendance numbers continue to climb. The following chart illustrates the opportunity we have to reach new heights in the future!

Overseas Attendance Growth (last 10 years)

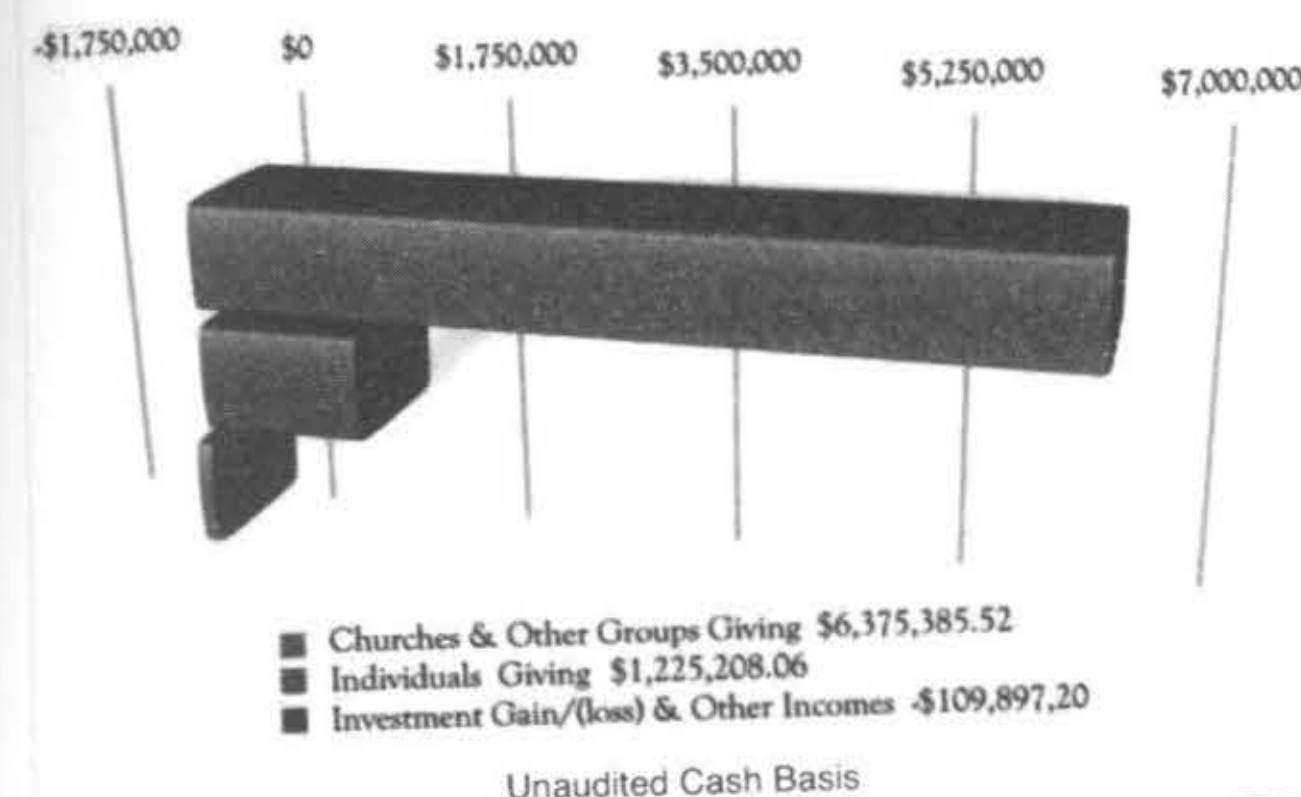


Financial Summary

No one can dispute that 2008 was an extremely challenging year financially. However, even as financial investments experienced dramatic losses and the dollar plummeted in overseas markets, Free Will Baptists

remained faithful in giving to take the gospel to the ends of the earth. Without this faithful sacrifice, our financial situation would be much worse. Our staff and overseas workers have responded valiantly to the global economic crisis, cutting budgets, reevaluating initiatives, and responding graciously to salary freezes.

2007 Sources of Income



We are extremely thankful for the 107 churches who gave \$10,000 or more to International Missions in 2008.

Donelson FWB	Nashville	TN	\$120,451.03
Unity FWB	Greenville	NC	\$81,858.14
Calvary Fellowship FWB	Fenton	MO	\$60,359.01
Horse Branch FWB	Turbeville	SC	\$60,110.11
First FWB	Russellville	AR	\$59,458.68
Macedonia FWB	Purdy	MO	\$58,975.00
Sherwood Forest FWB	New Bern	NC	\$54,263.49
Peace FWB	Florence	SC	\$48,528.34
First FWB	Washington	NC	\$45,517.00
Bethany FWB	Broken Arrow	OK	\$43,808.78
Piney Grove FWB	Guin	AL	\$41,744.16
Ina FWB	Ina	IL	\$38,351.00
First FWB	Albany	GA	\$35,680.14
Cofer's Chapel FWB	Nashville	TN	\$33,972.37
Good Springs FWB	Pleasant View	TN	\$33,135.13
Bethel FWB	Kinston	NC	\$33,088.40
Cross Timbers FWB	Nashville	TN	\$30,342.79
Westside FWB	Johnsonville	SC	\$29,440.18
First FWB	Northport	AL	\$27,450.60
Central FWB	Royal Oak	MI	\$25,572.83
Union Chapel FWB	Chocowinity	NC	\$24,303.83
Winfield First FWB	Winfield	AL	\$24,265.09

Temple FWB	Winterville	NC	\$22,687.86
New Hope FWB	Joelton	TN	\$22,537.02
Blue Point FWB	Cisne	IL	\$22,288.52
Grace FWB	Lake City	SC	\$21,953.56
Fellowship FWB	Kingsport	TN	\$21,659.97
First FWB	Beaufort	NC	\$21,537.00
Harmony FWB	Ada	OK	\$21,488.00
Gateway FWB	Virginia Beach	VA	\$21,353.27
Trinity FWB	Darlington	MD	\$21,328.21
Bethany FWB	Timmons ville	SC	\$21,128.00
West Calvary FWB	Smithfield	NC	\$20,533.80
Heads FWB	Cedar Hill	TN	\$20,520.16
Zephyr Hills FWB	Asheville	NC	\$19,236.01
Cramerton FWB	Cramerton	NC	\$19,065.85
Faith FWB	Goldsboro	NC	\$18,993.88
Sand Hill FWB	Coward	SC	\$18,617.29
First FWB	Florence	SC	\$18,275.60
Colquitt FWB	Colquitt	GA	\$17,840.84
Allen Chapel FWB	Batesville	AR	\$17,605.20
Lebanon FWB	Effingham	SC	\$17,312.98
Tupelo FWB	Tupelo	MS	\$17,098.70
Union Grove FWB	Atkins	AR	\$17,021.33
First FWB	N Little Rock	AR	\$16,706.11
Red Bay FWB	Red Bay	AL	\$16,703.96
Indian Creek Assn	Purdy	MO	\$16,497.33
Peace FWB	Wilson	NC	\$16,400.00
Garner FWB	Garner	NC	\$16,274.00
Tippetts Chapel FWB	Clayton	NC	\$16,255.94
Townsend FWB	Townsend	DE	\$16,251.88
First FWB	Swansboro	NC	\$16,201.60
Limestone FWB	Limestone	TN	\$16,154.95
Ruth's Chapel FWB	New Bern	NC	\$15,809.36
First FWB	Gastonia	NC	\$15,806.07
New Hope Community	Clovis	CA	\$15,800.00
Mt Olive FWB	Guin	AL	\$14,755.04
North Warren FWB	Warren	MI	\$14,672.95
Temple FWB	Darlington	SC	\$14,516.72
Homerville FWB	Homerville	GA	\$14,207.76
Meadowbrook FWB	Black Mtn	NC	\$14,139.76
Hannon FWB	Liberal	MO	\$13,916.50
Liberty FWB	Lancaster	SC	\$13,566.39
Hilltop FWB	Fuquay Varina	NC	\$13,550.00
Oak Grove FWB	Greeneville	TN	\$13,543.49
Mullins-Marion FWB	Mullins	SC	\$13,295.90
First FWB	Star City	AR	\$13,225.01
Inez FWB	Inez	KY	\$13,100.00
Mt. Zion FWB	Pell City	AL	\$13,071.53
First FWB	Tuckerman	AR	\$12,906.26
Phillip's Chapel FWB	Northport	AL	\$12,905.75
First FWB	Mountain Grove	MO	\$12,905.31

Cavanaugh FWB	Fort Smith	AR	\$12,727.26
Black River FWB	Andrews	SC	\$12,599.60
Philadelphia FWB	Folkston	GA	\$12,588.36
Sherwood Forest FWB	El Sobrante	CA	\$12,493.46
Harmony FWB	Fresno	CA	\$12,123.25
Gospel Light FWB	Bonne Terre	MO	\$12,000.00
Grace Baptist	Dickson	TN	\$12,000.00
Porter FWB S. School	Wheelersburg	OH	\$11,966.50
Mt Harmony FWB	Vernon	AL	\$11,910.48
First FWB	Owensboro	KY	\$11,910.00
Fellowship FWB	Park Hills	MO	\$11,827.85
Hillsboro FWB	Hillsboro	OH	\$11,817.25
Liberty FWB	Lawley	AL	\$11,595.91
Parker's Chapel FWB	Greenville	NC	\$11,571.00
Calvary Chapel FWB	Buffalo	MO	\$11,459.54
Bethlehem FWB	Ashland City	TN	\$11,389.73
Fellowship FWB	Bryan	TX	\$11,341.20
New Hope FWB	Ina	IL	\$11,302.70
Fellowship FWB	Richton	MS	\$11,286.20
Phillips Chapel FWB	Springdale	AR	\$11,199.90
Verdella FWB	Liberal	MO	\$11,173.70
New Lebanon FWB	Tishomingo	MS	\$11,152.75
Jerome FWB	Jerome	ID	\$10,978.68
Hardin Valley Comm	Knoxville	TN	\$10,978.00
New Liberty FWB	Bankston	AL	\$10,733.50
First Bible FWB	New Castle	IN	\$10,685.85
Ebenezer FWB	Glennville	GA	\$10,650.74
Bellview FWB	Colquitt	GA	\$10,569.62
First FWB	De Soto	MO	\$10,562.44
First FWB	Vernon	AL	\$10,515.50
Evergreen FWB	Erwin	TN	\$10,480.00
First FWB	Springfield	OH	\$10,472.51
Cedar Springs FWB	Jakin	GA	\$10,141.49
Unity FWB	Smithfield	NC	\$10,125.00
Cornerstone FWB	Whiteville	NC	\$10,000.00

We are also grateful for the following top 10 states in gifts to Free Will Baptist International Missions:

Tennessee	\$1,408,108.45
North Carolina	\$1,005,205.90
Oklahoma	\$656,146.96
Missouri	\$620,579.32
South Carolina	\$549,055.30
Arkansas	\$546,818.32
Alabama	\$523,634.11
Georgia	\$369,342.88
Illinois	\$252,699.82

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. 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 2007, 108 churches reached this benchmark; in 2008, an incredible 40 churches were added to the list, totaling a record 148 churches achieving the \$1,000-plus status.

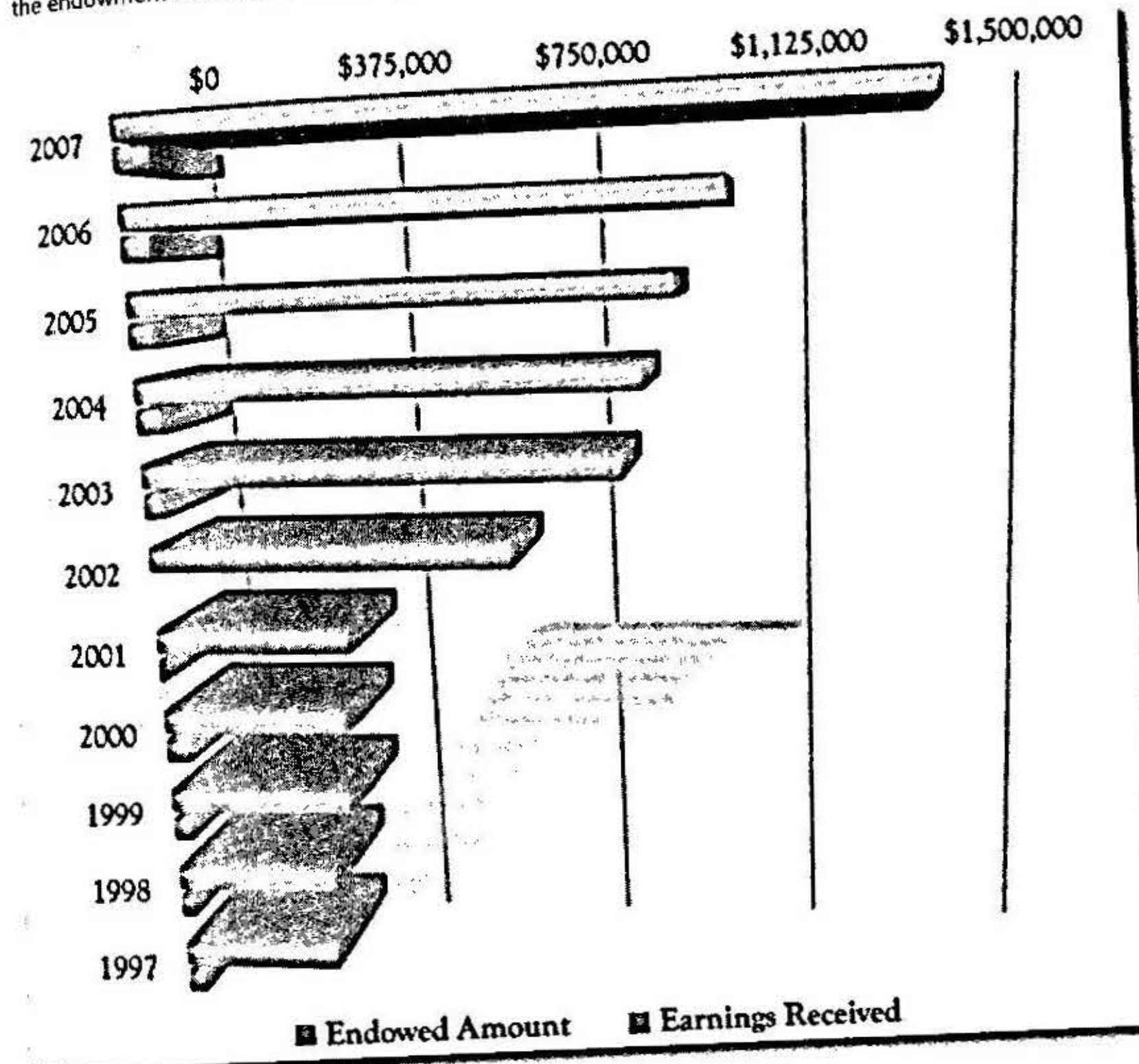
Unity FWB Church	Greenville	NC	\$18,605.10
Peace FWB Church	Florence	SC	\$16,667.50
Piney Grove FWB Church	Guin	AL	\$15,000.00
Zephyr Hills FWB Church	Asheville	NC	\$13,000.00
Tupelo FWB Church	Tupelo	MS	\$10,693.70
South Grand River Assn	Locust Grove	OK	\$10,000.00
Macedonia FWB Women's Aux.	Purdy	MO	\$8,000.00
First FWB Church	Swansboro	NC	\$6,232.44
Allen Chapel FWB Church	Batesville	AR	\$6,051.89
Fellowship FWB Church	Bryan	TX	\$5,746.46
New Hope FWB Church	Joelton	TN	\$5,182.06
Inez FWB Church	Inez	KY	\$5,000.00
Good Springs FWB Church	Pleasant View	TN	\$4,921.49
Ina FWB Church	Ina	IL	\$4,900.00
Davis FWB Church	Davis	NC	\$4,289.72
Winfield First FWB Church	Winfield	AL	\$4,200.00
Central FWB Church	Huntington	WV	\$4,000.00
First FWB Church	Beaufort	NC	\$3,965.00
Bethany FWB Church	Broken Arrow	OK	\$3,916.87
Heritage FWB Church	Columbus	OH	\$3,875.41
First FWB Church	Dickson	TN	\$3,823.00
First FWB Church	Pocahontas	AR	\$3,612.25
Blue Point FWB Church	Cisne	IL	\$3,366.84
Trinity FWB Church	La Grange	NC	\$3,317.85
First FWB Church	Blakely	GA	\$3,157.50
Cofer's Chapel FWB Church	Nashville	TN	\$3,153.51
Prospect Freewill Baptist Church	Dunn	NC	\$3,101.46
West Calvary FWB Church	Smithfield	NC	\$3,000.00
Oaklawn FWB Church	Chapmansboro	TN	\$2,878.91
First FWB Church	Mount Vernon	IL	\$2,833.00
First FWB Church	Fort Gibson	OK	\$2,793.00
First Arizona District Assoc	Tucson	AZ	\$2,783.27
First FWB Church	Stanley	NC	\$2,732.00
Ruth's Chapel FWB Church	New Bern	NC	\$2,663.00
First FWB Church	Dothan	AL	\$2,593.03
Pleasant Hill FWB Church	Delaware	OH	\$2,510.80
Community FWB Church	Pocola	OK	\$2,500.00
Hartville FWB Church	Hartville	MO	\$2,500.00
Horse Branch FWB Church	Turbeville	SC	\$2,385.45
Jerome FWB Church	Jerome	ID	\$2,358.50
Oakwood FWB Church	Woodlawn	TN	\$2,287.97
Bethel FWB Church	Kinston	NC	\$2,266.18
Philadelphia FWB Church	Folkston	GA	\$2,186.33
Red Bay FWB Church	Red Bay	AL	\$2,168.50
First FWB Church	Vernon	AL	\$2,156.93

First FWB Church	Inman	SC	\$2,138.21
Sciotodale FWB Church	Portsmouth	OH	\$2,085.50
Emmanuel FWB Church	Washington	NC	\$2,081.86
United FWB Church	Dickson	TN	\$2,057.38
Porter FWB Sunday School	Wheelersburg	OH	\$2,012.00
Damascus FWB Church	Marianna	FL	\$2,008.10
Southgate FWB Church	Southgate	MI	\$2,000.00
Grace FWB Church	Louisa	VA	\$1,985.61
First FWB Church	Weatherford	TX	\$1,985.43
Calvary Fellowship FWB Ch	Fenton	MO	\$1,946.10
Bridgeport FWB Church	Newport	TN	\$1,908.55
Union FWB Church	Wheelersburg	OH	\$1,800.00
First FWB Church	Bakersfield	CA	\$1,788.20
Union Ridge FWB Church	Sulligent	AL	\$1,784.95
Townsend FWB Church	Townsend	DE	\$1,765.00
Hillcrest FWB Church	Wagoner	OK	\$1,759.01
Central FWB Church	Royal Oak	MI	\$1,752.51
Center Point FWB Church	Birmingham	AL	\$1,746.27
Mt Pisgah FWB Church	Cabool	MO	\$1,738.31
Bethlehem FWB Church	Ashland City	TN	\$1,730.25
First FWB Church	Savannah	GA	\$1,723.32
Lakehills FWB Church	Cedar Park	TX	\$1,666.00
Community FWB Church	West Jefferson	OH	\$1,638.53
Madison FWB Church	Madison	AL	\$1,597.00
First FWB Church	Titusville	FL	\$1,588.50
Prague FWB Wom Aux	Prague	OK	\$1,557.60
Zion Hill FWB Church	Waycross	GA	\$1,516.00
Liberty Assn of FWB of TN	Cookeville	TN	\$1,514.84
Calvary FWB Church	Salem	IL	\$1,507.02
Bright Light FWB Church	College Station	TX	\$1,500.00
Hillview FWB Church	Reynoldsburg	OH	\$1,500.00
Homer's Chapel FWB Church	Black Mountain	NC	\$1,500.00
Pikeville FWB Church	Pikeville	KY	\$1,500.00
Piney Grove FWB Church	Bristol	GA	\$1,500.00
WV St Assn Mission Bd of FWB	Charleston	WV	\$1,483.50
Limestone FWB Church	Limestone	TN	\$1,445.00
Hendersonville FWB Church	Hendersonville	TN	\$1,418.63
Thomaston Community Church	Thomaston	TX	\$1,418.00
Corinth FWB Church	Dunn	NC	\$1,415.28
First FWB Church	Northport	AL	\$1,414.06
Belk FWB Church	Belk	AL	\$1,400.00
Woodbine FWB Church	Nashville	TN	\$1,388.72
Lowery FWB Church	Tahlequah	OK	\$1,374.43
Shallowford FWB Church	Marietta	GA	\$1,361.41
Central FWB Church	Grandview	MO	\$1,358.59
Calvary Fwb Church	Glendale Springs	NC	\$1,357.80
Westside FWB Church	Johnsonville	SC	\$1,346.74
Homerville FWB Church	Homerville	GA	\$1,314.75
Harmony FWB Church	Fresno	CA	\$1,300.39
Cool Springs FWB Church	Norman Park	GA	\$1,300.00
Knight's Chapel FWB Church	Cookeville	TN	\$1,297.81
Lighthouse FWB Church	Florence	SC	\$1,274.33
New Hope FWB Church	Jesup	GA	\$1,272.60

First FWB Church	Greeneville	TN	\$1,269.29
Liberty FWB Church	Lawley	AL	\$1,250.00
Rocky Pass FWB Church	Marion	NC	\$1,250.00
Heritage FWB Church	Springfield	IL	\$1,241.33
First FWB Church	Tuscaloosa	AL	\$1,238.13
Ryanwood Fellowship FWB Ch	Vero Beach	FL	\$1,211.00
First FWB Church	Morehead City	NC	\$1,200.00
New Oak Grove FWB Church	Nauvoo	AL	\$1,198.66
New Hope First FWB Church	Kent	WA	\$1,196.80
Bay Springs FWB Church	Eastman	GA	\$1,187.13
Bay Branch FWB Church	Timmons ville	SC	\$1,185.00
Rouge FWB Church	Wyandotte	MI	\$1,185.00
Yorkshire FWB Church	Manassas	VA	\$1,185.50
Two Rivers FWB Church	Clarksville	TN	\$1,159.00
Ozark FWB Church	Ozark	AR	\$1,148.33
Collinsville FWB Church	Collinsville	OK	\$1,127.54
Heritage FWB Church	Gilbert	AZ	\$1,127.10
Bear Point FWB Church	Sesser	IL	\$1,125.00
Highland Ave FWB Church	Prestonsburg	KY	\$1,119.00
Farmington FWB Fellowship Cl	Farmington	MO	\$1,108.38
Pine Level FWB Church	Alma	GA	\$1,078.22
Fellowship FWB Church	Kingsport	TN	\$1,073.37
Mansfield FWB Church	Mansfield	OH	\$1,066.56
Independence FWB Church	Van Buren	AR	\$1,065.00
Sutton FWB Church	Pocahontas	AR	\$1,062.20
Sand Hill FWB Church	Coward	SC	\$1,059.40
Heads FWB Church	Cedar Hill	TN	\$1,057.50
Sand Hill Creek FWB Church	Baxley	GA	\$1,054.68
Ebenezer FWB Church	Glennville	GA	\$1,036.70
Nolan F.W.B. Church	Williamson	WV	\$1,031.00
Mt Bethel FWB Church	Rose Bud	AR	\$1,027.30
Mt. Vernon FWB Church	Russellville	AR	\$1,025.00
Cleveland FWB Church	Cleveland	OH	\$1,022.00
First FWB Church	Benton	IL	\$1,018.50
Arnold View FWB Church	Creal Springs	IL	\$1,015.00
Mt Elon FWB Church	Pamplico	MSC	\$1,015.00
Bethel FWB Church	Baxley	GA	\$1,000.00
Eastside FWB Church	Houston	TX	\$1,000.00
Faith FWB Church	Saint Albans	WV	\$1,000.00
First FWB Church	Brunswick	GA	\$1,000.00
First FWB Church WAC	Darlington	SC	\$1,000.00
Happy Home FWB Church	Andrews	SC	\$1,000.00
Immanuel FWB Church	Durham	NC	\$1,000.00
Liberty FWB Church	Guin	AL	\$1,000.00
Mission Association of FWB	Licking	MO	\$1,000.00
Mt Olive FWB Church	Guin	AL	\$1,000.00
Murry Spur FWB Church	Spiro	OK	\$1,000.00
South Fremont FWB Church	Springfield	MO	\$1,000.00
Trinity FWB Church	Bowling Green	KY	\$1,000.00
Williams Hill FWB Church	Hemingway	SC	\$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 re-member world evangelism in their financial and estate planning. The following table details the growth of the endowment with the Free Will Baptist Foundation.



CONTINUING EXCELLENCE FOR MISSIONARIES AND IM STAFF

Every year it seems we tell the same story. The team at International Missions is working harder than ever and producing more than ever. Although you can see many of the results as you read *ONE Magazine*, watch an *IMPulse* video, read a missionary newsletter, or visit fwbgo.com, there is much no one will ever see. The hours in prayer and preparation our missionaries spend for their ministry work goes unnoticed. The staff member arriving early and working late—no one sees. But the Lord sees and knows all that is being done.

In 2008 there were some changes in the IM stateside team. Doug Little left the Mission to pursue other opportunities after serving as Director of Development and later as Director of Mobilization. Doug brought a deep passion for the world and for mobilizing our churches to his work and we are sure he will continue to be a strong missions advocate in whatever he does.

Steve and Judy Lytle left the staff to return to their first love—serving as missionaries in Latin America. Steve served as Director of Field Operations for seven years and Judy was Candidate Coordinator. Steve led the field team through some major changes including the introduction of regional directors. Judy worked with many candidates to help them through the process and to the field. In addition to working in both Panama and Uruguay, Steve will be assisting the International Fellowship of Free Will Baptists on their plans to begin an international missionary sending body.

We added two new stateside team members; Cyndi Ludeman joined our Financial Operations department as accounting clerk. Charolette Tallent, former missionary to France, is the new field operations stateside manager.

We have been blessed with an amazing team of people who are so committed to what they do. IM personnel believe strongly in the vision of the Mission and they work selflessly to see it accomplished.

BOARD MEETINGS AND ACTIONS

July 2, 2008—Telephone Conference Call

The board voted to approve the legal language to appear on promotional material concerning gifts to the Mission and donor receipts sent from the Mission. The statement will read, "Should a specific account or project be over-funded, any excess funds will be used for other appropriately approved Board endeavors."

The board voted to approve the DDFO's (Jeff Turnbough) recommendation that Clint Morgan be appointed to serve as Interim Regional Director for the field of Europe for a one- to two-year period.

Sunday, July 20, 2008—Charleston, West Virginia

The board voted to establish a scholarship fund beginning in 2010 to provide assistance to every MK who furthers their studies in college. This scholarship fund shall be called the Eugene and Genevieve Waddell Scholarship Fund.

August 27, 2008—Email ballots

The board approved another two-year, short-term assignment to France for Ledgel and Sharon Ferguson.

September 9, 2008—Email ballots

The board granted a one-year (August 1, 2008–September 31, 2009) Leave of Absence for both Paige Autry and Cindy Hall.

The board granted a one-year (October 1, 2008–September 30, 2009) Leave of Absence for Micah and Becky Derby.

The board voted to accept Sean and Jill Warren's resignation.

December 10-11, 2008—Semi-annual Meeting, Antioch, Tennessee

Members Present: Danny Williams, Randy Wilson, Jerry Norris, Nelson Henderson, Rob Morgan, Paul Creech and Tom McCullough, Jeff Manning (Sherwood Lee absent due to illness)

The board approved the 2009 WMO goal at \$600,000 and the allocation schedule for 2009.

The board approved the reelection of Jeff Turnbough and Rob Conley to a three-year term on the THP board (through 2011).

The board voted to alter how the Advisory Council is selected and composed. The board gave the General Director the authority to bring into the council those individuals who can be of greatest assistance for the topics to be discussed in that particular meeting.

The board approved the appointment of the Blankenship CPA Group to perform the 2008 audit.

Bobby and Geneva Poole were reappointed to another term of service in Brazil.

Kenneth and Rejane Eagleton were reappointed to another term of service in Brazil.

Andy and Andrea Moore were reappointed to another term of service in Brazil.

Donnie and Ruth McDonald were reappointed to another term of service in Japan.

Molly Barker was reappointed to another term of service in Uruguay.

The board voted to accept the resignation of Darrell and Lila Nichols and to heartily commend them for their faithful and fruitful years of service to FWBIM.

The board granted affiliate status to Russell and Bethany Cooper to be seconded to ELIC.

January 10, 2009—Email ballot

The board voted to give a monetary gift to Steve Lytle as a token of the Board's appreciation for his eight and a half years of service as Director of Field Operations.

April 27-29, 2009—Annual meeting, Antioch, Tennessee

Members Present: Danny Williams, Sherwood Lee, Jerry Norris, Nelson Henderson, Rob Morgan, Jeff Manning, Paul Creech, and Tom McCullough

The board voted to adopt the following purpose statement:

We exist to facilitate Church Planting Movements among unreached peoples.

The board voted to adopt eight core values as listed: Integrity, Trust, Interdependence, Accountability, Flexibility, Affirmation, Life-long learning, and Facilitation.

The board voted to renew our partnership with the International Training Alliance.

The board voted to expand the role of The Hanna Project to include major mobilization projects in established FWBIM ministry locations (with a primary emphasis to continue on creative access countries)

The board voted to approve Tom Willey Jr., Ron Callaway, and Gary Curry as official FWBIM Cuban Representatives in our partnership with the FWB National Association in Cuba, according to the staggered terms of service as clarified in the position's PRD.

Stan and Brenda Bunch were reappointed to Panama.

Matthew and Brooke Turnbough were reappointed to Spain.

The board adopted the finance committee's recommendation to commend the missionary family on their cooperation and understanding in reducing their current budgets and to encourage them to under spend in the remainder of the current fiscal year.

The board voted to adopt the General Director's proposal to go on record as adopting a "framework" budget in April to send to the National Association, and in December adopting an Operational Budget for the upcoming year.

The board voted to adopt the 2010 budgets that appear in the DFO's report.

The board voted to adopt the Impact project policies as recommended in the DFO's report.

The board voted to receive the 2007/2008 audit as performed by Blankenship CPA Group.

The board voted to endorse the General Director's concept to pursue the implementation of a Celebration Walk in conjunction with the 75th anniversary celebration in 2010 understanding that several key components must fall into place very quickly to make it happen.

Officers elected for the coming year were Danny Williams, Chairman; Randy Wilson, Vice-Chairman; Tom McCullough, Secretary.

The board granted Joshua and Jennifer Detherage affiliate status to be seconded to ELIC.

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2008 and 2007, 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, 2008 and 2007, 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 2008 and 2007 consolidated financial statements taken as a whole. The accompanying supplemental schedules, on pages 13 and 14, 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 16, 2009

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS		
	2008	2007
Cash and cash equivalents	\$ 1,327,918	\$ 1,075,258
Investments in trusts	1,647,555	2,418,390
Investments	1,400	8,080
Prepaid expenses	9,330	34,697
Receivables from employees and missionaries	336,205	340,436
Note receivable	60,090	66,072
Property and equipment, net	1,386,467	1,169,277
Total assets	<u>\$ 4,768,965</u>	<u>\$ 5,110,210</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 277,231	\$ 288,783
Supplemental retirement insurance obligation	545,523	559,766
Notes payable	415,076	312,294
Accrued severance payable	167,760	159,726
Total liabilities	<u>1,405,590</u>	<u>1,320,569</u>
Net assets:		
Unrestricted	180,889	510,307
Temporarily restricted	3,156,245	3,253,093
Permanently restricted	26,241	26,241
Total net assets	<u>3,363,375</u>	<u>3,789,641</u>
Total liabilities and net assets	<u>\$ 4,768,965</u>	<u>\$ 5,110,210</u>

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

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BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Unrestricted:		
Revenue:	\$ 1,708,223	\$ 1,560,748
Contributions	(265,815)	201,588
Investment (loss) income	22,043	82,437
Other income	(1,991)	4,896
(Loss) gain on disposal of property and equipment		
Net assets released from restrictions:	5,948,115	6,089,231
Restrictions satisfied by payments	<u>7,410,575</u>	<u>7,938,900</u>
Total revenue		
Expenses:		
General fund	1,719,960	1,684,164
Missionaries	5,834,531	5,701,362
VISION campaign	185,502	559,052
Total expenses	<u>7,739,993</u>	<u>7,944,578</u>
(Decrease) increase in unrestricted net assets	<u>(329,418)</u>	<u>(5,678)</u>
Temporarily restricted:		
Revenue:	5,851,267	6,175,414
Contributions		
Net assets released from restrictions:	(5,948,115)	(6,089,231)
Restrictions satisfied by payments	<u>(96,848)</u>	<u>86,183</u>
(Decrease) increase in temporarily restricted net assets	<u>(426,266)</u>	<u>80,505</u>
Total (decrease) increase in net assets		
Net assets, beginning of year as previously reported	-	2,858,120
Adjustment to record additional net assets	-	842,016
Net assets, beginning of year as restated	<u>3,780,641</u>	<u>3,700,136</u>
Net assets, end of year	<u>\$ 3,354,375</u>	<u>\$ 3,780,641</u>

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

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BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
(Decrease) increase in net assets		
Adjustments to reconcile (decrease) increase in net assets to	\$ (426,266)	\$ 89,505
net cash provided by operating activities:		
Depreciation	165,164	130,442
Unrealized loss (gain) on investments	265,815	(201,588)
Loss (gain) on disposal of property and equipment	1,991	(4,896)
Decrease in receivables from employees and missionaries	4,231	16,267
Decrease (increase) in prepaid expenses	25,367	(3,189)
(Decrease) increase in accounts payable and accrued expenses	(11,552)	64,212
(Decrease) increase in supplemental retirement insurance obligation	(14,243)	38,239
Increase (decrease) in severance payable	8,034	(812)
Net cash provided by operating activities	18,541	128,180
Cash flows from investing activities:		
Purchases of property and equipment	(420,645)	(141,630)
Proceeds from sale of equipment	36,300	10,050
Purchases of investments	(25,167)	(287,107)
Proceeds from sale of investments	534,867	263,728
Collection on note receivable	5,982	5,982
Net cash provided (used) by investing activities	131,337	(148,977)
Cash flows from financing activities:		
Proceeds from note payable	175,000	-
Payments on notes payable	(72,218)	(65,089)
Net cash provided (used) by financing activities	102,782	(65,089)
Increase (decrease) in cash and cash equivalents	252,660	(85,886)
Cash and cash equivalents, beginning of year	1,075,258	1,161,144
Cash and cash equivalents, end of year	\$ 1,327,918	\$ 1,075,258

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

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 Tax

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. 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 2008 and 2007.

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007

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:

Buildings	39 years
Automobiles	3 - 5 years
Office furniture and equipment	3 - 10 years

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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, 2008 AND 2007

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:

	2008	2007
Foundation Trust	\$ 608,762	\$ 1,193,829
Benevolent Health Trust	875,989	1,023,808
Support Services Endowment	157,371	194,987
St. Sebastian Trust	3,450	3,303
Scholarship Endowment	1,983	2,463
	<u>\$1,647,555</u>	<u>\$ 2,418,390</u>

The total investment (loss) income for 2008 was (\$265,815) and 2007 was \$201,588 consisting of unrealized losses and unrealized gains, respectively.

NOTE 4 - INVESTMENTS

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2008 and 2007 consisted of equity securities. Unrealized losses were \$4,480 and \$5,120 for 2008 and 2007, respectively. There were no realized gains or losses.

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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, 2008 AND 2007**

NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES

Included in receivables from missionaries and employees is \$309,050 and \$315,736 in 2008 and 2007, 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:

	2008	2007
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>\$ 60,090</u>	<u>\$ 66,072</u>

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2008	2007
Land	\$ 266,981	\$ 218,231
Buildings	800,942	654,692
Office furniture and equipment	24,990	24,990
Cameras and projectors	111,259	88,658
Automobiles	882,316	748,234
Computer equipment	<u>114,920</u>	<u>97,248</u>
	2,201,408	1,832,053
Less accumulated depreciation	<u>(814,941)</u>	<u>(662,776)</u>
Total	<u>\$1,386,467</u>	<u>\$1,169,277</u>

Depreciation expense amounted to \$165,164 and \$130,442 for 2008 and 2007, respectively. Depreciation expense in the amount of \$57,175 and \$56,165 is included in the general fund expenses for 2008 and 2007, 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, 2008 AND 2007**

NOTE 8 - SUPPLEMENTAL RETIREMENT INSURANCE OBLIGATION

Using a measurement date of December 31, the calculation of the accumulated benefit obligation of \$545,523 and \$559,766 for 2008 and 2007, 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 \$ -0- and \$47,116 for 2008 and 2007, respectively. Benefits paid to retirees were \$12,852 and \$8,878 for 2008 and 2007, 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 \$875,989 and \$1,023,808 at December 31, 2008 and 2007, respectively 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 - NOTES PAYABLE

Notes payable consist of the following as of December 31:

	2008	2007
Note payable to Free Will Baptist Foundation, for Chame property requiring yearly payments of \$50,000. The note has no stated interest rate, but has an imputed rate of 7%. The note matures in October 2010.	\$ 90,401	\$ 131,216
Debt obligation to Free Will Baptist Foundation, to service notes issued by Free Will Baptist Foundation to investors for St. Sebastian property. The debt service requires a monthly payment of \$1,150 which is held in trust at the Foundation to make semi-annual interest payments and to make principle payments at the maturity of the individual notes. The interest rates on the notes range from 6.1% to 9.5%. The final notes mature in April 2010.	31,500	52,500

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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, 2008 AND 2007

NOTE 10 - NOTES PAYABLE (CONTINUED)

Note payable to Free Will Baptist Foundation for the Miharashidai property requiring monthly payments of principle and interest of \$1,390 with an interest rate of 6.9%. The note matures in March 2019.

120,600	128,578
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Note payable to Free Will Baptist Foundation for the Yahata property requiring monthly payments of principle and interest of \$1,477 with an interest rate of 6.0%. The note matures in August 2023.

172,575	-
<u>\$ 415,076</u>	<u>\$ 312,294</u>

Annual principal maturities of notes payable are as follows as of December 31:

Year ending December 31,

2009	\$ 81,296
2010	73,935
2011	18,361
2012	19,595
2013	20,910
Thereafter	<u>200,979</u>
	<u>\$ 415,076</u>

NOTE 11 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2008	2007
Missionaries	\$ 2,362,373	\$ 2,823,487
VISION campaign	602,169	326,672
Subsidiary	<u>191,703</u>	<u>102,934</u>
	<u>\$ 3,156,245</u>	<u>\$ 3,253,093</u>

These net assets are restricted due to donor restrictions.

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 11 - RESTRICTIONS ON NET ASSETS (CONTINUED)

Permanently restricted net assets are restricted to:

	2008	2007
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>

NOTE 12 - RESTATEMENT

The December 31, 2006 balance in net assets has been increased by \$842,016 from that which was previously reported to properly report certain transactions occurring before December 31, 2006. The effect of the transaction was to increase cash by \$339,986, prepaid expenses by \$8,702, property and equipment by \$915,486, accounts payable by \$44,775, and notes payable by \$377,383. Also, additional adjustments have been made during the year ending 2007 to properly reflect certain transactions. The effect of these adjustments was to increase assets by \$40,266, decrease liabilities by \$69,682, and to decrease expenses by \$109,948.

NOTE 13 - 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 14 - 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. Pension expenses amounted to \$114,390 and \$109,348 for 2008 and 2007 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.

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 15 - LEASE

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$89,576 and \$88,922 for 2008 and 2007, respectively.

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

Future minimum rental payments required are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 2,801
2010	933
	<u>\$ 3,734</u>

NOTE 16 - 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.

NOTE 17 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its bank accounts with Regions Bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation to a maximum of \$250,000. At December 31, 2008, the Organization had deposits of \$688,039 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, 2008 AND 2007

	2008	2007
General fund:	\$ 576,252	\$ 573,174
Salaries	125,270	127,604
Hospitalization	100,413	111,496
Housing	89,576	88,922
Office rent	80,460	82,607
Employer payroll taxes	68,335	39,909
Convention	57,964	57,963
One publication	57,175	56,165
Depreciation	54,156	60,248
Publicity and promotion	41,113	16,279
Legal and professional	36,476	46,697
Department travel	31,224	40,851
Retirement	28,523	28,351
Department auto	27,773	27,194
Impulse video magazine	24,753	12,548
Telephone and internet	23,814	21,303
WMO Ambassador travel	18,480	17,511
Postage	18,476	16,299
WMO campaign	17,765	16,235
WMO coin bank	16,507	17,239
Office supplies	15,050	13,774
Board members	12,745	5,175
Website	10,320	14,446
Office equipment	9,967	10,047
2010 consultation	9,929	13,182
Miscellaneous office	9,553	13,822
Recruiting and candidate	9,000	4,725
WMO Ambassador honorariums	8,391	3,550
Donor development	8,313	11,355
Funding system restructure	7,687	2,919
Fees and service charges	7,559	3,688
Advisory council	7,348	-
WMO International Fellowship	6,988	15,925
Video and audio visual	6,849	5,820
COLA indexes	6,705	1,772
Department insurance	6,413	-
Everyone campaign	5,841	5,212
Seminars, training and retreats	5,769	10,137
Computer software	5,397	6,952
Visitor meals, entertainment and lodging	4,822	1,826
Staff recognition	3,448	4,552
Maintenance of office equipment	2,222	19,876
Other field ministry	2,089	1,789
Together Way Program	-	2,025
Information services	98,000	104,000
WMO disbursements to missionaries	19,050	12,000
Ivory Coast Bible Institute	18,000	18,000
India Bible Institute	10,000	18,000
Russia Bible Institute	6,000	5,000
Cuba Bible Institute	-	-
	<u>1,817,960</u>	<u>1,788,164</u>
Total general fund before transfer		
	<u>(98,000)</u>	<u>(104,000)</u>
Less internal transfer to missionary accounts		
	<u>1,719,960</u>	<u>1,684,164</u>
Total general fund		

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
Missionaries' expenses:		
Subsidiary		
France	\$ 969,590	\$ 434,231
Japan	962,601	1,092,557
Spain	919,272	832,386
Brazil	623,729	650,063
Student ministries	556,944	593,641
Ivory Coast	382,299	288,854
India	379,076	397,531
Panama	349,059	270,303
Uruguay	302,075	337,053
Bulgaria	211,474	255,789
Unreached people	69,179	59,297
Russia	66,985	207,052
Other projects	51,555	166,212
Missionary medical	46,714	79,021
	(56,021)	37,372
Total missionaries' expenses	5,834,531	5,701,362
VISION campaign expenses:		
Project expenses	185,502	550,052
Total functional expenses	\$ 7,739,993	\$ 7,935,578

Free Will Baptist International Missions

2010 Operational Budget Summary

Category	2008 Budget	2008 Actuals	2009 Budget	2010 Proposed Budget
Field Ministries & Projects	\$ 2,068,352.26	\$ 1,164,661.27	\$ 1,620,848.99	\$ 1,931,147.67
Missionary Compensation & Benefits	\$ 3,833,906.61	\$ 3,890,804.71	\$ 4,258,579.31	\$ 4,005,415.80
Missionary Travel/Transportation	\$ 632,282.18	\$ 1,137,666.72	\$ 766,967.00	\$ 555,443.72
Mobilization & Development	\$ 382,519.00	\$ 630,040.95	\$ 380,953.50	\$ 901,176.16
Administration	\$ 1,083,924.00	\$ 1,125,281.66	\$ 1,157,188.54	\$ 1,106,816.65
Grand Totals	\$ 8,200,984.07	\$ 7,948,464.31	\$ 8,184,538.34	\$ 8,500,000.00

Approved: Board of International Missions, 2009. 2010 Budget and other "Future" Budgets approved by the Board of International Missions.

Approved: All projects and missions funded by or through the United Evangelical Fund (UEF) and Strategic Ministries Foundation (SMF).

2010 Operational Budget Breakout

Functional Description	2010 Amt	Functional Description	2010 Amt
Missionary Salary	1,344,805.97	Miscellaneous Mailings	6,750.53
Missionary COLA	669,423.14	Books and Subscriptions	2,219.49
Missionary Housing - Field	851,922.52	Together Way Campaign	2,386.65
Missionary Housing - US	142,934.76	Surveys	207.71
Missionary Vacation Allowance	43,890.63	Reentry	2,077.09
Missionary Social Security Taxes	306,015.09	Seminars/Training Expense	15,266.59
Missionary Fieldside Transportation	284,848.63	National Convention	38,633.82
Missionary Auto Purchase	188,267.90	Intl Missions Month	6,231.26
Missionary Insurance-Medical	546,481.65	Impulse Video Magazine	46,734.46
Missionary Deputational Expense	104,882.52	One Magazine	70,600.97
Missionary Overseas Travel	194,778.85	Board Expenses	16,881.53
Missionary Children's Schooling	83,031.56	Board Overseas Travel	4,673.45
Missionary Language/Cont Ed	135,426.09	Honorariums	1,557.82
Missionary Furniture	72,334.56	Office Travel Domestic	27,209.64
Missionary College Expense	10,385.44	Travel Insurance	895.22
Missionary Retirement	60,767.26	Department Insurance	1,557.62
Missionary Non US Taxes	86,147.19	Candidate Expenses	7,789.08
Missionary Special Projects	140,722.98	Recruiting	2,596.36
Missionary Newsletters	64,919.36	Employee Recognition	1,402.03
Missionary Miscellaneous	44,522.36	Strategic Planning Retreat	2,336.72
Missionary Equipment	90,976.42	Compassion/Relief	103.85
Missionary Meeting Places	95,753.72	Cell Phone Usage	6,127.41
Missionary Maintenance Mission Prop	54,783.16	Meals/Entertaining Others	6,906.32
Missionary Evangelism	242,811.50	Orientation for New Missionary	2,700.21
Missionary National Workers	198,933.03	Mission Community Development	10,437.36
Missionary Other Supporting	241,160.21	Advisory Council	8,308.35
Missionary Overseas Shipping	18,434.15	2010 Celebration Accrual	39,680.67
Missionary Dental & Optical	80,019.79	Office Travel International	23,367.23
Missionary Customs Charges	5,296.57	Off-Site Storage	2,077.09
Missionary COLA Equalization	53,586.71	Professional Services	12,566.36
Missionary Severance Accrual	9,656.46	Office Expenses	1,817.45
Missionary Health Supplement	41,375.58	Auditing Expenses	12,462.52
Missionary Other Insurance	19,940.04	Rent - 5233 Mt View Rd	93,468.92
Missionary Field Admin Expenses	1,557.82	Software Expense	13,700.70
Office Salary	621,989.13	Office/Computer Equipment	11,943.25
Office Housing	73,378.86	Office Equip Maint	5,192.72
Office Social Security	77,901.80	Office Supplies	19,213.06
Office Insurance	132,305.14	Other Expenses	2,336.72
Office Retirement	33,885.62	Bank Service Charges	830.83
Misc. Office Help	8,048.71	Depreciation Expense	74,082.43
Audio Visual	259.64	Credit Card Process Fees	2,077.09
Film and Art	4,258.03	Website	15,578.15
Video	15,578.15	Internet Service Provider	9,970.02
Promotional Materials	7,269.81	Video Conferencing Services	7,269.81
Services and Dues	415.42	Missionary Field Projects	238,865.03
Info Services Materials	44,657.38	Vehicle Fuel	14,228.05
Telephone	7,269.81	Vehicle Maintenance	4,154.17
Copier Expense	3,842.61	Vehicle Repairs	2,596.36
Regular Postage	24,925.05	Vehicle Registration	873.13
Return Postage	1,557.82	Vehicle Insurance	9,866.16
		Total	\$ 8,500,000.00

Compensation Detail

	Approved 2009	Proposed 2010
General Director		
Salary	38,387	38,963
Housing and Utilities	27,810	28,227
Social Security	10,675	10,835
Retirement	3,310	3,359
Insurance	11,414	12,555
Total Cost of Employment	91,596	93,940
Deputy Director - Stateside Operations		
Salary	31,348	31,818
Housing and Utilities	28,000	28,420
Social Security	9,570	9,714
Retirement	2,967	3,012
Insurance	14,880	16,368
Total Cost of Employment	86,766	89,332
Deputy Director - Fieldside Operations		
Salary	31,348	35,364
Housing and Utilities	28,000	28,000
Social Security	9,570	10,218
Retirement	2,967	3,168
Insurance	14,880	10,800
Total Cost of Employment	86,766	87,550
Director of Financial Operations		
Salary	52,500	53,288
Social Security	8,365	8,491
Retirement	2,625	2,664
Insurance	14,880	16,368
Total Cost of Employment	78,370	80,811
Director of Development		
Salary	37,654	38,219
Housing and Utilities	14,845	15,068
Social Security	8,466	8,593
Retirement	2,625	2,664
Insurance	14,880	16,368
Total Cost of Employment	78,470	80,912
Director of Member Care		
Salary	52,500	53,288
Social Security	8,365	8,491
Retirement	2,625	2,664
Insurance	5,707	6,278
Total Cost of Employment	69,197	70,720

2009 Historical Commission Report

The Historical Commission will distribute copies of the third in a series of historical pamphlets to delegates at the 2009 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 fourth pamphlet, "Free Will Baptists and the Priesthood of the Believer," written by Kevin Hester, will be distributed at the 2010 national convention.

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 plans a mailing to pastors promoting the sale and use of Heritage Series pamphlets in local churches.

Financial Report 2008

Balance on hand (checking at Regions Bank) 12/31/2007	\$15,484.48
Deposits	
Together Way (12 months)	\$2,824.10
Interest (Regions Bank)	\$94.86
Sales of Pamphlets	\$278.47
Rest of Family Offering	\$7.16
Total	\$3,204.59
Expenditures	
2008 Digest of Reports	\$90.87
Storage Boxes for Collection	\$116.91
Printing Church Government Pamphlet	\$1,496.00
Total	(\$1,703.78)
Balance on hand (checking at Regions Bank) 12/31/2008	\$16,985.29
Trust Fund at FWB Foundation, 12/31/2008	\$26,970.45
Total on hand, 12/31/2008	\$43,955.74

2010 Budget

Income	
Gifts (Together Way).....	\$2,150
Interest.....	\$65
Sale of Pamphlets.....	\$500
Total.....	\$2,715
Expenses	
Books, Materials, Labor.....	\$115
Pamphlet Project.....	\$1,500
Mailing to Pastors.....	\$1,000
2009 Digest of Reports.....	\$100
Total.....	\$2,715

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 27-28, 2008, we sponsored our twelfth annual Theological Symposium. We met at Free Will Baptist Bible College, in Nashville, Tennessee. The papers were on a variety of topics. The Reverend Tim Campbell, Executive Director of Arkansas Free Will Baptists presented "A Report on the Thomas Grantham Theological Society of Arkansas."

Our thirteenth Theological Symposium will be held at Hillsdale Free Will Baptist College in Moore, Oklahoma, on October 19-20, 2009. If you would like 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 greatest challenge before us now is, "How do we confront a culture that is that is not a friend to objective truth and is permeated with the spirit of nihilism." Can we do this without resorting to minimalism and a greatly diluted version of Christianity?

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*. That situation has changed. We are gaining visibility in the theological world. Our distinctive brand of Arminianism is becoming known.

The fourth issue of *Integrity: A Journal of Christian Thought* was mailed to the pastors last Fall. Dr. Robert E. Picirilli is served as Editor-in-Chief. Dr. Darrell Holley served 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.

The problem of the influence of the Charismatic Movement remains with us. We are pleased to have Dr. Stephen M. Ashby present a paper: "Toward a Theology of Signs and Wonders: Where Do We Stand Today?" in our seminar.

In His Service,

Leroy Forlines, Chairman
Paul Harrison, Secretary
Matt Pinson
Steve Ashby
Craig Shaw

**2008
Commission for Theological Integrity
Financial Report**

Bank Balance - January 1, 2008		\$4,383.86
Commission Income		
The Together Way	\$3,407.88	
Interest on Bank Account	3.60	
Theological Symposium Papers	560.00	
Other Gifts	211.80	
Rest of the Family Offerings	37.99	
Journal Income	<u>12.00</u>	
Total Income		4,233.27
Commission Expenses		
Bookkeeping	400.00	
Convention Speaker/Digest of Reports	735.86	
Annual Meeting and Symposium Expenses	1,135.93	
Miscellaneous Office Expenses	20.04	
Journal Expenses	<u>4,546.43</u>	
Total Expenses		6,838.26
Bank Balance - December 31, 2008		<u>\$1,778.87</u>

**2010
Commission for Theological Integrity
Budgets**

	2008 Budget	2008 Actuals	2009 Budget	2010 Budget
Income				
Gifts	\$400.00	\$249.79	\$400.00	\$290.00
Interest Income	20.00	3.60	20.00	10.00
Journal Income	3,000.00	12.00	0.00	0.00
Theological Symposium Papers	300.00	560.00	300.00	500.00
Together Way Plan	<u>3,500.00</u>	<u>3,407.88</u>	<u>3,400.00</u>	<u>3,300.00</u>
Total Income	<u>7,220.00</u>	<u>4,233.27</u>	<u>4,120.00</u>	<u>4,100.00</u>
Expenses				
Annual Meeting	1,120.00	1,135.93	2,220.00	2,000.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	4,500.00	4,546.43	0.00	0.00
National Convention	700.00	735.86	700.00	700.00
Office	100.00	20.04	200.00	250.00
Theological Symposium Printing	<u>400.00</u>	<u>0.00</u>	<u>600.00</u>	<u>750.00</u>
Total Expenses	<u>\$7,220.00</u>	<u>\$6,838.26</u>	<u>\$4,120.00</u>	<u>\$4,100.00</u>

**FWB Music Commission Report
National Association of Free Will Baptists
July 19-22, 2009**

The Music Commission has been active in planning the music for the 2009 National Convention in Cincinnati, Ohio. The commission held its annual meeting at the Free Will Baptist National Offices on January 15-16, 2009. The following agenda was presented by Chris Truett, Music Commission Chairman:

I. Evaluate and discuss the 2008 National Association Convention music.

- A. Evaluated all aspects of the 2008 National Convention music.
- B. Met with Executive Secretary Keith Burden and evaluated the 2008 National Convention music

II. Plan the entire music program for the 2009 National Association Convention.

- A. Discussed preliminary information on 2009 National Convention Music.
- B. Selected Worship Leaders for 2009 National Convention.
- C. Selected choir songs for 2009 National Convention.
- D. Selected special music for the 2009 National Convention (others to be selected as suggestions were submitted).
- E. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to discuss logistics of 2009 National Convention and set-up.

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 2009 National Convention:
 1. The Music Ministry Summit - Networking and Ideas for Music & Worship in the Local Church presented by the Music Commission
 - a. *Guitar in Traditional Worship*
 - b. *Effective choir rehearsals*
 - c. *Developing a praise team*
 - d. *Stretching your music ministry budget*
-Recycling music in hard financial times. How can you freshen up an arrangement?
 2. "Practical Improvisation for the Church Pianist" presented by James Stevens
 3. "Practical Improvisation for the Advanced Church Pianist" presented by James Stevens
 4. "Sound Advice" - Practical advice for church sound from Monte McKenzie
- 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 2009 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." David Peterson, in his book *Engaging With God*, 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 Oklahoma City, Oklahoma.

Respectfully submitted,
The Free Will Baptist Music Commission

Chris Truett, Chairman
Donnie Burke
Daron Dwyer
Doug Little
James Stevens

MUSIC COMMISSION FINANCIAL SUMMARY 2008

Beginning Balance (01/01/2008)		\$6,797.61
		\$4,685.15
Income		
	Together Way (undesignated)	\$2,262.14
	Together Way (designated)	\$1,038.30
	2007 Rest of the Family Offering	\$ 11.64
	Convention Booth/Workshops	\$1,346.87
	Other gifts	\$ 26.20
		\$5,350.61
Expenses		
	Meetings	\$1,969.81
	Annual meeting	\$1,888.91
	Convention meeting	\$ 80.90
		\$3,371.38
	Convention	
	Pre-convention planning	\$ 682.14
	Convention musicians	\$1,200.00
	Booth expenses	\$1,300.09
	Workshop expenses	\$ -
	Digest of Reports/Truck	\$ 189.15
		\$ 9.42
	Office Expenses	
	Postage/phone	\$ 9.42
		\$6,132.15
Ending Balance (12/31/2008)		

MUSIC COMMISSION BUDGET COMPARISONS

	2008 Budget	2008 Actual	2009 Budget	2010 Budget
Income				
Together Way (undesignated)	\$ 2,600.00	\$ 2,262.14	\$ 2,500.00	\$ 2,500.00
Together Way (designated)	\$ 1,500.00	\$ 1,038.30	\$ 1,000.00	\$ 1,100.00
Rest of the Family Offering	\$ 25.00	\$ 11.64	\$ 15.00	\$ 15.00
Convention Booth/Wkshop	\$ 2,000.00	\$ 1,346.87	\$ 2,000.00	\$ 1,500.00
Other	\$ 250.00	\$ 26.20	\$ 100.00	\$ 100.00
TOTALS	\$ 6,375.00	\$ 4,685.15	\$ 5,615.00	\$ 5,215.00
Expenses				
Meetings	\$ 1,850.00	\$ 1,969.81	\$ 2,000.00	\$ 2,000.00
Convention	\$ 4,200.00	\$ 3,371.38	\$ 3,515.00	\$ 3,165.00
Office and Misc Expenses	\$ 325.00	\$ 9.42	\$ 100.00	\$ 50.00
TOTALS	\$ 6,375.00	\$ 5,350.61	\$ 5,615.00	\$ 5,215.00

2009 Media Commission Report

The Media Commission, whose new motto is "Providing Tools for Excellence in Media," relaunched its website (fwbmedia.com) in January. This new interactive, blog-style site frequently publishes short articles about church multimedia, sound systems, church websites, etc. Written by pastors and laymen with first-hand knowledge about electronic media in ministry, these articles are helping the website becoming a clearinghouse of media information, vendors, and resources. The commission continues to use free or low-cost resources such as email and online technology to improve communication among media producers and users across the denomination.

Instead of trying to provide services directly to churches, the Media Commission hopes to help churches, denominational agencies, vendors, and individuals network information and pool the expertise of their own members for the best and most efficient use of ministry dollars.

New Logo

The Commission is pleased to unveil its new logo, the winner of a design contest sponsored by the commission in September. Marc Neppl, a 2007 graduate of Gateway Christian College, submitted the winning entry. Marc and his wife Casie are associate home missionaries at CrossPointe Free Will Baptist church in Suffolk, Virginia. Entries included 14 designs from 6 participants and were judged anonymously by a panel of professionals. Contest judges included Media Commission members, the design department at Randall House, Eric Thomsen, editor of ONE, and Sarah Fletcher, editor/designer of WNAC's *Together With God* magazine. Judges were impressed with the quality of all entries, and the winning entry was specifically commended for its simplicity and clean, contemporary feel.

A survey of over 200 Free Will Baptists launched at the 2008 National Convention provided commission members with insights into the media needs and current technologies used by our churches. The results of this survey are also located on the commission's website.

The Media Commission invites all national convention attendees to stop by booth number 217 to register to win a new digital multimedia projector for their church. The projector, \$700 value, will be given away at the end of the convention. With entries from this drawing, the commission hopes to build its contact database in order to more effectively communicate with those in our churches involved with electronic media. For more information or to provide feedback to the Media Commission, please email info@fwbmedia.com.



FWB Media Commission Comparative Budget Analysis

	2008 Proposed Budget ¹	2008 Actual Income & Expenses	2009 Approved Budget	2010 Proposed Budget
Income				
Together Way Receipts (4/08-12/31)	NA	\$1,185.06 ²	\$2,500.00	\$2,800.00
Designated, Misc. Income	NA	0.00	800.00	200.00
Sales		50.00	300.00	0.00
Total Income	NA	\$1,235.06	\$3,600.00	\$3,000.00
Expenses				
Advertising & Promotion		480.63		550.00
Meeting Expenses		843.50	2,500.00	1,000.00
Ministry Development		60.00	700.00	700.00
National Convention		145.00	400.00	500.00
Website Hosting & Development		17.94		200.00
Postage & Miscellaneous		13.20		50.00
Total Expenses	NA	\$1,560.27	\$3,600.00	\$3,000.00
Balance		-325.21	0.00	0.00

Notes: ¹The previous commission did not propose an operating budget for 2008. ²Income figures for 2008 reflect only funds received after the reorganization of the commission. Income prior to April 2008 is reflected in account balance transferred to current treasurer (\$18,173.30).

Keith Fletcher, chairman (TN)
Monte McKenzie, treasurer (GA)
Kevin Norris (MI)
Mark Ousley (TN)
Travis Penn (IN)

info@fwbmedia.com

2009 President's Report Free Will Baptist Bible College

Committed to a Mission

For sixty-seven years, Free Will Baptist Bible College has been educating leaders to serve Christ, His Church, and His world through Biblical thought and life. We remain as committed to this mission in the twenty-first century as we were in 1942, when L. C. Johnson and that small band of faculty and students gathered on Richland Avenue in Nashville to embark on a historic journey in Free Will Baptist higher education.

FWBBC is still dedicated to shaping students into the Christian leaders God has called them to be. We are as committed as ever to preparing men and women to lead the church in local church ministries and global missions. And we are continuing the college's tradition of expanding our academic offerings so that more Free Will Baptist men and women can extend the kingdom of Christ in education, the marketplace, healthcare, and other fields.

A Challenging Yet Rewarding Year

The 2008-2009 fiscal year has been challenging yet rewarding. What pundits called the worst economy since the Great Depression resulted in a downturn in enrollment (and thus tuition income), investment income, and typical sources of gift income (e.g., church and individual donations). Some extremely difficult decisions (including a 5 percent salary reduction/unpaid leave, two terminations, one retirement agreement, and belt-tightening across the institution) combined with some unexpected large gifts to help us recover substantially from what seemed like a doomsday financial scenario.

We are struggling in the area of cash flow. However, it appears (at the time of this publication) that we will post a healthy gain in net assets (surplus) on our audit for this fiscal year, owing in part to the appraisal of our new Gallatin property at over \$5.7 million—\$2.7 million more than the college paid for it. Our faculty and staff are to be highly commended for their sacrifice and support in these difficult times. They and the changes they implemented made it possible for us to balance our budget. Yet we are still in a challenging cash position and need the financial support of our alumni, churches, and friends now more than ever.

A Positive Spirit

Despite the economic downturn and resultant enrollment slump, morale among students as well as faculty and staff has been surprisingly resilient. Of course, no one, including me, is enthusiastic about the problems we are facing. Yet there is a surprising sense of understanding among our faculty and staff. Their loyalty to this institution, and the encouraging words so many of them have expressed to me, have been reassuring in these difficult times.

The spirit among the students has been remarkably positive this year. There is more voluntarism and student leadership. Campus societies seem to have a new lease on life, with the average student taking greater pride in his society. We have poured a great deal of energy, time, and prayer into student spiritual formation. Barry Raper, our new campus minister in charge of Wednesday evening services, has been exemplary in this regard. The students respond very well to him and his people-oriented ministry. His preaching is affecting them deeply, as are his mentoring and counseling. Students have sponsored two student-led campus revivals this year, the last one with Bert Tippet as the main speaker.

I have been encouraged by the intergenerational spiritual dynamic on campus, with 18- and 19-year-olds responding so well to older members of our faculty and staff who are striving to mentor them spiritually. I was encouraged when, after Leroy Forlines delivered the Forlines Lectures on sexuality, Garnett Reid asked one of his large Old Testament Survey sections to write comments about the lectures, not giving their names but only their genders. It was amazing to

see freshmen and sophomores resoundingly praise this 81-year old professor emeritus for challenging them to sexual purity. I was heartened by the students' hunger and thirst for moral purity, and their maturity at being willing to learn about sexuality from someone old enough to be their great-grandfather.

Strong Ministry Programs

Our ministry programs continue to grow strong. We had a dip last year in pastoral ministry enrollment but recovered this year despite the overall downturn in enrollment. We had unusually large numbers of graduating ministerial students the last two years. This year we have only two, but a great many are scheduled for graduation next year. Our recent graduates who have begun to pastor churches are experiencing tremendous success and increasing the college's reputation on the field as a pastoral training institution.

For the first time, we have an ongoing program for training pastors' wives and future pastors' wives, organized and hosted by Mrs. Melinda Pinson, along with Mrs. Donna Forrest, and hosted at the President's Home. This is an increasingly needy area, for, as all of us know, a pastor's wife is crucially important to his ministry.

Barry Raper is receiving outstanding reviews from the Christian Education and Youth Ministry students and is transforming that program, moving his youth ministry students to have a pastoral heart and develop pastoral skills. Ronald Callaway, whose compassion I saw more clearly than ever when I traveled with him in Cuba this past November and December, combines evangelistic fervor with intellectual depth as he prepares church planters in an excellent manner for cross-cultural service. The college's new relationship with the Free Will Baptist seminary in Pinar Del Rio, Cuba, and Mr. Callaway's key role in that ministry, are emblematic of the college's commitment to global and cross-cultural mission. Our ministry programs continue to be at the core of our life as an institution and serve to bring an atmosphere of ministry to our campus, having an effect on all students, regardless of major.

Academic Excellence

Academics at Free Will Baptist Bible College is better than ever. It is gratifying to see our high academic quality, which our supporters have known about for a long time, recognized by those beyond the institution. For the first time ever, a Free Will Baptist college has been ranked in *U. S. News and World Report's Best College Guide*. I have received more positive feedback from our people than I anticipated on FWBBC being listed in this ranking. This recognition helps our constituency—especially prospective students and their parents—know what we have known all along: that we are a high-quality institution of higher learning.

We remain committed to bringing together academic excellence with Christian thought and life. We are more dedicated than ever to equipping our students to bring their total personalities—mind, heart, and behavior—into captivity to the obedience of Christ. And we are seeing results from this.

Take for example Matthew Bracey, our 2007-2008 student body president. He is now attending a prestigious law school and plans to attend seminary as well. He told me recently that he could never thank the college enough for teaching him spiritual disciplines and the importance of developing a Christian worldview. He marveled at having come from being an immature freshman to becoming a man of God who desires to serve Him as a gospel minister and an attorney, and whose life has been changed by our emphasis on the Lordship of Christ, the supremacy of Scripture, and the heritage of the Christian tradition.

We want to continue to broaden our academic programs. Too often we find that even our people do not understand the diverse majors we offer. We provide excellent education not only in our ministry programs, but in professional programs as well. Recently at a Free Will Baptist youth meeting, I talked with a bright young Free Will Baptist pastor's daughter, attempting to recruit her to attend the college. I asked her if she had applied, and she said no, that she loved the college and would love to come here, but she was going to major in pre-med and so felt she needed to attend a state university. Help us communicate to our people that FWBBC offers quality education, no matter what a student's eventual career goal may be.

We remain committed to the expansion of our curriculum, despite the fact that our strategic plans along these lines have been temporarily placed on hold because of the economy. We still plan to add master's programs in theology and ministry as well as teacher education. We still plan to add more liberal arts and career majors. We still want to find ways to reach out to a broader spectrum of spiritually serious Free Will Baptist students while maintaining an unwavering emphasis on our core spiritual, ministerial, and theological vision.

Superior academic instruction and service have come to be expected by the students and alumni of FWBBC. Almost 67 years of excellence has been possible because of a faculty and staff that embrace the mission of the college and willingly make whatever personal sacrifices are necessary to get the job done.

One of those respected faculty members who always rose to the occasion, Mrs. Barbara Riddle, retired this year after serving 33 years in the General Education Department. She was both a student favorite and a trusted faculty member. Her professional and personal commitment to Exercise Science and Teacher Education students changed their lives and made a profound impact on this college. We will miss her.

Moving toward a New Campus

We believe things are coming together for the relocation of our campus. We have been talking with the college's top donors about partnering with us financially to pay off our new Gallatin property and move forward with campus relocation.

God has blessed our efforts. Our fundraising team—David Williford, Melvin Worthington, Bill Evans, and I—has been privileged to forge relationships, request gifts, and receive commitments from a number of individuals and has raised more in cash and commitments this year than in any fundraising effort in the college's history.

It is astounding to me that, with as little track record as we have for major fundraising, in the worst economy in decades, that God has worked in the lives of this select group of donors to provide these commitments. Almost all the people with whom I have spoken have said, "If you had talked with me last year, I would have given much more. Come back when the stock market bounces back, and I will do more."

Our relocation project consultant Bob Bass is bringing to bear his considerable entrepreneurial and real estate development experience to assemble a team of people who are passionate about this project to aid in the construction of a new campus. A number of individuals ready to help the college with gifts-in-kind of labor and materials are stepping forward in unprecedented ways. They will help us complete an excellent campus for a much lower price than we would have had a couple of years ago. And, ironically, this economy gives us a great opportunity to save money on campus construction.

Now, one of the premier, old-line Nashville real estate development firms wants to sign a contract with us to purchase our existing campus. This company is a well-financed, family-based firm with a stellar reputation. Unlike the groups with whom we have worked in the past, this is a long-standing real estate development firm that will not get out of the real estate development business in a tough economy.

If we could begin construction toward the beginning of 2010, it would help us immensely. Not only would it have the immediate and long-term effect of boosting enrollment—with new buildings, a fully wired campus, and much larger dorm rooms—but it would also add momentum to our fundraising efforts. We could do all this with as little or less debt than we are going to have if we stay where we are. Please pray that these negotiations will be profitable and will turn into the reality of a "sold" sign on the West End campus!

Fall Enrollment

The enrollment picture for the fall looks good. Our returning student numbers are larger than last year's, resulting in part from a smaller graduating class, and new student applications are about even with last year. However, we are keeping a close eye on developments in this all-important area. Owing to predictions in the *Chronicle of Higher Education* and other periodicals about the effect of the economy on the fall enrollment of small private institutions, we

are not expecting as large a number of applications in the summer. We have also adjusted downward our yield rate (the percentage of applicants who enroll).

Still, based on the relevant factors, we are hoping for a fall enrollment similar to last fall's and think that is feasible. However, we are prepared in the event enrollment numbers dip below expectations, and we are building our 2009-2010 budgets accordingly. We firmly believe we will be able to weather this economic storm and come out stronger than ever. And relocating the college will, ironically, boost our prospects for financial health in these hard times. I believe tough times are still ahead, and we will likely need to make some difficult decisions next year. Yet we are more committed than ever to solid financial health, a balanced budget, and a healthy cash position.

Please pray for our faculty and staff as we prepare for our reaffirmation process for our regional accrediting body, the Southern Association of Colleges and Schools (SACS). This is a difficult process for a campus to undergo, and our best people need additional stamina to produce an outstanding compliance document and Quality Enhancement Plan (QEP) for SACS.

Thank You

I appreciate the support of the Free Will Baptist people. Thank you for encouraging the students in your life to consider Free Will Baptist Bible College for their college education. Thank you for your generous financial support and your heartfelt prayers. God is sustaining this college, which He called into existence almost 67 years ago to be a beacon of light for the gospel of His Son. Keep praying for our beloved college as we move forward expectantly in our calling to shape students for a life of Christian leadership and service—students who will radically change their world and extend the kingdom of Christ.

Financial Aid Report 2008-2009

Type of Aid	Number of Recipients	Amount of Aid
Institutional Loans	31	\$ 68,740.95
College-Administered Scholarships	590	770,506.81
Federal Pell Grants	130	413,624.79
Federal SEOG Grants*	32	18,525.00
Federal Work-Study*	6	20,602.50
Federal Stafford Loans (Sub)	185	842,662.00
Federal Stafford Loans (Unsub)	197	809,042.00
Federal Plus Loans	62	428,325.00
TSAA Grants	13	52,059.00
Tennessee HOPE Scholarship	28	117,500.00
TN Teaching Scholar	19	13,850.00
Federal ACG	84	118,781.40
Campus Workers	32	259,151.03
Alternative Loans	91	229,528.00
External Scholarships		
Total Financial Aid Administered, 2008-2009		\$4,162,898.00

Welch Library Report 2008-2009

Athena Collection Statistics:

Reference	4,678
General Collection	56,039
Curriculum La	1,801
Audiovisuals	866
Remainder	1,558
Music Collection	761
Ministry Lab	91
E-books	23,839
ERIC Microfiche	74,630
Historical Collection	123
Total Athena Count	164,386

Registration Report 2008-2009

Enrollment 356

Enrollment Breakdown by:

States	Kansas	3	Oregon	2
Alabama	Kentucky	14	South Carolina	13
Arkansas	Maryland	1	Tennessee	115
California	Michigan	17	Texas	3
Florida	Mississippi	10	Virginia	16
Georgia	Missouri	15	West Virginia	6
Idaho	North Carolina	26	International	33
Illinois	Ohio	11	The student body represents 23 states (USA) and 4 other countries (Canada, Cuba, Mongolia, Korea)	
Indiana	Oklahoma	2		

Classification	
Freshman	123
Sophomore	72
Junior	57
Senior	61
Special	1
Non-degree seeking part-time	42

Other Categories

Full-time	242	Dorm	195	New	83
Part-time	114	Commuter	80	Returning	23
Male	200	Adult Degree Program	22	Continuing	167
Female	156	Lifetime Learning	39	Special	1
Single	265	Online	20	Transfer	40
Married	91	Free Will Baptist	298	Non-degree part-time	42
		Other	58		

Vocational*

Pastoral	37	General Studies	2	Undeclared	13
Youth Ministry/Christian Ed.	18	History	8	Non-degree seeking part-time	42
Missions	25	Music	9	*There are some pastoral students listed in other majors	
Ministry Emphasis	37	Psychology	25	**Teacher Education includes these areas: Bible, Biology, Early Childhood, Elementary, English, History, Music, and Physical Education.	
Business	39	Science/Nursing	12		
English	8	Special	1		
Exercise Science	10	Teacher Education**	70		

Salary Breakdowns

	2007-2008	2008-2009	2009-2010
President*			
Salary	\$67,531	\$66,124	64,154
Social Security	5,166	5,058	4,908
Retirement	7,091	8,239	8,629
Medical Insurance	11,167	8,346	8,965
Life Insurance	225	225	234
	\$91,180	\$87,992	\$86,890
Provost			
Salary	\$54,794	\$53,653	\$52,055
Social Security	4,192	4,104	3,982
Retirement	5,753	6,685	7,001
Medical Insurance**	0	0	0
Life Insurance	225	225	234
	\$64,964	\$64,667	\$63,272
Vice President for Institutional Advancement			
Salary	\$48,820	\$47,803	\$46,379
Social Security	3,735	3,657	3,548
Retirement	5,126	5,956	6,238
Medical Insurance	8,711	6,513	6,275
Life Insurance	225	225	234
	\$66,617	\$64,154	\$62,674
Vice President for Financial Affairs			
Salary	\$53,079	\$51,974	\$50,426
Social Security	4,061	3,976	3,858
Retirement	5,573	6,476	6,782
Medical Insurance**	4,255	0	0
Life Insurance	225	225	234
	\$67,193	\$62,651	\$61,300

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

Synopsis of Minutes
Board of Trustees

December 10, 2008

The Board of Trustees received reports from various departments of the College. The Board approved a freeze of the Pension Funding Program. The Board adopted a Whistleblower's Policy and a Conflict of Interest Policy. Approval was given for Bob Bass to appoint a construction sub-committee to the Relocation Task Force.

January 9, 2009

In a conference call, the Board of Trustees adopted a mandatory unpaid leave policy for all college personnel resulting in an across-the-board five percent salary reduction.

May 8, 2009

The Board of Trustees received reports from various departments of the College. The Board unanimously adopted the following resolution:

Be it resolved that the Board of Trustees of Free Will Baptist Bible College extend its gratitude to the administration, faculty, and staff for their service, sacrifice, and commitment to the students, college and denomination during the 2008-2009 school year. Be it further resolved that they are to be commended for their continued excellence in service under challenging circumstances. It is with deep appreciation and committed support we offer our thanks.

Free Will Baptist Bible College's audit for the fiscal year ending May 31, 2009, is scheduled for completion and distribution by December 15, 2009, subject to its presentation and approval at the December, 2009, meeting of the Free Will Baptist Bible College Board of Trustees.

Hard copies of the audit will be mailed to the following:

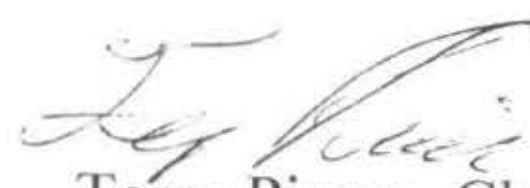
1. Officers of the National Association
2. Members of the General Board
3. State leaders
4. National directors of the national agencies

The audit will also be placed on the Free Will Baptist Bible College website at www.fwbcc.edu.

The May 31, 2009 audit will be presented at the National Association of Free Will Baptists convention in Oklahoma City, Oklahoma in July 2010.

FREE WILL BAPTIST BIBLE COLLEGE


J. Matthew Pinson, President


Terry Pierce, Chairman of the Board of Trustees

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 505,252	1,385,550
Investments in marketable securities, at market value	31,145	35,559
Accounts receivable, net of allowance for doubtful accounts of \$90,000 in 2009 and \$45,000 in 2008	312,722	291,184
Prepaid expenses	1,600	28,360
Total current assets	<u>850,719</u>	<u>1,740,653</u>
Non current assets:		
Cash and cash equivalents:	720,467	851,564
Restricted for endowments	285,879	329,947
Investments in marketable securities, at market value:		
Restricted for endowments	237,876	268,889
Investment in land - gift in kind	62,500	-
Long term pledge receivables	302,300	133,000
Loans to students, less allowance for doubtful loans of \$65,000 in 2009 and \$67,000 in 2008	172,396	128,766
Note receivable - related party	209,500	200,000
Total non current assets	<u>1,990,918</u>	<u>1,912,166</u>
Property, plant and equipment:		
Investment in property, plant and equipment	14,219,900	9,099,876
Accumulated depreciation	4,369,817	4,124,886
Net property, plant and equipment	<u>9,850,083</u>	<u>4,974,990</u>
Total assets	<u>\$ 12,691,720</u>	<u>8,627,809</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 120,640	239,708
Notes payable	125,514	70,111
Student deposits and agency funds	196,914	172,458
Accrued salaries	143,030	151,893
Deferred revenues - summer school and other	54,239	42,433
Bank debt	3,611,203	1,393,302
Installment obligation	10,978	18,746
Excess pension liability over market value of plan assets	1,296,891	-
Reserve for loss related to collateral on note receivable related party	175,000	-
Asset retirement obligation	214,863	201,277
Total liabilities	<u>5,949,272</u>	<u>2,289,928</u>
Net assets:		
Unrestricted funds	5,172,900	4,575,349
Temporarily restricted funds	188,923	258,839
Permanently restricted funds	1,380,625	1,503,693
Total net assets	<u>6,742,448</u>	<u>6,337,881</u>
Total liabilities and net assets	<u>\$ 12,691,720</u>	<u>8,627,809</u>

FREE WILL BAPTIST BIBLE COLLEGE
Statements of Activities and Changes in Net Assets
For the years ended May 31, 2009 and 2008

	2009				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2009	Total 2008
Revenues:					
Tuition and fees	\$ 2,345,094	-	-	2,345,094	2,524,368
Federal grants and contracts	-	36,242	-	36,242	40,446
Private gifts	1,322,571	514,151	83,474	1,920,196	1,653,453
Gifts in kind	1,805,320	62,500	-	1,867,820	-
Investment income, including endowment income	36,178	-	4,343	40,521	115,613
Gain (loss) on investment transaction	(24,397)	-	(212,149)	(236,546)	24,962
Revenues of auxiliary enterprises	1,010,112	-	-	1,010,112	984,549
Donor redesignation of gift	-	-	9,933	9,933	-
Other sources	30,610	-	(8,669)	21,941	(11,370)
	6,525,488	612,893	(123,068)	7,015,313	5,332,021
Net assets released from restrictions	682,809	(682,809)	-	-	-
Total revenues	7,208,297	(69,916)	(123,068)	7,015,313	5,332,021
Expenditures:					
Educational and general:					
Instruction	1,574,001	-	-	1,574,001	1,679,819
Academic support	416,932	-	-	416,932	439,665
Student services	614,839	-	-	614,839	650,891
Institutional support	1,743,898	-	-	1,743,898	1,624,205
Total educational and general expenditures	4,349,670	-	-	4,349,670	4,394,580
Auxiliary enterprises:					
Dormitories	488,045	-	-	488,045	483,839
Dining hall	460,021	-	-	460,021	481,879
Bookstore	7,184	-	-	7,184	7,390
Snackshop	8,935	-	-	8,935	8,109
Total auxiliary enterprises expenditures	964,185	-	-	964,185	981,217
Total expenditures	5,313,855	-	-	5,313,855	5,375,797
	1,894,442	(69,916)	(123,068)	1,701,458	(43,776)
Cumulative adjustment excess of pension liability over net assets	(1,296,891)	-	-	(1,296,891)	-
Increase (decrease) in net assets	597,551	(69,916)	(123,068)	404,567	(43,776)
Net assets at beginning of year	4,575,349	258,839	1,503,693	6,337,881	6,381,657
Net assets at end of year	\$ 5,172,900	188,923	1,380,625	6,742,448	6,337,881

FREE WILL BAPTIST BIBLE COLLEGE
Statements of Cash Flows
For the years ended May 31, 2009 and 2008

	2009				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2009	Total 2008
Cash flows from operating activities					
Cash collected from students	\$ 3,347,681	-	-	3,347,681	3,528,520
Federal grants	-	38,551	-	38,551	40,506
Federal grant funds considered to be agency fund transactions	411,503	-	-	411,503	317,526
Private gifts and grants	1,312,251	104,369	-	1,416,620	1,624,616
Investment income	66,782	-	-	66,782	97,364
Other revenues	30,610	-	-	30,610	27,027
Cash paid for scholarships, to vendors and for payroll	(4,529,870)	(375,209)	-	(4,905,079)	(5,105,052)
Cash paid for federal grant funds considered agency transactions	(411,503)	-	-	(411,503)	(317,526)
Net operating activities cash flows	227,454	(232,289)	-	(4,835)	212,981
Cash flows from investing activities					
Marketable securities purchased	-	-	-	-	(1,073)
Proceeds from sale of marketable securities	-	-	-	-	4,804
Expended for plant assets	(3,325,179)	-	-	(3,325,179)	(329,920)
Free Will Baptist Foundation losses	(19,983)	-	(181,136)	(201,119)	-
Student notes receivable, net change	-	-	(57,961)	(57,961)	(8,023)
Net investing activities cash flows	(3,345,162)	-	(239,097)	(3,584,259)	(334,212)
Cash flows from capital activities					
Campaign pledges receivable collected	-	75,000	-	75,000	7,500
Gifts received for:					
Endowments and student loans	-	-	93,407	93,407	(51,290)
Proposed new campus	-	89,682	-	89,682	49,523
Other student loan transactions:					
Interest income on student loans and investment income	-	-	4,343	4,343	7,466
Collection costs and other transaction	-	-	7,065	7,065	(2,419)
Net capital activities cash flows	-	164,682	104,815	269,497	10,780
Cash flows from financing activities					
Proceeds from notes payable advances	2,470,295	-	-	2,470,295	-
Repayment of debt	(210,161)	-	-	(210,161)	(73,384)
Interfund activities	(22,724)	67,607	(44,883)	-	-
Notes payable for student loans, net	-	-	4,000	4,000	-
Net financing activities cash flows	2,237,410	67,607	(40,883)	2,264,134	(73,384)
Cash and cash equivalents					
Net increase (decrease)	(880,298)	-	(175,165)	(1,055,463)	(183,835)
Beginning of year	1,385,550	-	1,181,511	2,567,061	2,750,896
End of year	\$ 505,252	-	1,006,346	1,511,598	2,567,061

Free Will Baptist Bible College Summary of Fiscal Year June 1, 2008 - May 31, 2009

Audit Still in Process

For the first time in its 67-year history, Free Will Baptist Bible College will not provide an audit for delegates at the annual national convention. We request your patience and understanding as we continue to work through the audit process.

One of our lending institutions has merged, causing a slowdown in renewing FWBBC's bank loans. That, along with the continuing overall credit, real estate and bank upheaval lends itself to further slow the renewal process.

While the audit is well underway, its completion at this time would inappropriately and dramatically alter FWBBC's financial picture, distorting our financial strength and credit rating. This is because virtually all long-term debt would be presented as current debt (or, debt that would be reported to be due before the end of May 31, 2010). All who have a vested interest in the balance sheet/credit/recording of debt would see a distorted, unrealistic picture of our debt ratios.

Our banks have provided a short-term loan extension along with the commitment to complete the loan renewal process no later than September 1, 2009. FWBBC is confident the banks will honor their commitment toward current and long-term funding necessary for our operational and relocation needs.

Upcoming Audit Availability

The May 31, 2009 audit will be available via the FWBBC website. Projected availability is the fall of 2009.

Extended Summary of FWBBC's Financial Condition Merited

FWBBC management is providing a lengthened summary of the college's overall financial condition in order to mitigate the lack of an audit report with notes.

Accuracy of Financial Picture

Virtually all auditing work has been completed with the exception of classification of bank debt between current and long term. All accounting has been verified, and no changes are expected upon presentation of the audit.

Unrestricted Funds Revenues and Expenditures

Unrestricted Funds Revenues for the year ending May 31, 2009, totaled \$7,208,297. Unrestricted Funds Expenditures were \$5,313,855, providing a \$1,894,442 increase in net assets before recognizing the pension liability of \$1,296,891, resulting in unrestricted net assets of \$597,551. Net assets increased from \$4,575,349 to \$5,172,900.

New Campus Site Acquired

The college purchased 66 acres in Gallatin, Tennessee (located 26 minutes northeast of the current campus) for \$2,978,064 on August 14, 2008. The \$869,320 realized by the sale of Joelton land and accumulated interest earned was applied toward the purchase.

Gift-in-Kind Related to New Campus Site and Subsequent Appraisal

The seller of the Gallatin land made a planned gift to FWBBC through an intended reduction in the sale price of the new campus site. The gift value was verified by a recent appraisal obtained by the bank. The gift-in-kind was valued at \$1,800,000 after discounting for the site engineer's estimated cost of a required future road construction.

Balance Sheet Positively Affected by Gallatin Land Gift-in-Kind

The financial strength of FWBBC's permanent assets was subsequently increased by the aforementioned gift-in-kind by \$1,800,000.

Net Assets and Balance Sheet Negatively Affected by Pension Plan Liability

A new accounting rule required the under-funded status of FWBBC's pension plan fund to be booked as a liability, resulting in a \$1,296,891 reduction in net assets and a liability. Heretofore the financial condition of the pension plan has been a note to financials and completely separate from the income and expense statements and balance sheet as previously required by accounting standards. Government regulation requires funding of the liability as described below.

Pension Plan Frozen by Board of Trustees to Accelerate Recovery of Pension Assets

The deteriorating stock market has led to the necessity of Board action to freeze the college's defined benefit pension plan. In essence, no new benefits are accumulated during the freeze. The college has just finished funding the first year of a scheduled seven-year recovery plan. Should the stock market regain to some marginal extent during this period, the amount paid and timeframe for the recovery will likely be lessened.

Management Builds Reserve for Loss of Collateral Value-Note Receivable to Related Party

Subsequent to the end of the May 31, 2006 year, the college loaned \$200,000 to a long-term friend 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 note matures on December 31, 2009 and bears interest at 4.75%, which has been accrued through May 31, 2009 and added to the note receivable. The note is secured by collateral of deed of trust.

Management has determined that the value of real estate which secures the above mentioned note receivable has been impaired. Based on available documentation, a reserve for loss amounting to \$175,000 has been recognized in the financial statements. The effect of the reserve increases expenditures by \$175,000.

Unrestricted Giving

Gifts to the unrestricted fund amounted to \$1,322,571. Of that amount, \$1,168,721 was general fund unrestricted gifts (a 2nd consecutive year historic high), \$62,900 from gifts of stock, \$57,517 from estate gifts, \$33,233 from a gift trust, and \$200 from library gifts. This year more than ever, extra gifts made a huge positive impact toward balancing the budget during difficult times.

General Fund Giving Supports Average Full-Time Student \$4,740 in Tuition Costs

Because of general fund gifts of \$1,168,721, students in the 2008-09 academic year were subsidized \$158 for each semester hour taken. In other words, if no gifts had been received, the list price for attending FWBBC per semester hour would have been \$567 instead of the actual list price of \$409, a subsidy of \$4,740 for a student enrolled for 30 hours during the academic year.

FWBBC Scholarships Reduce Average Cost of Tuition

A total of \$825,089 was awarded in the form of institutional scholarships. As a result, the overall average 2008-09 net tuition cost was decreased by \$112, lowering the "list" price of \$409 to \$297.

Cash Flow Statement

The combined cash flows of the College's operating, investing, capital and financing activities report cash and cash equivalents decreased \$880,298 in Unrestricted Funds and \$175,165 in Permanently Restricted Funds for a cumulative cash decrease of \$1,055,463. The two largest impacts on decreasing cash was the application of \$869,320 drawn from Free Will Baptist Foundation savings to apply toward the purchase of the Gallatin land (Unrestricted Funds) and losses in Free Will Baptist Foundation investments of \$201,119 (Permanently Restricted Funds of \$181,136 and Unrestricted Funds of \$19,983).

Cash and Cash Equivalents

Total cash on hand decreased significantly from the previous fiscal year. Last year's total was \$2,567,061 against this year's \$1,511,598, which consists of \$505,252 in unrestricted current assets, \$720,467 in endowments, and \$285,879 in student loan funds.

Notes Payable and Long-Term Debt

Notes payable to individuals for use toward student loans amounts to \$75,514.

Notes payable to an individual for unrestricted use amounts to \$50,000

Long-Term Debt amounts to \$3,622,181, of which \$2,108,744 is for the purchase of the Gallatin land, \$120,295 for Architectural and Engineering, \$1,382,164 for the renovation of several West End Buildings and the purchase of a West End Avenue residence, and \$10,978 for the purchase of a grand piano.

Operational Line of Credit

The college's \$500,000 operational line of credit has not been drawn upon as of May 31, 2009 fiscal year-end.

Net Assets Released From Restrictions

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

Scholarships	\$ 134,290
Federal Supplemental Educational Opportunity Grant	19,760
Federal Work Study Program	16,482
Other instructional and institutional	39,995
Potential relocation	<u>472,282</u>

Net assets released from restrictions: \$ 682,809

Asset to Debt Ratio

Total assets amount to \$12,691,720. Long-term liabilities total \$4,910,409, giving a 2.59 to 1 asset to debt ratio. Adding all other liabilities brings the total to \$5,949,272, and gives a 2.14 to 1 asset to debt ratio.

Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2009	2008
Land	496,871	496,871
Proposed campus architectural and other costs	959,657	722,581
Proposed campus land, including gifts in kind	4,829,148	-
Buildings	5,152,404	5,152,404
Equipment	2,005,763	1,957,673
Library books	776,057	765,191
	14,219,900	9,094,720
Loan costs net of amortization: 10,741 in 2009 & 5,585 in 2008	-	5,156
Accumulated depreciation and amortization	14,219,900	9,099,876
	4,369,817	4,124,886
Net investment in plant	9,850,083	4,974,990
Depreciation and amortization charged to expenditures	250,086	238,185
Interest capitalized as proposed campus costs	53,320	-

Relocation Update and Gift Report Summary

FWBBC's relocation is moving forward with the purchase of 66 acres of prime land in the Gallatin, Tennessee area. The land recently appraised for \$5,700,000.

The sale of the West End Avenue property is the next primary objective as it holds the bulk of equity to be used in the construction of the new campus. The college has never lacked for an interested client, and is in confidential communication with a prospective buyer at the time of printing.

No public capital campaign has been launched to date. However, fund-raising on a personal level has just begun to pick up momentum this year. The response has been very encouraging, especially with such a dismal economy.

A total of \$819,746 has been recorded toward the relocation effort. Of that amount, \$667,500 is pledges (with \$95,000 cash collected to date). Another \$152,246 in cash gifts has been given. A balance of \$572,500 remains in unpaid pledges to be collected in the next few years. Further, a total of \$2,095,000 in commitments is in hand or in process at the time of printing.

FREE WILL BAPTIST BIBLE COLLEGE Budgets for the years ending May 2009-2011

	Budget May 31, 2009	Actual May 31, 2009	Proposed Budget May 31, 2010	Strategic Budget May 31, 2011
Revenues				
Tuition and fees	3,091,300	2,345,094	2,448,000	2,553,000
Private Gifts:				
Together Way/Unrestricted General Fund	1,425,000	1,168,721	1,300,000	1,350,000
Estate, grant, stock, special gift, and miscellaneous income	303,000	153,850	397,500	480,000
Gifts in kind	-	1,805,320	-	-
Investment and endowment income	79,000	42,391	10,000	46,500
Sales and services of auxiliary enterprises	1,234,500	1,010,112	1,001,925	1,035,500
Other sources:				
Net assets released from restrictions	300,000	682,809	300,000	300,000
Total Revenues	6,432,800	7,208,297	5,457,425	5,765,000
Expenditures				
Educational and general:				
Instructional	1,983,917	1,574,001	1,598,278	1,760,000
Academic Support	498,801	416,932	400,605	417,000
Student Services	780,431	614,839	585,056	619,000
Institutional Support	2,068,352	1,743,898	1,944,758	2,005,000
Total educational and general expenditures	5,331,501	4,349,670	4,528,697	4,801,000
Auxiliary enterprises:				
Expenditures	1,101,299	964,185	928,728	964,000
Total Expenditures	6,432,800	5,313,855	5,457,425	5,765,000

STATISTICAL REPORT
Reporting Period 2008
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	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	0	0	0	215	21	373	6	6	5	0	0	6,466	565	389	58	0
Arizona	6	2	5,610,000	11	0	2	0	0	0	0	0	281	108	45	27	0
Arkansas	47	53	73,530,072	293	44	437	3	3	3	0	0	9,607	2,094	971	231	936,693
Assoc. of Mexico	0	9	840,827	21	18	0	0	0	0	0	0	600	0	200	0	600,000
California	23	16	0	75	23	59	2	3	3	1	1	1,788	75	166	92	0
Canada	6	2	2,715,000	4	4	0	0	0	0	0	0	49	0	0	0	0
Colorado	7	0	5,466,000	8	0	0	0	0	0	0	0	2,288	371	278	216	0
Florida	26	30	20,140,045	83	10	105	4	2	2	1	1	4,652	702	607	174	668,000
Georgia	41	62	45,106,326	150	21	366	2	1	1	0	0	30	0	1	4	0
Hawaii	1	1	0	2	2	0	0	0	0	0	0	156	0	6	0	0
Idaho	3	1	1,050,000	10	2	1	1	1	1	0	0	1,585	259	194	70	1,000,000
Illinois	17	13	18,860,000	55	13	92	0	0	0	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0	0	0	0	0	60	0	8	0	0
Iowa	2	1	2,500,000	3	0	4	0	0	0	0	0	323	0	0	0	0
Kansas	1	0	1,663,510	10	0	4	0	0	0	0	0	5,357	610	458	126	0
Kentucky	7	4	20,394,500	285	14	252	1	0	0	0	0	123	0	0	0	160,000
Mid-Atlantic Assoc.	3	2	344,000	3	0	0	0	0	0	0	0	0	0	0	0	0
Mexico Assoc.	10	0	0	0	0	0	0	0	0	0	0	2,148	140	262	66	0
Michigan	13	7	29,122,200	77	10	43	1	1	1	0	0	1,395	244	152	127	0
Mississippi	10	13	8,585,600	62	6	99	0	2	2	0	0	6,270	460	511	143	2,850,000
Missouri	54	35	53,443,610	264	30	464	1	1	1	0	0	28	0	0	0	400,000
New Jersey	0	0	450,000	2	0	1	0	0	0	0	0	0	0	0	0	0
New Mexico	0	1	0	3	0	3	0	0	0	0	0	0	0	0	0	10,000
North Carolina	128	52	53,941,830	260	71	573	11	14	10	0	1	12,759	816	872	214	0
Northwest Assoc.	0	1	0	4	0	4	0	0	0	0	0	180	0	0	0	0
Ohio	3	0	2,000,000	6	2	269	4	5	0	0	0	7,782	478	473	191	0
South Carolina	40	22	50,693,614	357	22	439	4	3	6	0	1	12,044	1,211	888	176	20,500,000
South Dakota	68	64	111,438,483	366	108	439	0	5	0	4	2	3,500	500	575	265	1,900,000
Tennessee	52	52	67,821,343	367	82	434	1	0	1	1	1	3,483	1,076	990	212	0
Texas	23	16	15,882,088	58	18	63	0	0	0	0	0	972	205	149	52	0
Virgin Islands	1	1	1,400,000	1	0	1	0	1	0	0	0	75	0	15	0	0
Virginia	21	9	56,336,076	162	33	197	4	4	4	0	1	3,693	726	412	85	0
West Virginia	18	13	22,132,375	379	26	316	2	3	1	0	0	5,630	409	553	79	0
Wisconsin	1	0	500,000	1	1	0	0	0	0	0	0	26	0	0	0	0
TOTALS	662	514	712,967,509	3,787	589	4,613	49	45	49	8	5	93,630	11,049	9,197	2,608	29,024,693

STATISTICAL REPORT
Reporting Period 2008

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2007 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2008 Membership	Reported 2008 Membership	Combined Income of All Churches
Alabama	13	13	140	135	51	89	66	69	307	13,784	551	278	273	14,057	14,254	0
Arizona	1	1	8	8	7	1	6	2	33	195	35	37	-2	193	195	1,312,991
Arkansas	15	15	210	189	98	112	82	96	392	18,305	694	387	307	18,612	18,036	11,536,899
Assoc. of Mexico	7	7	43	43	22	21	0	43	18	1,201	34	1	33	1,234	1,234	5,909
California	7	7	57	53	53	4	31	13	274	2,385	181	186	-5	2,380	2,366	2,795,416
Canada	1	1	11	11	1	10	3	8	4	326	12	17	-5	321	321	0
Colorado	1	1	7	4	7	0	4	3	0	167	8	3	5	172	58	103,700
Florida	8	8	59	58	39	20	34	22	82	4,930	197	129	68	4,998	5,110	2,709,163
Georgia	10	10	120	118	45	75	76	40	273	8,387	391	200	191	8,578	8,701	7,091,521
Hawaii	1	1	1	1	1	0	1	0	1	35	2	2	0	35	30	126,375
Idaho	2	2	8	8	8	0	2	6	16	333	11	39	-28	305	326	270,934
Illinois	7	7	41	41	25	16	23	12	93	3,008	93	43	50	3,058	3,493	2,710,349
Indiana	3	3	26	26	20	6	20	5	121	658	156	81	75	733	1,300	0
Iowa	1	1	2	2	2	0	2	0	3	75	3	4	-1	74	75	112,000
Kansas	2	2	10	9	10	0	3	5	40	451	66	24	42	493	437	324,282
Kentucky	10	8	126	105	36	90	35	75	559	14,092	586	262	324	14,416	12,045	1,418,139
Mid-Atlantic Assoc.	4	4	23	23	18	5	6	17	30	2,410	35	12	23	2,433	2,433	133,423
Mexico Assoc.	6	6	44	42	35	9	29	12	99	4,127	159	68	91	4,218	4,299	25,000
Michigan	3	3	48	46	9	39	27	21	108	3,649	226	48	178	3,827	2,337	2,685,816
Mississippi	19	17	173	157	82	91	85	72	438	11,504	480	243	237	11,741	10,441	1,621,500
Missouri	1	1	2	2	0	2	1	0	1	63	4	0	4	67	67	0
New Jersey	1	1	3	3	2	1	2	2	0	0	0	0	0	0	0	0
New Mexico	1	1	3	3	2	1	1	2	1	0	0	0	0	0	0	0
North Carolina	8	8	180	166	97	83	150	15	757	21,312	1,120	565	555	21,867	20,511	19,605,366
Northwest Assoc.	1	1	4	4	2	2	4	0	15	225	35	4	31	256	250	0
Ohio	20	20	156	155	73	83	54	94	702	9,789	527	485	42	9,831	10,447	163,000
Oklahoma	24	24	227	203	148	79	136	65	620	20,225	1,072	692	380	20,605	20,083	17,002,864
South Carolina	6	6	122	122	69	53	97	25	225	4,553	365	201	164	4,717	4,625	5,120,500
Tennessee	9	9	206	184	94	112	95	89	592	20,558	472	304	168	20,726	20,069	10,829,334
Texas	5	5	46	44	28	18	24	22	130	2,825	166	45	121	2,946	2,404	2,183,473
Virgin Islands	1	1	1	1	0	1	1	0	1	150	10	1	9	159	150	120,000
Virginia	8	8	84	84	28	56	44	40	163	4,485	226	176	50	4,535	4,354	1,901,077
West Virginia	21	21	175	175	40	135	61	89	348	7,854	413	266	147	8,001	7,463	2,226,489
Wisconsin	0	0	1	1	1	0	1	0	2	33	0	0	0	33	32	53,835
TOTALS	228	224	2,375	2,234	1,159	1,216	1,210	965	6,464	182,502	8,336	4,817	3,519	186,021	178,381	111,139,280