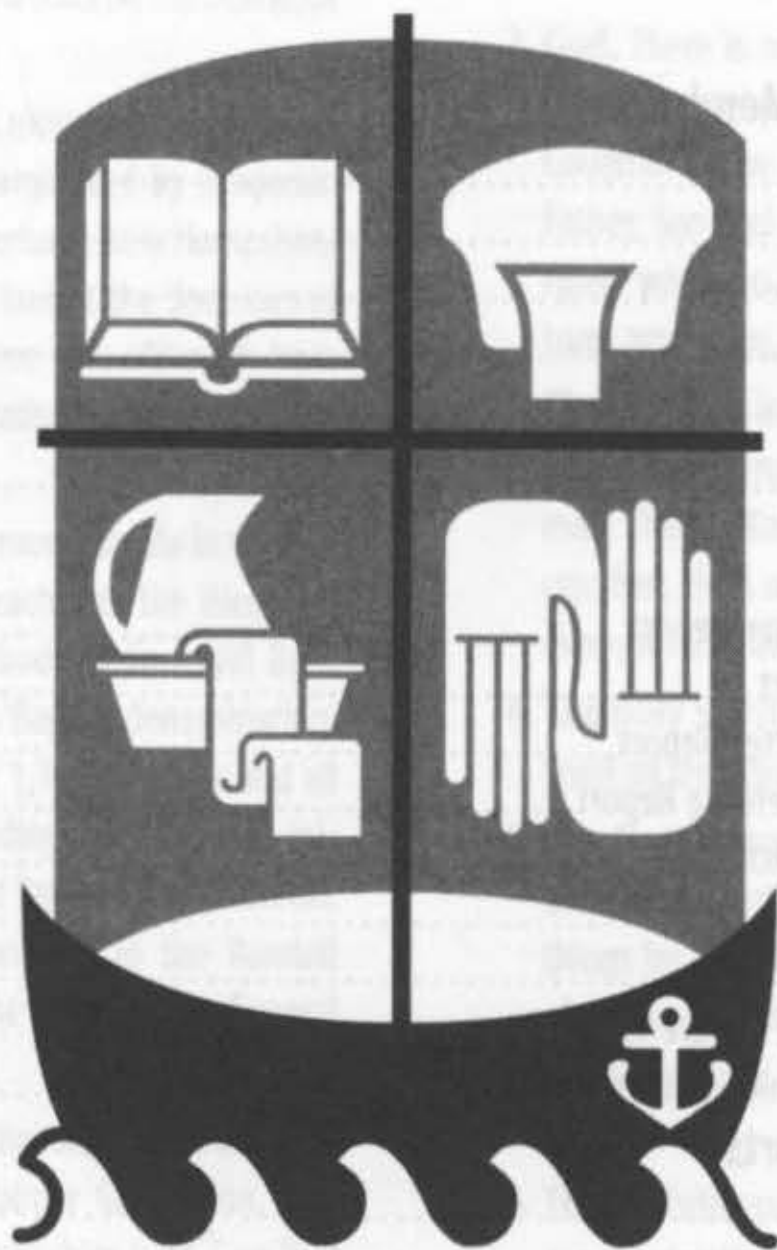


# **2011 FREE WILL BAPTIST YEARBOOK**



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**FREE WILL BAPTIST BIBLE COLLEGE  
3606 WEST END AVENUE  
NASHVILLE, TENNESSEE 37206  
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**National Association of Free Will Baptists, Inc.**

**PO Box 5002, Antioch, Tennessee 37011-5002**

**5233 Mt. View Road, Antioch, Tennessee 37013-2306**

**Telephone: 615-731-6812 FAX: 615-731-0771**

**Printed by Randall House Publications**

# Minutes

of the

## Seventy-fourth Annual Session

of the

## National Association

of

## Free Will Baptists, Inc.

when convened in

## Oklahoma City, OK

July 18-21, 2010

### Future Sessions of the Convention

|      |                           |            |
|------|---------------------------|------------|
| 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

#### 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: Jim Nason  
Northwest: 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

#### 2013

Alabama: Rick Cash  
Arizona: George Harvey, Jr.  
Arkansas: Tim Campbell  
Assn. of Mexico: Luis Felipe Tijerina  
Atlantic-Canada: Oral McAfee  
California: Millard Sasser  
Colorado: Mark Thomas  
Florida: Donnie Hussey  
Georgia: Wayne Miracle  
Idaho: Gene Kissinger  
Illinois: David Shores

### Executive Committee

**Moderator:** Tim York, 623 Knollwood Drive, LaVergne, TN 37086  
**Assistant Moderator:** William Smith, P.O. Box 507, Colquitt, GA 39837  
**Clerk:** Randy Bryant, 2156 54th Avenue, Vero Beach, FL 32966  
**Assistant Clerk:** Ernie Lewis, Route 1, Box 52A, Cisne, IL 62823

#### 2011

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

#### 2012

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

#### 2013

Tim Campbell (AR)  
Rick Cash (AL)  
David Shores (IL)

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

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

#### 2012

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

#### 2014

Jeff Crabtree (ATL-CAN)  
Shiloh Hackett (AL)  
Rusty Russell (NC)

#### 2016

Michael Armstrong (OH)  
Billy Hanna (GA)  
Terry Pierce (MS)



### Board of International Missions

Chairman: Danny Williams, 107 Stratford Lane, Winfield, AL 35594

#### 2012

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

#### 2014

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

#### 2016

Greg McAllister (CA)  
Tom McCullough (MI)  
Danny Williams (AL)

### Board of Home Missions

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

#### 2011

Bob Lewis (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: Phil Whiteaker, 122 Lakeland Drive, Cabot, AR 72023

#### 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); Elizabeth Hodges (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

#### 2012

Mark Braisher (OK)  
Edwin Hayes (OH)  
Mike Trimble (MI)

#### 2014

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

#### 2016

Charles Cook (TN)  
Tim Eaton (OK)  
Tim Owen (FL)

### Commission for Theological Integrity

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

#### 2011 Paul Harrison (TN)

2012 Leroy Forlines (TN)  
2013 Matt Pinson (TN)

#### 2014 Steve Ashby (OK)

2015 Craig Shaw (OK)

### Historical Commission

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

#### 2011 Jeff Cockrell (SC)

2012 Jack Williams (TN)  
2013 David Crowe (TN)

#### 2014 Robert Picirilli (TN)

2015 Darrell Holley (TN)

### Media Commission

Chairman: Keith Fletcher, 913 Washington Avenue, Johnston City, IL 62951

#### 2011 Monte McKenzie (GA)

2012 Kevin Norris (MI)  
2013 Mark Ousley (VA)

#### 2014 Keith Fletcher (IL)

2015 Travis Penn (IN)

### Music Commission

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

#### 2011 Donnie Burke (CO)

2012 Doug Little (TN)  
2013 James Stevens (TN)

#### 2014 Daron Dwyer (NC)

2015 Chris Truett (NC)



# Proceedings

The 74th annual session of the National Association of Free Will Baptists met July 18-21, 2010, at the Cox Convention Center in Oklahoma City, Oklahoma. "Who Will Go?" was the theme of the meeting. Ryan Lewis served as convention manager and Chris Truett was music coordinator.

## Sunday School – July 18, 2010

Sunday School began at 10:00 a.m. with Jeremy Robinson leading the congregation in singing "Blessed Be The Name" and "The Name Of The Lord." Bill Evans led in prayer and introduced the Sunday School teacher. Dr. Thomas Marberry taught the lesson from Revelation 6:1-7:17 on "Some Through The Fire."

## Sunday Morning – July 18, 2010

Morning worship began at 11:00 a.m. with Jeremy Robinson leading the congregation in singing "His Name Is Wonderful," "All The Way My Savior Leads Me" and "Step By Step." Bill Evans led in prayer and called for the offering. The offering was received while Yuko Ogura from Japan played the offertory on the piano. The congregation sang "My Savior's Love" and "I Stand In Awe." Bill Evans introduced the speaker before The Williamsons sang "Till The Storm Passes By" and "The Old Story." Bert Tippet, retired Director of Church Relations at Free Will Baptist Bible College, preached the message on "The Crisis We Must Face" from Isaiah 6:1 and 2 Chronicles 26. "Search Me, O God" was sung as the invitation and the service was dismissed.

## Sunday Evening – July 18, 2010

Evening worship began with the Graves Family singing "New Beginning" and "I Will Praise Him." Zach Hinson led the congregation in singing "How Great Is Our God" with "How Great Thou Art." In recognition of International Missions' 75th Anniversary, a segment of their video from international guests was shown. Keith Burden called for the offering and led in prayer. The Mass Choir, featuring a solo by Zach Hinson, sang "Preach The Word" as the offertory. The congregation sang "I'd Rather Have Jesus" with a solo by Randy Riggs and "Who Can Satisfy." Keith Burden introduced the speaker and the Graves Family sang "I Will Praise Him." Jeff Blair, pastor of the Locust Grove Free Will Baptist Church in Locust Grove, Oklahoma, preached on "The Concept We Must Grasp" from Isaiah 6:1-4. "I Surrender All" was sung as the invitation. International Missions presented the first copy of their book, *Into the Darkness*, to Carlisle Hanna as the longest tenured missionary currently serving the department. Rebecca Pugh announced the WNAC committees and the service was dismissed.

## Monday Evening – July 19, 2010

Evening worship began with Clerk Randy Bryant calling the 74th annual session to order and introducing the moderator, Tim York. The moderator appointed the following committees:

### Resolutions Committee

Glen Johnson (VA), Chairman  
Leonard Pirtle (OK)  
Tim Campbell (AR)  
Billy Keith (NC)  
David Reece (TN)

### Credentials Committee

Chris Clay (IN), Chairman  
J.L. Gore (MS)  
Mark Shores (NM)  
Gene Norris (MI)  
Oral McAfee (Atl-Can)

### Obituary Committee

Galen Dunbar (SC), Chairman  
Mickey Crane (AL)  
Ernest Harrison (OK)  
Ed Cook (KY)  
Keith Woody (TX)

### Nominating Committee

Todd Smith (SC), Chairman  
Doug Earls (MO)  
Tim Owen (FL)  
Bill Hayes (OH)  
Billy Hanna (GA)  
Jon Cannon (IL)  
Rick Cash (AL)

State representative Scott Inman welcomed the body to Oklahoma. Jeremy Thomas led the congregation in singing "Holy Is The Lord," "Shout To The Lord" and "How Great Thou Art." A segment of the International Missions' 75th Anniversary video was shown. David Bigger called for the offering and led in prayer. The Mass Choir sang "You Are Holy" with Deanna Hollifield featured as the soloist and the congregation sang "Holy, Holy, Holy." David Bigger introduced the speaker and the National YET Team sang "We Are Not Ashamed." Charles Murphy, pastor of the Clinton Free Will Baptist Church in Clinton, Oklahoma, brought the message from Isaiah 6:5-8 on "The Condition We Must Correct." "Take My Life And Let It Be" was sung for the invitation and the service was dismissed.

## Tuesday Afternoon – July 20, 2010

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought a message on "Pleasant Places" from Psalm 16:9-11 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.

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

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

Director Larry Powell gave the Home Missions Department report. Motion carried to receive the report and adopt the budget. Dr. Paul Park, director of the Korean work, was presented a plaque in recognition of his 12 years of service. Captain Richard Anderson, chaplain in the U.S. Air Force, brought greetings on behalf of Free Will Baptist chaplains. Bob Lewis was elected to fill the unexpired 2011 term.

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

Motion carried to elect the General Board members nominated by the Nominating Committee.

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

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

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

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

Jack Williams gave the Historical Commission report. Motion carried to receive the report. Darrell Holley was elected to the 2015 term on the commission.

Chris Truett gave the Music Commission report. Motion carried to receive the report. Chris Truett was elected to the 2015 term on the commission.

The session was dismissed in prayer by the moderator.



### **Tuesday Evening – July 20, 2010**

The evening service began with Keith Burden praying for the service. As a gift to the National Association, representatives from Cuba presented a painting to Keith Burden.

Josh Riggs led the congregation in singing "Nothing But The Blood" and "Mighty To Save." A segment of the International Missions' 75th Anniversary video was shown. Danny Dwyer called for the offering and led in prayer. The Mass Choir with Bruce Kimbrel sang "I Believe In A Hill Called Mount Calvary" as the offertory. The congregation sang "The Wonderful Cross" and "Worthy Is The Lamb." Danny Dwyer introduced the speaker and the Crosspointe Ensemble sang "The Power Of The Cross."

Karl Sexton, pastor of the Gateway Free Will Baptist Church in Virginia Beach, Virginia, preached from Isaiah 6:1-9 on "The Call We Must Consider." "Wherever He Leads" was sung as the invitation and the service was dismissed.

### **Wednesday Morning – July 21, 2010**

The morning business session opened with Assistant Moderator William Smith reading Ephesians 4:1-7 and leading in prayer.

Director James Forlines gave the International Missions Department report. Rob Conley gave the financial report. Motion carried to accept the report and adopt the budget. A plaque was given to Sherwood Lee in appreciation for his 12 years of service on the board. Jim and Vicki Sturgill were presented a plaque in recognition of their 40 years of service in Brazil. Bobby and Geneva Poole were recognized for their 50 years of service in Brazil. They were presented copy number two of *Into the Darkness* and a gemstone globe. Tom McCullough (MI), Danny Williams (AL) and Greg McAllister (CA) were elected to the 2016 term on the board.

President Matthew Pinson gave the Free Will Baptist Bible College report. Auditor Terry Hill gave the financial report. Motion carried to receive the report and adopt the budget. Dr. Steve Ashby was recognized for his service on the board. Terry Pierce, chairman of the college's board, offered a prayer for Dr. Ashby's health.

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

### **Wednesday Afternoon – July 21, 2010**

The afternoon business session began with Assistant Clerk Ernie Lewis reading from 2 Timothy 4:1-8 and Matthew 28:19-20.

Terry Pierce (MS), Billy Hanna (GA) and Michael Armstrong (OH) were elected to the 2016 term on the Board of Trustees for Free Will Baptist Bible College. Shiloh Hackett (AL) and Jeff Crabtree (ATL-CAN) were elected to the unexpired 2014 terms.

Director Ron Hunter gave the Randall House Publications report. Michael Lytle gave the financial report. Motion carried to receive the report and adopt the budget. Tim Eaton (OK), Tim Owen (FL) and Charles Cook (TN) were elected for the 2016 terms on the board. Mike Trimble (MI) was elected to the unexpired 2012 term on the board.

Keith Fletcher gave the Media Commission report. Motion carried to receive the report. Travis Penn (IN) was elected to the 2015 term on the commission.

Leroy Forlines gave the Commission For Theological Integrity report. Matt Pinson shared information about the symposium sponsored by the commission. Motion carried to receive the report and adopt the budget. Craig Shaw (OK) was elected to the 2015 term on the commission.

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

Elizabeth Hodges gave the WNAC report. Motion carried to receive the report.

Motion carried to remove Item 2 of the General Board report from the table. Item 2 adopted.

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

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 accept the report. The congregation stood for a moment of silence and Galen Dunbar led in prayer.

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

Item 1 - Defeated.

Item 2 - Motion carried to pass Item 2 to the Randall House Board as information, not as a recommendation.

Item 3 - Defeated.

Item 4 - Objection to consider motion carried.

Item 5 - Adopted.

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.

### **Wednesday Evening – July 21, 2010**

The evening worship service began with representatives from Japan presenting a plaque to Keith Burden. Ken Akers shared information about Impact OKC. Doug Earls extended a welcome to the service and Kevin Justice led the congregation in singing "All Hail The Power" and "Jesus Messiah." A video segment for the International Missions' 75th Anniversary was shown. International and home missionaries were presented while the Mass Choir sang "The Song Of The Nations." James Forlines and Larry Powell led in the commissioning of new missionaries and Matt Pinson prayed the commissioning prayer. Joe Wilson presented a check to James Forlines from the Go10 Walk. The amount at the time of the presentation was \$520,000+. Doug Earls introduced the speaker and called for the offering. Doug Earls led in prayer and Truth and Peace sang "The Call" for the offering. Stan Bunch, missionary to Panama, preached on "The Commitment We Must Make" from Isaiah 6:8. "Wherever He Leads" was sung as the invitation and Doug Earls dismissed in prayer.



## Credentials Committee Report

We, the Credentials Committee, have examined the letters from the following countries, 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, Association of Mexico, 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: Free Will Baptist Church of St. Croix, Virgin Islands, Twin Valley Free Will Baptist Church of Wisconsin, and Waipahu Free Will Baptist Church of Hawaii.

4. We recommend that the delegates from the countries, state associations, district associations and local churches listed above be seated for this session, along with their other delegates if properly registered.

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

Submitted by the Credentials Committee:

Chris Clay (Chairman), (IN)

J.L. Gore (MS)

Oral McAfee (Atl-Can)

Gene Norris (MI)

Mark Shores (NM)

## General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 19, 2010, in Century Ballroom of the Sheraton Hotel in Oklahoma City, Oklahoma.

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

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

2. Based on a resolution to the Executive Committee from the Tennessee State Association of Free Will Baptists, we recommend the following addition to our Standing Rules:

10. The following guidelines shall be enforced by the moderator:

National departments, Executive Office, and WNAC shall limit their individual reports to 30 minutes each. Commissions and committees, with the exception of the General Board, shall limit their individual reports to 15 minutes each.

Permission to exceed the allotted time must be granted by the moderator and should only be granted in rare circumstances.

The above guidelines apply only to the individual reports and do not limit time for motions, debate, or

elections. (Tennessee's resolution can be found at bottom of page.)

3. We recommend increasing representation fees from \$100 to \$150 beginning in 2012.

4. We request that the Randall House Board and the WNAC Executive Committee meet with the Executive Committee to discuss future convention funding.

5. We recommend the following change in the Free Will Baptist Bible College by-laws.

Presently: It shall be the duty of the Board to determine general policies governing the operation of the College and to ensure that these policies are carried out effectively.

Proposed Change: It shall be the duty of the Board to approve and review the mission of the College, to determine general policies governing the operation of the College and to ensure that these policies are carried out effectively.

### Tennessee's Resolution:

The Tennessee State Association of Free Will Baptists, meeting in session on November 4, 2009, in Pigeon Forge, Tennessee, passed the attached resolution to be sent to the Executive Committee of our National Association for consideration. The body asks that the Executive Committee consider a change in our National By-Laws and/or Constitution reflecting the guidelines set forth in this resolution.

Whereas, time for business is limited at our Free Will Baptist National Convention, and

Whereas, it is important to allow ample time for each of our national departments, Executive Committee, commissions, and other committees, WNAC, and NYC to report on their activities and present budget proposals for future activities, and

Whereas, in recent years some reports to the national body have repeatedly exceeded an hour and a half, and

Whereas, it is important to be considerate of all those sharing reports,

Therefore, be it resolved that the following guidelines be put into place and be enforced by the national moderator:

- Our national departments, executive office and WNAC limit their individual reports to 30 minutes each.
- Our commissions and committees, with the exception of the Executive Committee, limit their individual reports to 15 minutes each.
- Permission to exceed the allotted times must be granted by the moderator and should only be granted in rare circumstances.
- The above guidelines apply only to the individual reports and do not limit time for motions, debate, or elections.

Be it further resolved that a copy of this resolution be sent to the Executive Committee of the National Association of Free Will Baptists. Also, that the Executive Committee of the National Association of Free Will Baptists consider a change in our National By-Laws and/or Constitution reflecting the above guidelines.



# Nominating Committee Report

## Home Missions

2011 Replacing Harold Blankenship (TN) ..... Earl Hanna (SC)

## International Missions

2016 Replacing Tom McCullough (MI) ..... Tom McCullough (MI)  
 Replacing Danny Williams (AL) ..... Danny Williams (AL)  
 Replacing Sherwood Lee (SC) ..... Greg McAllister (CA)

## Free Will Baptist Bible College

2014 Replacing Bob Bass (TN) ..... Jeff Crabtree (Atl-Can)  
 Replacing Richard Hendrix (AL) ..... Shiloh Hackett (AL)

2016 Replacing Billy Hanna (GA) ..... Billy Hanna (GA)  
 Replacing Terry Pierce (MS) ..... Terry Pierce (MS)  
 Replacing Steve Ashby (OK) ..... Mike Armstrong (OH)

## Randall House Publications

2012 Replacing David Womack (IL) ..... Mike Trimble (MI)

2016 Replacing Tim Eaton (OK) ..... Tim Eaton (OK)  
 Replacing Tim Owen (FL) ..... Tim Owen (FL)  
 Replacing Joe Wilson (TN) ..... Brent Nix (WA)

## Music Commission

2015 Replacing Chris Truett (NC) ..... Chris Truett (NC)

## Media Commission

2015 Replacing Travis Penn (IN) ..... Travis Penn (IN)

## Commission for Theological Integrity

2015 Replacing Craig Shaw (OK) ..... Craig Shaw (OK)

## Historical Commission

2015 Replacing Darrell Holley (TN) ..... Darrell Holley (TN)

## General Board

2013 Alabama (Replacing Rick Cash) ..... Rick Cash  
 Arizona (Replacing George Harvey) ..... George Harvey  
 Arkansas (Replacing Tim Campbell) ..... Tim Campbell  
 Assn. of Mexico (Replacing Luis Felipe Tijerina) ..... Luis Felipe Tijerina  
 Atlantic-Canada (Replacing Fred Hanson) ..... Oral McAfee  
 California (Replacing Millard Sasser) ..... Millard Sasser  
 Colorado (Replacing Mark Thomas) ..... Mark Thomas  
 Florida (Replacing Donnie Hussey) ..... Donnie Hussey  
 Georgia (Replacing Wayne Miracle) ..... Wayne Miracle  
 Idaho (Replacing Gene Kissinger) ..... Gene Kissinger  
 Illinois (Replacing David Shores) ..... David Shores

## Executive Committee

2013 Replacing Tim Campbell (AR) ..... Tim Campbell (AR)  
 Replacing Rick Cash (AL) ..... Rick Cash (AL)  
 Replacing Fred Hanson (Atl-Can) ..... David Shores (IL)

## 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

Mark McCraney (AL), Chairman  
 Ron Helms (MI)  
 Ed Hutchinson (FL)  
 Mark Price (OH)

Millard Sasser (CA)  
 Bobby Shepherd (AR)  
 Keith Woody (TX)

## National Youth Conference Report

### Registrations for NYC (Total plus break down by ages.)

#### Total: 4,115

NYC Adult Attendee: 2,164

Child Attendee (pre-school, non-paying): 133

Grade 1-3: 297

Grade 4-6: 367

Grade 7-12: 883

Preschool Worship: 137

NYC Staff: 134

### Teen Service Attendance:

Monday evening approximately: 1,800

Tuesday evening approximately: 2,000

### Youth Competitive Entries: 887

### Scholarships That Will Be Awarded: \$115,000 (FWBBC, Hillsdale, SFWBC)

### Altar Responses: 102

### Truth and Peace

Record 103 Students

Saturday Evening Truth and Peace had a Feet Washing Service.

Moved 56 thousand pounds of food at local food bank, providing 43,000 meals.

Service project at the Oklahoma Mission Church Plant in Piedmont, OK.

Unique presence of God in worship services and concert of prayer.

### Commendations to Hillsdale for their hospitality and graciousness for hosting Truth and Peace.

### YET

Joint effort this year between Randall House and Home Missions North America.

States ministered in: Oklahoma, Kansas, Colorado.

Traveled 2,500 miles in 16 days. 50 altar decisions in services.

Lead worship services at NYC.

### Reach That Guy

2,905 Hours of Service.

# Minutes of the Seventy-fifth Annual Session of the Women Nationally Active for Christ Convention of the National Association of Free Will Baptists when convened in Oklahoma City, Oklahoma July 19-20, 2010



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

### Executive Committee

#### Acting President

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

Pam Hackett  
121 Springside Drive  
Boiling Springs, SC 29316  
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#### Secretary

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bryantfwb@bellsouth.net

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

#### Members-at-Large

Amy Johnson  
1211 E. Ruth  
Benton, IL 62812  
618-435-4281  
harmy@verizon.net

#### Executive Director

Elizabeth Hodges  
P.O. Box 5002  
Antioch, TN 37011  
615-760-6153  
elizabeth@wnac.org

Theme: SHINE!

Scripture: Philippians 2:15b-16a

Music Coordinator: Jan Clay

### Proceedings

#### 75th Anniversary Celebration

Monday, July 19

Approximately 300 attendees participated in the 75th Anniversary Celebration of WNAC. A combination of scripture reading, congregational singing, special music and dramatic readings, along with humor from Trudy Miles and her dummy, Chester, highlighted the history and ministry of Women Nationally Active for Christ over the past 75 years. Also highlighted were several women whose names had been submitted as "hidden jewels," women who had served behind the scenes through the years in their local, district, and state women's groups.

The program team of participants included Jennifer Altom, Melissa Alvis, Joy Boudreau, Jeff and Kristina Carroll, Heather Gibson, Anna Gee Harris, the Hillsdale Trio, Robin Haskins, Sarah Hodges, Monte McKenzie, Trudy Miles and Chester, Gina Myers, Tracy Payne, Sherri Sloan, Carmen McKenzie, and Khristi Pugh.

### Business Session

Tuesday, July 20  
8:30 a.m.

Oklahoma women made a grand entrance to music from "Oklahoma!" and tossed cowboy hats into the audience as a welcome to the meeting. Tracy Payne, OWAC President, welcomed women to the 75th Annual Convention. The congregation sang "Shine, Jesus, Shine" and "Shine On Light of the World." Amy Johnson led the body in prayer. President Rebecca Pugh called the 75th annual session to order.

The Credentials Committee Report was given by Chairman Chris Kuhn from Michigan. Also serving on the committee were Barbara Cochran from Missouri and Geri Baker from Ohio.

Eighteen state conventions had submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

Two districts with no state convention submitted reports and paid dues: First Arizona and New Mexico.

One local group with no district or state convention submitted a report and paid dues: Virgin Islands (St. Croix)

In addition, there were 27 delegates from local groups in good standing with their representing higher body (district or state) who had paid their \$10 representation fees.

Motion carried to receive the report and seat the delegates.

Special music was presented by ten-year-old Melissa Alvis singing "My Little Light Medley" accompanied by her mother. A monologue "The Cave People" was presented by Jennifer Altom.

The congregation sang "Let My Life be a Light" and "Send the Light."

President Rebecca Pugh wished the group a "Happy 75th Anniversar." She gave her report for the past year as president in lieu of an Executive Secretary's report.

Motion carried to receive the report as information.

Motion carried to approve the proposed 2011 Budget.

President Rebecca Pugh presented the Executive Committee Recommendations:

1. The WNAC Executive Committee recommends dividing the available Cleo Pursell Foreign Student Scholarship funds equally among the following students: Alexsandra de Paula (S. Jose Church), Adriana Evangelista da Silva (children's church leader of the S. Jose Church), Ana Paula de Carvalho (pastor's wife of the Nova America Church), Daniela Emiliano (pastor's wife, Ipiranga Church). All women are FWB Bible Institute students in Brazil.

2. In celebration of our 75th Anniversary, the WNAC Executive Committee recommends a new national project, "Shine 75!" to raise \$75,000 to be divided equally among these Hispanic educational ministries: The Seminary of the Cross, Reynosa, Mexico; The Altimira Bible Institute, Altamira, Mexico; The Gwen Hendrix Hispanic Bible Institute, Inman, SC.

3. The WNAC Executive Committee recommends changing the title "Executive Secretary-Treasurer" to "Executive Director."

4. The WNAC Executive Committee recommends changing the Dr. Mary R. Wisehart Student Loan Fund to the Dr. Mary R. Wisehart Student Scholarship Fund.

Motion carried to adopt Item 1.

Motion carried to adopt Item 2.

Motion carried to adopt Item 3.

Motion carried to adopt Item 4.

President Rebecca Pugh presented the proposed guidelines for the Dr. Mary Ruth Wisehart Student Scholarship Fund. She then asked Dr. Wisehart to comment on the guidelines. After much discussion, a motion carried to appoint a committee to study the proposed guidelines and bring recommendations back to the body at the 2011 convention. The following women were appointed:

Dr. Mary Ruth Wisehart – TN

Lee Ann Wilfong – MO

Sheila Rooker – OK

Jean McCraney – AL

Debe Taylor – AR



The following constitutional changes were presented:

Article II, Purpose:

Existing: The purpose of this organization shall be to assist the various bodies composing the WNAC in providing opportunities for women to understand and fulfill the Great Commission through their responsibilities in the family, in the church, in the community and around the world.

Proposed: The purpose of this organization shall be to assist the various bodies composing the WNAC in providing opportunities for each woman to find and fulfill her God-designed role in the home, Church, community and the world.

Motion was made and seconded to approve the proposed change.

After discussion, motion carried to amend the proposed change to "The purpose of this organization shall be to assist the various bodies composing the WNAC in providing opportunities for each woman to fulfill the Great Commission through her God-designed role in the home, Church, community and the world.

Motion carried to approve the motion as amended.

Article IV, Section 2:

Existing: This convention shall be composed of the officers and executive committee members of said convention together with the field worker and president of each state convention, and the fifteen delegates from each state which has paid in full its membership fee, and one delegate from each local group in good standing with its representing higher body (district or state) and properly qualified by paying a representation fee as required by the WNAC Convention.

Proposed: This convention shall be composed of any woman who has paid in full her membership fee as required by the WNAC Convention.

Motion was made and seconded to adopt the proposed change. Discussion followed.

Motion failed.

Article V:

Existing: The membership fees and the annual reports must be received in the national office prior to the WNAC convention in order for delegates to be seated at the WNAC Convention.

Proposed: The membership fees and annual reports must be received in the national office by December 15 to be reflected in the financial reports for that year.

Motion carried to approve the change.

Lynn Hurt gave the Registration Committee's report as of 8:00 a.m. that morning:

Number of Persons Registered:

WNAC National Officers – 7

State Presidents – 11

State Field Workers – 10

Local WNAC Delegates – 27

State Delegates – 111

Total Delegates – 166

Visitors – 738

Missionaries – 57

Grand Total Registered – 963

Motion carried to accept the Registration Committee Report as information.

President Rebecca Pugh read the Resolutions Committee Report:

1. Whereas, upon understanding that many members of WNAC desire to attend both the WNAC National Convention and the national Youth Competition, which occurs simultaneously, therefore be it resolved that we ask our WNAC Executive Committee to work with National Convention organizers to study the feasibility of having both events occur without scheduling conflicts.

2. Whereas, knowing that we are to be faithful in all seasons of life, therefore, be it resolved that we keep in mind and actively promote the aims and goals of our state and national WAC. Namely, to teach and support missions through programs with special emphasis on Seasons of Prayer, regular Bible study and ongoing service projects. Each of these being designed to better prepare us to grow in our personal commitment to Christ as well as to lead lost souls to Him while diligently supporting our missionaries.

3. Whereas, our nation is straying away from its Christian heritage: be it further resolved that our women take a stand by contacting our elected officials and opposing same sex marriages, government funded abortions, the banning of public prayers, etc., as we continue to pray for all government officials from our local leaders through our president and all those in between, to seek and obey God's will in leading our nation back to God.

4. Whereas, the state of Oklahoma has graciously opened their arms to our convention, therefore, we recommend a standing vote of appreciation to the host state of Oklahoma.

5. Whereas, we know that God honors faithfulness and persistence, therefore, we encourage all Free Will Baptist women to build membership in the Women Nationally Active for Christ and to work to revitalize Women Active for Christ in the local church.

6. Whereas, we see opposition to truth, and intolerant groups standing in protest against consistent interpretation of Scripture, we resolve to pray for those who stand against Free Will Baptists and we seek to respond to their open criticism and protest with the humility and meekness of Jesus Christ.

Motion carried to adopt Item 1.

Motion carried to adopt Item 2.

Motion carried to adopt Item 3.

Motion carried to adopt Item 4.

Motion carried to adopt Item 5.

Motion carried to adopt Item 6.

President Rebecca Pugh introduced the nominee for Executive Director, Elizabeth Hodges. Motion carried to approve Elizabeth Hodges as WNAC Executive Director, and she gave words of acceptance. A dedicatory prayer was offered by Dr. Mary Ruth Wisheart.

During a short break between the business and worship sessions, Sarah Fletcher, Editor of *Together With God* magazine, presented the theme for the coming year through a power point presentation.

## Worship Service

10:30 a.m.

The congregation sang "Shine, Jesus, Shine" and "Mighty to Save." Pam Hackett informed the body of the need for a good offering. Shirley Jackson asked the blessing on the offering. A trio from Hillsdale Free Will Baptist College sang "Hold Up the Light."

Geneva Poole, missionary to Brazil, was introduced as our morning speaker.

The offering total of \$1,681.31 was announced, and motion carried to adjourn.



### **Fellowship Luncheon**

Tuesday, July 22  
12:00 p.m. - 2:00 p.m.

The annual Fellowship Luncheon followed in the Sheraton Hotel Century Ballroom.

Sherri Sloan sang, "Daystar" and Anita Scott, from Spring Hill FWB Church in Lexington, Oklahoma, was the speaker. Anita is the author of *Living God's Plan After the Lightning*.

### **Minutes of WNAC Executive Committee--Email Discussion**

October 26, 2009

After discussion regarding Danita's resignation letter, there was a MSC to accept her resignation as of December 31, 2009, and give her two weeks vacation pay, thus fulfilling the contractual obligation for a 90-day notice when resigning the position.

### **Minutes of WNAC Executive Committee--Email Discussion**

December 2, 2009

After discussion concerning a gift for Danita to commemorate her tenure as Executive Secretary Treasurer of WNAC, there was a MSC that we purchase a memento, such as a crystal pitcher or vase, spending \$200-\$300. Rebecca would be responsible to purchase the gift and bring it to the Board Meeting in December at the Leadership Conference.

### **Synopsis of the Minutes of WNAC Executive Committee Meeting**

Tuesday, December 8, 2009

All members were present when the Executive Committee of WNAC met at 1:45 p.m. at the Nashville Airport Marriott Hotel. Christmas gifts were given to the staff, and the committee spent time in prayer.

Division of responsibilities in the absence of an Executive Secretary was discussed. There was a MSC to divide the responsibilities among the staff and committee members and not hire an interim director.

Responsibilities for the two staff members, Sarah Fletcher, Editor, and Diane Conn, Bookkeeper, were outlined and salary considerations were discussed. The Editor's salary package remained unchanged, and there was an increase in the bookkeeper's hours and salary to compensate for her expanded duties.

Convention plans for Oklahoma City in July of 2010 were discussed with "SHINE!" being confirmed as the theme. All responsibilities for the convention were divided among the committee and the staff, with the addition of Joy Boudreaux being appointed by the President as a Stage Manager for the seminars and services.

A procedure was agreed upon to seek a new Executive Secretary for WNAC. Resumes and questionnaires would be received through February 28, 2010. The president would then distribute copies of the resumes and questionnaires to the Executive Committee members who would narrow the field to three. Interviews would be held in April to select a candidate to submit to the body in July.

### **Synopsis of the Minutes of the WNAC Executive Committee Meeting**

Wednesday, December 9, 2009

The Executive Committee of WNAC met again on Wednesday, December 9, in the Foundation board room due to flooding in the WNAC office. After a devotion by the President, Rebecca Pugh, several financial matters were discussed. It was determined that the Executive Committee expenses at the National would be paid under the convention staff financial policy. Paycheck dates and the bookkeeper's salary package were adjusted, and there was more discussion clarifying the distribution of duties.

It was decided not to have a retreat in 2010, and to find a time sometime after the convention for a "post conference" meeting to review the convention. There was discussion regarding the Mary Ruth Wisheart Scholarship, and a MSC to propose guidelines for the Scholarship. There was a MSC to propose that any member of a WAC

group in good standing be allowed to vote at the Convention rather than allowing states to send 15 delegates. It was decided that all convention and/or retreat offerings would be counted on site and the total announced.

Following lunch, out-going Executive Secretary Danita High presented the staff's ideas on revamping the WNAC handbook. There was a MSC to change the Executive Secretary's title to "Executive Director." There was a MSC to recommend a resolution to encourage women to send all funds for national agencies or projects directly to the WNAC office. There was a MSC to reword the WNAC purpose statement to read, "Helping each woman find and fulfill her God-designed role in the home, the church, the community, and the world."

The Editor was given permission to purchase a new camera for WNAC and upgrade her computer with more memory. After a caution by Danita High regarding finances, the board agreed to be flexible on expense reimbursement for the National Convention. The committee thanked Danita for her service and was dismissed in prayer.

### **Minutes of WNAC Executive Committee--Email Discussion**

December 23, 2009

Regarding the amended 2010 Budget, there was a MSC to accept it as presented by Danita High. There was also a MSC to adopt the proposed 2011 Budget.

### **Synopsis of the Minutes of the WNAC Executive Committee Meeting**

Sunday, July 18, 2010

The Executive Committee met in the Sheraton Hotel Frontier Room. Members present were Rebecca Pugh, Shirley Jackson, Diana Bryant, Jan Clay, Pam Hackett, Amy Johnson, and Executive Director-Elect Elizabeth Hodges.

Lunch was served, and a devotion was given by Diana Bryant. The schedule for the week's events was reviewed, and Rebecca read the report she was giving in lieu of an Executive Secretary's report.

The Committee took the following actions:

MSC to rescind the Committee's earlier motion to recommend changing WNAC meeting times at the National to Tuesday and Wednesday due to the negative response from the National Association of Free Will Baptists' Executive Committee and not present the change to the body this year.

MSC to recommend awarding Cleo Pursell Foreign Student Scholarship funds to Adrianna Evangelista da Silva (S. Jose Church), Alexsandra de Paula (S. Jose Church), Ana Paula de Carvalho (Nova America Church), and Daniela Emiliano (Ipirango Church) with the available monies to be divided equally among the four women.

MSC to recommend the implementation of a new project in celebration of WNAC's 75th Anniversary, "Shine 75." The project will have a goal of raising \$75,000 to be divided equally among the following Hispanic educational Ministries: The Seminary of the Cross, Reynosa, Mexico, The Altamira Bible Institute, Altamira, Mexico, and the Gwen Hendrix Hispanic Bible Institute, Inman, SC.

MSC to purchase the television currently in the MIR house and have it remain in the house for future tenants.

MSC to give WNAC Bookkeeper Diane Conn a \$1000 gift in appreciation of her hard work in the office during the past six and a half months without an Executive Secretary. Diane will be leaving the office on August 13.

The meeting was dismissed in prayer by President Rebecca Pugh.





## WOMEN NATIONALLY ACTIVE FOR CHRIST 2010 WNAC Report

There have been many changes in WNAC during the past year. At the end of 2009, Danita High, Executive Secretary-Treasurer, resigned; Sarah Fletcher, editor of *TWG*, moved to Illinois to pursue the pastoral ministry with her husband Keith; and the building was flooded as the result of broken pipes. Through all, God has shown Himself mighty.

- **Retreat**

The WNAC Office Team organized the 2009 WNAC National Retreat in Branson, MO, September 11-12, 2009. Sandy Stiles, our speaker, shared her personal journey of faith and forgiveness. She effectively communicated the heartbreak of sin and the joy of deliverance. We were routinely brought to tears, both from the sorrow we identified with and also from the hilarious stories she told. We were entertained by her humor, but deeply affected and challenged by her testimony.

- **Finances**

Praise the Lord, we finished the year in the black! WNAC faced difficult decisions because of a continual decline in funding and increased expenses to operate the ministry. The audit report for the end of 2009 confirmed the necessity of the actions taken. We will continue to be good stewards of the funds God has placed in our care.

- **Together With God Magazine**

The *TWG* Magazine will undergo some changes in the next year. The Executive Committee decided to publish the magazine three times instead of bi-monthly. The magazine will increase in size and have four Bible studies included in it instead of two. This decision is based on circulation. The magazine funds have shown a decrease over the last few years and in order for the magazine to be fiscally sound, cutting some of the production costs was necessary.

- **Steward Provision Closet**

WNAC's Provision Closet remains a thriving part of our overall ministry. We receive regular shipments of items and gift cards for missionary families. We faithfully stock and distribute items as needed. The closet experienced a major clean-up because of the flooding event.

- **WNAC Ministry**

Although, the future may seem uncertain to us, we serve an all-knowing God. This one thing we can be sure of, nothing takes Him by surprise. We will continue to hold to His unchanging hand, and walk with Him.

Our purpose statement reads, "Helping each woman find and fulfill her God-designed role in the home, church, community and world." We have a rich legacy of developing ministries to meet the needs we recognize. We are well known for our support of missions. We launched youth activities at the National Association Convention. Both of these ministries have grown into the programs we have today.

Rather than duplicate the efforts that others are doing so well, it is time for us to extend our legacy to find a **new endeavor** that needs our touch. Now we must find new avenues of ministry for our women. Let's bind together as women and take WNAC to the next level.

### *Your WNAC Staff and Executive Committee*





**BELLENFANT + MILES, PLLC**  
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, 2009 and 2008, 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, 2009 and 2008, 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.

*Bellevant & Miles, PLLC*

February 23, 2010

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 and 2008**

|  | <u>2009</u>       | <u>2008</u>       |
|--|-------------------|-------------------|
| <b>ASSETS</b>  |                   |                   |
| Cash   | \$ 274,397        | \$ 234,043        |
| Accounts receivable  | 7,181             | 10,141            |
| Inventory  | 4,052             | 4,610             |
| Notes receivable, net of allowance for doubtful accounts of \$-0- (\$-0- in 2008)          | 1,500             | 4,862             |
| Accrued interest receivable  | -                 | 235               |
| Property & equipment, at cost less accumulated depreciation of \$22,131 (\$20,629 in 2008) | 1,511             | 3,013             |
| <b>TOTAL ASSETS</b>  | <b>\$ 288,641</b> | <b>\$ 256,904</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                   |                   |
| <b>LIABILITIES</b>   |                   |                   |
| Accounts payable and accrued expenses  | \$ 32,907         | \$ 27,543         |
| Deferred revenue   | 28,212            | 31,767            |
| <b>Total liabilities</b>   | <b>61,119</b>     | <b>59,310</b>     |
| <b>COMMITMENTS</b>   |                   |                   |
| <b>NET ASSETS</b>  |                   |                   |
| Unrestricted - (deficit)   | 10,742            | (9,728)           |
| Temporarily restricted   | 179,523           | 176,784           |
| Permanently restricted   | 37,257            | 30,538            |
| <b>Total net assets</b>  | <b>227,522</b>    | <b>197,594</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>\$ 288,641</b> | <b>\$ 256,904</b> |

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

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|   | 2009           | 2008            |
|---|----------------|-----------------|
| <b>UNRESTRICTED</b>                                   |                |                 |
| <b>REVENUE AND OTHER SUPPORT:</b>                     |                |                 |
| Dues and fees   | \$ 75,335      | \$ 75,943       |
| Designated contributions                              | 404,862        | 342,801         |
| Magazine and literature sales                         | 64,903         | 74,918          |
| Convention and retreat income                         | 42,424         | 11,789          |
| Gifts and offerings                                   | 81,289         | 68,614          |
| Interest income                                       | 7,028          | 8,680           |
| Rent income   | 3,241          | 3,678           |
| Gain (loss) on value of investment                    | 5,795          | (6,685)         |
| Net assets released from restrictions:                |                |                 |
| Satisfaction of program restrictions                  | 8,776          | 8,551           |
| <b>Total revenue</b>                                  | <b>693,653</b> | <b>588,289</b>  |
| <b>EXPENSES</b>                                       |                |                 |
| Salaries and wages                                    | 98,286         | 123,091         |
| Payroll taxes and employee benefits                   | 18,769         | 26,636          |
| Cost of magazine and literature printing              | 37,365         | 39,228          |
| Travel and promotion                                  | 6,277          | 3,336           |
| Conventions and retreats                              | 48,821         | 25,952          |
| Office expense  | 9,706          | 11,129          |
| Postage   | 5,049          | 3,127           |
| Rent expense  | 24,595         | 28,044          |
| Professional fees                                     | 6,575          | 6,775           |
| Depreciation  | 1,502          | 1,558           |
| Insurance expense                                     | 778            | 1,104           |
| Dues and subscriptions                                | 290            | 296             |
| Special projects                                      | 10,865         | 17,331          |
| Continuing education                                  | -              | 361             |
| Designated contributions                              | 404,305        | 346,412         |
| <b>Total expenses</b>                                 | <b>673,183</b> | <b>634,380</b>  |
| <b>Increase (decrease) in unrestricted net assets</b> | <b>20,470</b>  | <b>(46,091)</b> |

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, 2009 and 2008**

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| <b>TEMPORARILY RESTRICTED</b>                                   |                   |                   |
| Gifts and offerings   | \$ 11,263         | \$ 18,621         |
| Interest income   | 252               | 235               |
| Net assets released from restrictions:                          |                   |                   |
| Satisfaction of program restrictions                            | (8,776)           | (8,551)           |
| <b>Increase (decrease) in temporarily restricted net assets</b> | <b>2,739</b>      | <b>10,305</b>     |
| <b>PERMANENTLY RESTRICTED</b>                                   |                   |                   |
| Gifts and offerings   | 6,719             | 6,933             |
| <b>Increase in permanently restricted net assets</b>            | <b>6,719</b>      | <b>6,933</b>      |
| <b>Total increase in net assets</b>                             | <b>29,928</b>     | <b>(28,853)</b>   |
| <b>Net assets - beginning of year</b>                           | <b>197,594</b>    | <b>226,447</b>    |
| <b>Net assets - end of year</b>                                 | <b>\$ 227,522</b> | <b>\$ 197,594</b> |

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, 2009 and 2008**

|  | 2009                     | 2008                     |
|--|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                          |                          |
| Increase in net assets   | \$ 29,928                | \$ (28,853)              |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                          |                          |
| Depreciation   | 1,502                    | 1,558                    |
| Bad Debts  | -                        | -                        |
| Loss on disposition of property & equipment  | -                        | -                        |
| Changes in operating assets and liabilities:   |                          |                          |
| (Increase) decrease in accounts receivable   | 2,960                    | (1,074)                  |
| (Increase) decrease in inventory   | 558                      | (1,083)                  |
| (Increase) decrease in accrued interest receivable   | 235                      | 56                       |
| Increase (decrease) in accounts payable  | 5,364                    | (9,058)                  |
| Increase (decrease) in deferred revenue  | (3,555)                  | (2,974)                  |
| Net Cash Provided (Used) By Operating Activities   | <u>36,992</u>            | <u>(41,428)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                          |                          |
| Collection on loans receivable   | 3,362                    | 808                      |
| New note made  | -                        | -                        |
| Purchases of property and equipment  | -                        | -                        |
| Net Cash Provided (Used) By Investing Activities   | <u>3,362</u>             | <u>808</u>               |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <u>40,354</u>            | <u>(40,620)</u>          |
| Cash and cash equivalents at beginning of years  | <u>234,043</u>           | <u>274,663</u>           |
| Cash and cash equivalents at end of years  | <u><u>\$ 274,397</u></u> | <u><u>\$ 234,043</u></u> |

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

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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 2009 and 2008.

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 statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED**

**Contributions:**

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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

**Property and Equipment and Depreciation:**

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

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

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

**Investments:**

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

**Accounts and Notes Receivable and Allowance for Doubtful Accounts**

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

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

Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required for accounts receivable. Management considers the notes receivable that are overdue to be only partially collectible and accordingly has recorded an allowance for doubtful accounts in the amount of \$-0- (\$-0- in 2008).

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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:

|                                | 2009            | 2008            |
|--------------------------------|-----------------|-----------------|
| Equipment                      | \$ 23,642       | \$ 23,642       |
| Less: Accumulated depreciation | (22,131)        | (20,629)        |
|                                | <u>\$ 1,511</u> | <u>\$ 3,013</u> |

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|   | 2009              | 2008              |
|---|-------------------|-------------------|
| Student Loan                                  | \$ 101,638        | \$ 100,477        |
| Foreign Scholarship                           | 1,538             | 2,050             |
| Provision Closet                              | 70,702            | 64,620            |
| Free Will Baptist Bible College Mission House | 5,645             | 9,637             |
|   | <u>\$ 179,523</u> | <u>\$ 176,784</u> |

Permanently restricted assets are restricted to:

|                 |                  |                  |
|-----------------|------------------|------------------|
| Endowment Trust | <u>\$ 37,257</u> | <u>\$ 30,538</u> |
|-----------------|------------------|------------------|

**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 \$24,595 (\$28,044 for the year ended December 31, 2008).



**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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 \$3,498 (\$5,250 in 2008). 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. At December 31, 2009 and 2008, the cash deposits were fully insured.

The Organization also has \$239,196 (\$225,551 in 2008) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

**7. DEFERRED REVENUE**

Deferred revenue resulted from magazine subscriptions received for 2009 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, 2009 and 2008.

**WOMEN NATIONALLY ACTIVE FOR CHRIST**  
**(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**9. COMMITMENTS**

The Organization entered into a lease for office equipment. The lease began on September 9, 2009, and will expire on August 9, 2012. The lease has a fixed monthly payment of \$166 for 48 months. The lease expense for 2009 was \$1,829 (\$2,058 for 2008).

Future minimum rental payments required are as follows:

| Year ended December 31, | Amount          |
|-------------------------|-----------------|
| 2010                    | \$ 1,990        |
| 2012                    | 1,990           |
| 2013                    | 1,327           |
| Total                   | <u>\$ 5,307</u> |

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through February 23, 2010 which is the date the financial statements were available to be issued.

# 2009 TOP TEN CONTRIBUTORS TO WNAC OFFICE SUPPORT

| GENERAL FUND      |             | EMPHASIS OFFERING  |             | Per Capita Giving  |          |
|-------------------|-------------|--------------------|-------------|--------------------|----------|
| 1. Missouri       | \$ 4,538.26 | 1. Tennessee       | \$ 1,142.90 | 1. Florida         | \$ 23.72 |
| 2. Tennessee      | \$ 4,230.55 | 2. Georgia         | \$ 1,125.00 | 2. New Mexico      | \$ 15.71 |
| 3. North Carolina | \$ 3,887.86 | 3. Alabama         | \$ 1,086.00 | 3. Tennessee       | \$ 14.52 |
| 4. Arkansas       | \$ 3,353.51 | 4. Arkansas        | \$ 889.50   | 4. Missouri        | \$ 14.41 |
| 5. Georgia        | \$ 3,215.51 | 5. Oklahoma        | \$ 799.00   | 5. Kentucky        | \$ 11.91 |
| 6. Kentucky       | \$ 1,661.00 | 6. Missouri        | \$ 706.20   | 6. Arizona         | \$ 11.90 |
| 7. Michigan       | \$ 1,473.00 | 7. Kentucky        | \$ 423.00   | 7. Georgia         | \$ 10.88 |
| 8. Alabama        | \$ 1,290.25 | 8. South Carolina  | \$ 407.00   | 8. Michigan        | \$ 9.63  |
| 9. Florida        | \$ 1,186.00 | 9. Texas           | \$ 340.00   | 9. Alabama         | \$ 8.61  |
| 10. Ohio          | \$ 991.32   | 10. North Carolina | \$ 298.75   | 10. North Carolina | \$ 7.71  |

## 2009 Cash and Non-Cash Gifts to Missions/Missionary Objectives

|                                       |    |                   |
|---------------------------------------|----|-------------------|
| Cash gifts Sent Through WNAC          | \$ | 430,907.39        |
| Sent Direct to International Missions | \$ | 83,202.86         |
| Sent Direct to Home Missions          | \$ | 20,928.80         |
| Provision Closet (Non-Cash)           | \$ | 25,064.27         |
| <b>TOTAL</b>                          | \$ | <b>560,103.32</b> |

## 2011 WNAC SALARIES AND BENEFITS BREAKDOWN

|   |             | 2010         | 2011         |
|---|-------------|--------------|--------------|
| <b>Executive Director</b>                   |             |              |              |
| Salary                                      |             | \$ 18,515.40 | \$ 44,437.00 |
| Social Security/Medicare                    |             | \$ 1,443.75  | \$ 3,465.00  |
| Retirement                                  |             | \$ 555.46    | \$ 1,333.00  |
| Insurance                                   |             | \$ 2,643.75  | \$ 6,920.00  |
| Travel/Life                                 | \$ 83.33    |              | \$ 200.00    |
| Hospital                                    | \$ 2,395.82 | \$ 6,325.00  |              |
| Dental                                      | \$ 164.60   | \$ 395.00    |              |
| Christmas Bonus                             |             |              |              |
| <b>Total Salary and Benefits</b>            |             | \$ 24,013.36 | \$ 57,010.00 |
| <b>Editor</b>                               |             |              |              |
| Salary                                      |             | \$ 24,956.26 | \$ 23,200.00 |
| Social Security/Medicare                    |             | \$ 1,388.31  |              |
| Retirement                                  |             | \$ 861.14    |              |
| Insurance                                   |             | \$ 3,642.94  |              |
| <b>Total Salary and Benefits</b>            |             | \$ 30,848.65 | \$ 23,200.00 |
| <b>Bookkeeper</b>                           |             |              |              |
| Salary                                      |             | \$ 23,400.00 | \$ 12,480.00 |
| Social Security/Medicare                    |             | \$ 1,705.44  | \$ 663.00    |
| Retirement                                  |             | \$ 546.00    |              |
| *Insurance                                  |             | \$ 6,245.00  |              |
| Christmas Bonus                             |             | \$ 200.00    |              |
| <b>Total Salary and Benefits</b>            |             | \$ 32,096.44 | \$ 13,143.00 |
| <b>Grand Total of Salaries and Benefits</b> |             | \$ 86,958.45 | \$ 93,553.00 |

NOTE: Bookkeeper hospital insurance is presently not a WNAC incurred expense. Editorial work is outsourced.

## WOMEN NATIONALLY ACTIVE FOR CHRIST 2011 Proposed Budget

|                                   | 2009 Budget          | 2009 Actual          | 2010 Budget          | 2011 Budget          |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Estimated Income:</b>          |                      |                      |                      |                      |
| General Fund Income               | \$ 35,000.00         | \$ 48,082.94         | \$ 32,000.00         | \$ 32,000.00         |
| Convention Offering               | \$ 2,500.00          | \$ 2,018.16          | \$ 2,500.00          | \$ 2,000.00          |
| Convention Expense Gift           | \$ 15,000.00         | \$ 14,081.87         | \$ 15,000.00         | \$ 15,000.00         |
| Delegate Fees                     | \$ 300.00            | \$ 260.00            | \$ -                 | \$ -                 |
| Dues                              | \$ 80,000.00         | \$ 75,075.00         | \$ 80,000.00         | \$ 75,000.00         |
| Interest Income                   | \$ 4,000.00          | \$ 7,280.61          | \$ 4,000.00          | \$ 5,500.00          |
| Literature Sales                  | \$ 8,000.00          | \$ 7,768.62          | \$ 8,000.00          | \$ 7,800.00          |
| TWG Magazine Subscriptions        | \$ 70,000.00         | \$ 56,694.95         | \$ 61,500.00         | \$ 56,000.00         |
| Miscellaneous                     | \$ 500.00            | \$ 184.62            | \$ 450.00            | \$ 450.00            |
| Rest of the Family Offering       | \$ 1,000.00          | \$ 1,090.99          | \$ 1,000.00          | \$ 1,000.00          |
| Emphasis Offering                 | \$ 7,000.00          | \$ 7,720.85          | \$ 8,000.00          | \$ 8,000.00          |
| Postage & Handling                | \$ 1,000.00          | \$ 720.14            | \$ 1,000.00          | \$ 750.00            |
| Together Way                      | \$ 1,500.00          | \$ 2,205.36          | \$ 1,500.00          | \$ 2,000.00          |
| Endowment Trust Interest          | \$ 3,000.00          | \$ 5,794.91          | \$ 2,500.00          | \$ 3,000.00          |
| Convention Luncheon Tickets       | \$ 9,500.00          | \$ 9,545.32          | \$ 9,500.00          | \$ 9,500.00          |
| Travel Income                     | \$ 1,000.00          | \$ 1,621.58          | \$ 1,000.00          | \$ 1,000.00          |
| <b>Total Income</b>               | <b>\$ 239,300.00</b> | <b>\$ 240,145.92</b> | <b>\$ 227,950.00</b> | <b>\$ 219,000.00</b> |
| <b>Estimated Expense:</b>         |                      |                      |                      |                      |
| Salaries                          | \$ 92,585.98         | \$ 96,564.32         | \$ 79,240.40         | \$ 80,117.00         |
| Employee Benefits                 |                      |                      |                      |                      |
| Payroll Tax Expense               | \$ 6,991.66          | \$ 7,442.53          | \$ 6,273.75          | \$ 4,128.00          |
| Employee Retirement               | \$ 3,147.32          | \$ 3,497.92          | \$ 2,967.71          | \$ 1,333.00          |
| Health, dental, life insurance    | \$ 13,580.84         | \$ 8,489.04          | \$ 15,133.75         | \$ 6,920.00          |
| Christmas Bonus                   | \$ 1,642.00          | \$ 1,721.82          | \$ 2,042.00          | \$ 1,055.00          |
| Insurance: Gen. & Workers' Comp.  | \$ 800.00            | \$ 707.94            | \$ 800.00            | \$ 800.00            |
| Legal and Professional Services   | \$ 6,200.00          | \$ 6,575.00          | \$ 6,500.00          | \$ 6,000.00          |
| Convention Expense                | \$ 25,000.00         | \$ 18,003.34         | \$ 23,000.00         | \$ 23,000.00         |
| Executive Committee Expense       | \$ 4,500.00          | \$ 4,889.94          | \$ 4,000.00          | \$ 5,000.00          |
| TWG Magazine Expense              |                      |                      |                      |                      |
| Mailing                           | \$ 3,000.00          | \$ 2,765.85          | \$ 2,500.00          | \$ 3,200.00          |
| Writers                           |                      | \$ 326.00            | \$ -                 | \$ -                 |
| Printing                          | \$ 31,500.00         | \$ 27,091.00         | \$ 30,500.00         | \$ 20,000.00         |
| Postage                           | \$ 5,000.00          | \$ 2,104.63          | \$ 4,000.00          | \$ 4,000.00          |
| Miscellaneous Expense             | \$ 752.20            | \$ 1,232.85          | \$ 2,292.39          | \$ 3,322.00          |
| Office Rent                       | \$ 24,000.00         | \$ 21,354.00         | \$ 26,000.00         | \$ 26,000.00         |
| Office Supplies and Materials     | \$ 3,000.00          | \$ 2,129.72          | \$ 3,000.00          | \$ 3,000.00          |
| Phone                             | \$ 2,500.00          | \$ 2,362.04          | \$ 2,500.00          | \$ 3,700.00          |
| Postage                           | \$ 4,000.00          | \$ 5,049.03          | \$ 4,000.00          | \$ 5,000.00          |
| Printing                          | \$ 1,000.00          | \$ 2,716.00          | \$ 2,000.00          | \$ 3,000.00          |
| Service Contracts                 | \$ 4,000.00          | \$ 3,358.54          | \$ 4,000.00          | \$ 4,000.00          |
| Subscriptions                     | \$ 500.00            | \$ 290.12            | \$ 200.00            | \$ 425.00            |
| Travel and Promotion              | \$ 4,000.00          | \$ 2,557.15          | \$ 4,000.00          | \$ 10,000.00         |
| Continuing Education              | \$ 1,000.00          | \$ -                 | \$ 500.00            | \$ 500.00            |
| Equipment (additions and repairs) | \$ 500.00            | \$ 156.00            | \$ 2,000.00          | \$ 3,000.00          |
| Special Projects                  | \$ 100.00            | \$ -                 | \$ 500.00            | \$ 1,500.00          |
| <b>Total Expenses</b>             | <b>\$ 239,300.00</b> | <b>\$ 221,384.78</b> | <b>\$ 227,950.00</b> | <b>\$ 219,000.00</b> |



# WNAC RECEIPTS 2009

| STATES       | General Fund | Dues      | Faith Promise | Emphasis | Endowment | Provision/Closet | International Missions | Home Missions | State Programs | Children's Homes | Colleges | Student Loan Fund | Foreign Student Scholarship | Mission Objectives | Rest of Family | Christmas Joy | TOTAL      |
|--------------|--------------|-----------|---------------|----------|-----------|------------------|------------------------|---------------|----------------|------------------|----------|-------------------|-----------------------------|--------------------|----------------|---------------|------------|
| AL           | 1,290.25     | 4,140.00  | 470.00        | 1,096.00 | 526.00    |                  | 1,642.00               | 3,486.00      | 17,540.82      | 917.65           | 25.00    | 25.00             | 175.00                      | 90.00              | 100.00         | 353.50        | 31,867.22  |
| AR           | 3,353.51     | 10,005.00 | 530.00        | 889.50   | 1,727.83  | 1,205.00         | 16,246.82              | 19,946.36     | 21,612.01      | 1,940.75         | 150.00   | 45.00             | 75.00                       | 90.00              | 25.00          | 315.00        | 78,156.78  |
| AZ           | 500.00       | 630.00    | 570.00        |          | 925.85    |                  | 1,851.61               |               |                |                  |          |                   |                             |                    |                |               | 4,477.46   |
| CA           | 25.00        | 1,335.00  |               |          | 963.00    |                  | 3,211.00               | 380.32        | 50.00          | 200.00           | 50.00    |                   |                             |                    |                |               | 6,214.32   |
| FL           | 1,186.00     | 750.00    | 190.00        |          |           |                  | 1,786.70               | 1,454.00      | 3,398.50       | 130.00           |          |                   |                             |                    |                | 100.00        | 8,985.20   |
| GA           | 3,215.51     | 5,985.00  | 1,800.00      | 1,125.00 | 454.75    | 388.75           | 10,401.86              | 4,693.84      | 9,506.28       | 1,265.00         | 1,097.25 | 309.50            | 492.00                      |                    | 100.00         | 530.00        | 41,364.74  |
| IL           | 432.50       | 2,505.00  |               | 70.00    | 520.00    | 40.00            | 10,026.00              | 3,066.77      | 3,307.05       |                  |          |                   |                             | 2,985.00           |                |               | 22,952.32  |
| IN           |              | 495.00    |               |          | 20.00     | 125.00           | 7,330.00               |               |                | 262.00           |          |                   |                             |                    |                |               | 8,232.00   |
| KY           | 1,661.00     | 2,625.00  | 50.00         | 423.00   | 772.64    |                  | 33,122.16              | 9,108.50      |                | 7,740.00         | 16.00    |                   |                             | 290.00             |                | 100.00        | 55,908.30  |
| MI           | 1,473.00     | 2,295.00  |               |          |           |                  | 2,745.32               | 1,980.22      |                |                  |          |                   |                             |                    |                |               | 8,483.54   |
| MO           | 4,538.26     | 5,460.00  | 210.00        | 706.20   | 20.00     | 50.00            | 7,616.77               | 4,530.87      |                | 497.50           | 395.60   | 171.05            | 25.00                       | 95.00              | 25.00          | 295.00        | 24,838.25  |
| MS           | 790.00       | 2,010.00  |               |          |           | 850.00           | 250.00                 | 1,044.00      |                |                  |          |                   |                             |                    |                | 200.00        | 5,144.00   |
| NC           | 3,887.86     | 8,145.00  | 615.73        | 298.75   | 14.82     | 191.00           | 26,788.58              | 10,577.05     |                | 5,359.22         | 5,701.94 | 59.00             | 94.00                       |                    |                | 830.00        | 62,562.95  |
| NM           | 10.00        | 105.00    |               | 100.00   |           |                  | 252.58                 | 622.82        |                | 50.00            |          |                   |                             |                    |                |               | 1,140.40   |
| OH           | 991.32       | 2,265.00  | 400.00        | 100.00   | 66.66     | 450.00           | 6,119.89               | 2,203.43      |                | 705.00           |          |                   |                             |                    |                |               | 13,301.30  |
| OK           | 954.45       | 9,525.00  | 240.00        | 799.00   | 235.00    | 2,755.04         | 10,359.79              | 1,290.70      |                | 2,515.00         | 25.00    | 325.00            | 314.00                      | 495.00             | 50.00          |               | 29,882.98  |
| SC           | 100.00       | 5,870.00  |               | 407.00   | 88.00     | 2,040.75         | 53,257.04              | 5,269.26      | 7,382.29       | 2,074.00         | 507.00   | 225.00            | 33.00                       | 605.00             |                |               | 77,833.34  |
| TN           | 4,230.55     | 5,550.00  | 1,455.00      | 1,142.90 | 540.00    |                  | 11,688.17              | 7,238.53      | 3,200.52       | 1,268.50         | 320.00   |                   | 680.50                      | 472.00             | 324.00         | 175.00        | 38,830.67  |
| TX           | 191.70       | 1,800.00  | 120.00        | 340.00   | 149.84    | 30.00            | 1,719.30               | 1,347.79      |                | 60.00            |          |                   |                             |                    | 10.00          | 60.00         | 5,828.63   |
| VA           | 734.26       | 2,010.00  |               | 233.50   |           | 348.00           | 3,463.91               | 6,530.33      | 927.62         | 118.00           |          | 50.00             |                             | 425.00             |                |               | 14,940.62  |
| VI           |              | 225.00    |               |          |           |                  |                        |               |                |                  |          |                   |                             |                    |                |               | 225.00     |
| WV           | 20.00        | 1,410.00  |               |          |           |                  | 3,726.75               | 320.00        |                |                  |          |                   |                             |                    |                |               | 5,476.75   |
| Convention   | 26,556.73    |           |               |          |           |                  |                        |               |                |                  |          |                   |                             |                    |                | 30.00         | 26,586.73  |
| Retreat      | 45,365.72    |           |               |          |           |                  | 621.16                 |               |                |                  |          |                   |                             | 621.16             |                |               | 45,365.72  |
| Rest Farm    | 1,150.99     |           |               |          |           |                  |                        |               |                |                  |          |                   |                             |                    |                |               | 1,150.99   |
| Together Way | 3,680.78     |           |               |          |           |                  |                        |               |                |                  |          |                   |                             |                    |                |               | 3,680.78   |
| TOTAL        | 106,339.39   | 74,940.00 | 6,650.73      | 7,720.85 | 7,024.39  | 8,473.54         | 214,429.41             | 85,811.95     | 66,925.09      | 25,102.62        | 8,287.79 | 1,209.55          | 1,888.50                    | 6,168.16           | 634.00         | 3,708.50      | 623,450.99 |

## Registration Report

|                            |      |
|----------------------------|------|
| <b>National Convention</b> | 44   |
| Board/Commission Member    | 63   |
| Licensed Minister          | 12   |
| Local Church Delegate      | 3144 |
| NAFWB Attendee             | 18   |
| NAFWB Staff                | 153  |
| Ordained Deacon            | 686  |
| Ordained Minister          | 65   |
| State Delegate             | 4185 |
| <b>Total</b>               | 4185 |

|                                  |      |
|----------------------------------|------|
| <b>National Youth Conference</b> | 2165 |
| NYC Attendee                     | 136  |
| NYC Child Attendee               | 297  |
| NYC Grades 1-3                   | 367  |
| NYC Grades 4-6                   | 883  |
| NYC Grades 7-12                  | 137  |
| NYC Preschool Worship            | 134  |
| NYC Staff                        | 4119 |
| <b>Total</b>                     | 4119 |

|   |     |
|---|-----|
| <b>Women Nationally Active For Christ</b> | 761 |
| WNAC Attendee                             | 27  |
| WNAC Local Delegate                       | 59  |
| WNAC Missionary                           | 7   |
| WNAC National Officer                     | 2   |
| WNAC Staff                                | 111 |
| WNAC State Delegate                       | 10  |
| WNAC State Field Worker                   | 11  |
| WNAC State President                      | 988 |
| <b>Total</b>                              | 988 |

Total Unduplicated Attendance: 6550

## Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2011:

|   |                   |                  |
|---|-------------------|------------------|
| Executive Office (Includes:)                    |                   |                  |
| Administrative                                  | \$ 416,611.12     | \$ 740,603.12    |
| Convention                                      | <u>323,992.00</u> |                  |
| Free Will Baptist Bible College                 |                   | 5,693,155.00     |
| (Includes \$1,150,000.00 in unrestricted gifts) |                   |                  |
| Free Will Baptist Foundation                    |                   | 481,510.00       |
| Home Missions                                   |                   | 5,000,000.00     |
| International Missions                          |                   | 7,800,000.00     |
| Master's Men                                    |                   | 156,717.00       |
| Retirement and Insurance                        |                   | 463,128.00       |
| Randall House Publications                      |                   | 4,869,500.00     |
| Commission for Theological Integrity            |                   | 7,220.00         |
| Historical Commission                           |                   | 3,220.00         |
| Media Commission                                |                   | 3,000.00         |
| Music Commission                                |                   | <u>3,875.00</u>  |
| <b>TOTAL</b>                                    |                   | \$ 25,221,928.12 |

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 all to the national ministries on the following basis:

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

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

Respectfully Submitted, Your Servants,

Keith Burden, Executive Secretary  
 Matt Pinson, President of Free Will Baptist Bible College  
 David Brown, General Director of Free Will Baptist Foundation  
 Larry Powell, General Director of Home Missions Department  
 James Forlines, General Director of International Missions Department  
 Kenneth Akers, General Director of Master's Men Department  
 D. Ray Lewis, General Director of Retirement and Insurance Department  
 Ron Hunter, General Director of Randall House Publications

## Obituary Committee Report

### Arkansas

Rev. Lawnie Coffman  
 Rev. Jimmy Campbell  
 Dan Rowland, Deacon

### Arizona

Rev. Bob White

### Florida

Rev. Don Hanna

### Georgia

Rev. Charles Beasley  
 Rev. Eugene Franklin Ross  
 Myron Gilbert "Bud" Shiver, Deacon  
 Herbert L. Boyd, Deacon

### Illinois

Rev. George Waggoner  
 Rev. George Ritter  
 Rev. Dwight Dame

### Michigan

Rev. Rudy Shankle

### Missouri

Rev. Glenwood Hargiss, Sr.  
 Rev. James Crawford  
 Rev. Billy Day  
 Rev. Jim Ives  
 Bert Austin, Deacon  
 Harry Fletchall, Deacon  
 Lynn Hurtt, Deacon

### North Carolina

Rev. Leonard Cutshaw  
 Rev. James Pittman  
 Rev. Ronnie Wilson

### Ohio

Rev. Gerald Moore  
 Rev. Marvin Markin  
 Rev. Billy Joe White  
 Rev. Warren Simpkins  
 Leo Carter, Deacon  
 John Helton, Deacon

### Oklahoma

Rev. Oma Viles  
 Rev. Shelby Greeson  
 Rev. Albert Jarrett  
 Rev. Cecil Fassio  
 Rev. Shannon Sumpter  
 Rev. Troy McCrary  
 Rev. Edward Lance  
 Rev. L.C. Lynch

### South Carolina

Rev. Leonard Williams

### West Virginia

Rev. Roy Lee Cox  
 Rev. Earl Ferguson  
 Rev. George Speck  
 George Bicar, Deacon  
 Clarence Johnson, Deacon  
 Azel "Shot" Roe, Deacon

### Obituary Committee:

Galen Dunbar (SC), Chairman  
 Mickey Crane (AL)  
 Ed Cook (KY)  
 Ernest Harrison (OK)  
 Keith Woody (TX)



## Resolutions Committee Report

From the North Carolina State Association of Free Will Baptists:

1. Whereas the National Agency of Randall House Publications has begun to host the D6 Conference, and is using speakers from various theological identities, and that some of this year's speakers would be controversial, such as the following: The Skit Guys (due to their "potty humor" or open carnality), or like Ed Stetzer (controversial in his pragmatism over doctrine);

and

Whereas the programming (particularly the use of rock music like the U2 opening song at last year's D6) was worldly,

and

Whereas that the 2009 D6 Conference was a financial failure resulting in a loss of over \$90,000.00,

Be it hereby resolved that future D6 Conferences be put on hold until each of the speakers and programming are approved by the Randall House Board before they are invited and contractually obligated.

2. Whereas the D6 curriculum and subsequent marketing fails to identify itself as being officially a part of the ministry of the National Association of Free Will Baptists,

and

Whereas the articles, writings, and blogs on the website are doctrinally confusing and contrary to the historical beliefs and the direction of the National Association of Free Will Baptists,

and

Whereas Randall House was established to be a servant of local Free Will Baptist churches to provide printed materials so that they may be able to train the people in Free Will Baptist churches,

Be it resolved that the Randall House Board require all D6 curriculum, official blogs, websites, and other materials to support the historical position and beliefs of the National Association of Free Will Baptists.

3. Whereas the National Agency of International Missions has instituted sweeping changes in internal structures along with an historical change to a cooperative only system of giving;

and

Whereas many individuals and churches desire to give "as every man hath determined in his heart,"

Be it hereby resolved that the International Missions Board reinstate the previous designated giving system to co-exist with the present system of funding, resulting in two methods of giving in one system.

4. Whereas two career missionaries (Aycocks and Moores) have recently resigned from the Mission, and have alleged in print that the Mission has changed methodologically, philosophically, and structurally;

and

Whereas these missionaries are held in high esteem from the Mission and the churches of the state of North Carolina;

and

Whereas there has been no public statement from International Missions to the veracity of these charges and/or the reasoning why these charges were made;

Be it hereby resolved that the International Missions Board give a full written and verbal response as to the changes that caused these missionaries to resign after years of faithful service.

NOTE: The Virginia State Association of Free Will Baptists submitted similar resolutions to resolutions three and four. Most of the issues included in the Virginia resolutions are articulated in North Carolina's resolutions three and four. There is an exception of one issue that the resolutions committee chose not to include because of recent employer/employee negotiations and confidentiality.

From the Resolutions Committee:

5. Be it hereby resolved that the body of the 2010 National Association of Free Will Baptists give Executive Director Mike Wade, his staff and volunteers, and the Oklahoma State Association of Free Will Baptists a rising vote of thanks for their gracious hospitality and hard work as the hosts of the 2010 National Association.

Resolutions Committee

Rev. Glen Johnson (VA), Chairman

Rev. Leonard Pirtle (OK)

Rev. David Reese (TN)

Rev. Billy Keith (NC)

Rev. Tim Campbell (AR)

## The Executive Secretary's Report 2009

If this report had a theme it would be the word *adjustment*. While we serve an immutable God and preach an unchanging gospel, ministry requires making adjustments from time to time. This past year was no exception.

In 2009 the executive office did some fine-tuning to accommodate the challenges it encountered. Honesty dictates I tell you additional alterations will have to be made in 2010 and beyond. Here are just a few examples—

- **Our PUBLICATION**—*ONE Magazine* continues to effectively communicate to Free Will Baptists a unifying vision of our role in the extension of God's kingdom. The publication managed to maintain its quality in spite of significantly reducing its revenue. The 2011 budget reflects a modest *adjustment* in revenue from participating departments to off-set anticipated increases in expense.
- **Our PLANNING**—Economic woes continue to plague the meeting planning industry. In spite of our best efforts, last year's convention operated at a substantial deficit. Obviously, this trend cannot continue. The time has come to either increase revenue or cut expenses. Postponing this *adjustment* is not an option.
- **Our PROGRAMMING**—The executive office remains committed to providing helpful tools and resources for the denomination. The updated website ([www.FWBPastor.com](http://www.FWBPastor.com)), annual Leadership Conference, disaster relief efforts and partnership with the various Free Will Baptist Commissions are but a few of the programs we employ to better serve our churches and pastors as they *adjust* to the ever changing demands of ministry.
- **Our POCKETBOOK**—Free Will Baptists at every level had to navigate the waters of economic uncertainty in 2009. The executive office has been no exception as Cooperative giving was down 1.7% and Together Way giving declined 2.5% from the previous year respectively. *Adjustments* were made in anticipation of these shortages and thankfully we finished the year in a relatively strong financial position. Proposed budgets for 2011 reflect a conservative approach to spending. We appreciate the faithfulness of our supporters!
- **Our PROSPECTS**—Our denomination has a rich heritage. It is encouraging to hear reports of how God is working here and around the world. In spite of the challenges we face the future is bright for Free Will Baptists. During the 2011 convention we will celebrate and look back on our rich seventy-five year history. I hope you will make whatever *adjustments* necessary in order to join us in Charlotte, North Carolina.
- **Our PEOPLE**—I am thankful I have a staff that is able and willing to *adjust* as circumstances dictate. As we tighten our belt and find ways to do more with less our goal remains to honor Christ and serve His people. Thank you for the opportunity to serve you.

Keith Burden, CMP  
Executive Secretary

## Statistical Summary 1995 – 2009

| Year          | Beginning Membership Totals | Baptisms       | Members Added  | Members Lost  | Net Increase  | Ending Membership Totals |
|---------------|-----------------------------|----------------|----------------|---------------|---------------|--------------------------|
| 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                  |
| 2009          | 322,430                     | 6,464          | 8,336          | 4,817         | 3,519         | 325,949                  |
| <b>Totals</b> |                             | <b>126,607</b> | <b>171,640</b> | <b>88,935</b> | <b>82,705</b> |                          |

## Tracking The Together Way Totals

|             | Designated   |        | Co-op      |        | Total        |        |
|-------------|--------------|--------|------------|--------|--------------|--------|
| <b>2003</b> | 3,515,300.09 | 8.04%  | 770,780.99 | 4.34%  | 4,286,081.08 | 7.35%  |
|             | 82%          |        | 18%        |        |              |        |
| <b>2004</b> | 3,631,305.92 | 3.30%  | 782,642.76 | 1.54%  | 4,413,948.68 | 2.98%  |
|             | 82%          |        | 18%        |        |              |        |
| <b>2005</b> | 3,946,786.84 | 8.69%  | 813,333.89 | 3.92%  | 4,760,120.73 | 7.84%  |
|             | 83%          |        | 17%        |        |              |        |
| <b>2006</b> | 4,193,622.91 | 6.25%  | 832,178.34 | 2.32%  | 5,025,801.25 | 5.58%  |
|             | 83%          |        | 17%        |        |              |        |
| <b>2007</b> | 4,168,077.00 | -0.61% | 874,548.07 | 5.09%  | 5,042,625.07 | 0.33%  |
|             | 83%          |        | 17%        |        |              |        |
| <b>2008</b> | 4,083,286.89 | -2.03% | 892,767.28 | 2.08%  | 4,976,054.17 | -1.32% |
|             | 82%          |        | 18%        |        |              |        |
| <b>2009</b> | 3,970,587.35 | -2.76% | 877,543.24 | -1.71% | 4,848,130.59 | -2.57% |
|             | 82%          |        | 18%        |        |              |        |





Hill, Harper & Associates  
Certified Public Accountants

### Independent Auditors' Report

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

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

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, 2009 and 2008, 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 2008 financial statements and, in our report dated April 22, 2009, 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, 2009 and 2008, 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 26, 2010

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

#### Statements of Financial Position

December 31, 2009 and 2008

|  | Assets | 2009    | 2008    |
|--|--------|---------|---------|
| <b>Current assets:</b>                                   |        |         |         |
| Cash and cash equivalents                                | \$     | 383,845 | 384,087 |
| Funds held by Free Will Baptist Foundation               |        | 11,663  | 10,017  |
| Receivables:   |        |         |         |
| Randall House royalties                                  |        | 1,781   | 1,008   |
| Other departmental and agency charges                    |        | 265     | 175     |
| <b>Total receivables</b>                                 |        | 2,046   | 1,183   |
| Prepaid expenses   |        | 20,744  | 16,413  |
| <b>Total current assets</b>                              |        | 418,298 | 411,700 |
| <b>Fixed assets:</b>                                     |        |         |         |
| Office equipment and furniture                           |        | 139,578 | 139,578 |
| Automobiles  |        | 25,720  | 25,720  |
|  |        | 165,298 | 165,298 |
| Less accumulated depreciation                            |        | 158,155 | 152,904 |
| <b>Net fixed assets</b>                                  |        | 7,143   | 12,394  |
|  | \$     | 425,441 | 424,094 |
| <b>Liabilities and Net Assets</b>                        |        |         |         |
| <b>Current liabilities:</b>                              |        |         |         |
| Accounts payable and accrued expenses                    | \$     | 13,678  | 8,499   |
| Funds held for Church on the Ridge building improvements |        | 9,702   | 22,678  |
| <b>Total current liabilities</b>                         |        | 23,380  | 31,177  |
| <b>Net assets (deficit):</b>                             |        |         |         |
| <b>Unrestricted:</b>                                     |        |         |         |
| Executive Office   |        | 318,182 | 279,924 |
| Net investment in equipment                              |        | 7,143   | 12,394  |
| Special Projects   |        | 80,562  | 72,546  |
| Convention Fund  |        | (3,826) | 28,053  |
| <b>Total net assets</b>                                  |        | 402,061 | 392,917 |
|  | \$     | 425,441 | 424,094 |

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, 2009 and 2008

|   | Executive<br>Office | Special<br>Projects | Convention<br>Fund | 2009<br>Totals | 2008<br>Totals |
|---|---------------------|---------------------|--------------------|----------------|----------------|
| <b>Revenues:</b>                            |                     |                     |                    |                |                |
| The Together Way Plan                       | \$ 4,848,130        | -                   | -                  | 4,848,130      | 4,976,054      |
| Disbursed to agencies<br>and departments    | (4,437,463)         | -                   | -                  | (4,437,463)    | (4,555,590)    |
| Executive Office portion<br>of Together Way | 410,667             | -                   | -                  | 410,667        | 420,464        |
| Hymnal royalties                            | -                   | 18,088              | -                  | 18,088         | 13,815         |
| Gifts and offerings                         | 2,154               | -                   | 9,081              | 11,235         | 11,418         |
| Convention fees                             | -                   | -                   | 304,449            | 304,449        | 309,182        |
| Other income                                | 7,303               | 1,808               | 7,825              | 16,936         | 18,346         |
| <b>Total revenues</b>                       | <b>420,124</b>      | <b>19,896</b>       | <b>321,355</b>     | <b>761,375</b> | <b>773,225</b> |
| <b>Cost of hymnal sales:</b>                |                     |                     |                    |                |                |
| Beginning inventory                         | -                   | -                   | -                  | -              | 926            |
| Other costs                                 | -                   | 11,251              | -                  | 11,251         | 11,262         |
| <b>Total cost of inventory</b>              | <b>-</b>            | <b>11,251</b>       | <b>-</b>           | <b>11,251</b>  | <b>12,188</b>  |
| Less ending inventory                       | -                   | -                   | -                  | -              | -              |
| <b>Cost of hymnal sales</b>                 | <b>-</b>            | <b>11,251</b>       | <b>-</b>           | <b>11,251</b>  | <b>12,188</b>  |
| <b>Gross profit</b>                         | <b>420,124</b>      | <b>8,645</b>        | <b>321,355</b>     | <b>750,124</b> | <b>761,037</b> |
| <b>Expenses of operations:</b>              |                     |                     |                    |                |                |
| Executive Office                            | 387,117             | -                   | -                  | 387,117        | 407,994        |
| Special Projects                            | -                   | 629                 | -                  | 629            | 799            |
| Convention Fund                             | -                   | -                   | 353,234            | 353,234        | 318,700        |
| <b>Total expenses</b>                       | <b>387,117</b>      | <b>629</b>          | <b>353,234</b>     | <b>740,980</b> | <b>727,493</b> |
| <b>Increase (decrease) in net assets</b>    | <b>33,007</b>       | <b>8,016</b>        | <b>(31,879)</b>    | <b>9,144</b>   | <b>33,544</b>  |
| <b>Net assets, beginning of year</b>        | <b>292,318</b>      | <b>72,546</b>       | <b>28,053</b>      | <b>392,917</b> | <b>359,373</b> |
| <b>Net assets (deficit), end of year</b>    | <b>\$ 325,325</b>   | <b>80,562</b>       | <b>(3,826)</b>     | <b>402,061</b> | <b>392,917</b> |

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, 2009 and 2008

|  | Executive<br>Office | Special<br>Projects | Convention<br>Fund | 2009<br>Totals | 2008<br>Totals |
|--|---------------------|---------------------|--------------------|----------------|----------------|
| <b>Expenses of operations:</b>                   |                     |                     |                    |                |                |
| Salaries   | \$ 121,896          | -                   | 80,870             | 202,766        | 159,408        |
| Housing allowance                                | 20,000              | -                   | -                  | 20,000         | 20,000         |
| Employee fringe benefits<br>and health insurance | 38,964              | -                   | -                  | 38,964         | 31,159         |
| Payroll taxes                                    | 22,689              | -                   | 223                | 22,912         | 18,670         |
| Travel   | 28,077              | -                   | 42,986             | 71,063         | 74,385         |
| Executive Committee<br>and General Board         | 2,821               | -                   | 5,701              | 8,522          | 9,321          |
| Office rental                                    | 29,892              | -                   | -                  | 29,892         | 34,077         |
| Depreciation                                     | 5,251               | -                   | -                  | 5,251          | 8,504          |
| Legal and audit                                  | 3,095               | -                   | 5,633              | 8,728          | 4,659          |
| Supplies, office expense                         | 8,644               | -                   | 7,697              | 16,341         | 19,455         |
| Printing and promotion                           | 5,629               | -                   | 27,250             | 32,879         | 33,855         |
| Postage / mail services                          | 852                 | (2)                 | 362                | 1,212          | 891            |
| Telephone  | 3,235               | -                   | 1,385              | 4,620          | 3,423          |
| Auditorium and other<br>convention services      | -                   | -                   | 162,520            | 162,520        | 165,708        |
| Performance penalty - hotel room usage           | -                   | -                   | 12,000             | 12,000         | -              |
| Palmer Leadership Institute                      | 3,563               | -                   | -                  | 3,563          | -              |
| International Fellowship                         | 240                 | -                   | -                  | 240            | 240            |
| The Together Way Plan                            | -                   | -                   | -                  | -              | 103            |
| Copier lease                                     | 8,114               | -                   | -                  | 8,114          | 7,677          |
| Church directory                                 | -                   | 631                 | -                  | 631            | 799            |
| Publications Committee                           | -                   | -                   | 162                | 162            | 1,024          |
| Nominating Committee                             | -                   | -                   | 3,430              | 3,430          | 2,578          |
| Support to One Magazine                          | 84,098              | -                   | -                  | 84,098         | 110,407        |
| National officers meeting                        | -                   | -                   | 590                | 590            | -              |
| Building Kingdom Stewards Seminars               | -                   | -                   | -                  | -              | 4,304          |
| Support Plan Evaluation Committee                | -                   | -                   | -                  | -              | 11,412         |
| Media Commission                                 | -                   | -                   | -                  | -              | 1,682          |
| Other  | 57                  | -                   | 2,425              | 2,482          | 3,752          |
| <b>Total expenses</b>                            | <b>\$ 387,117</b>   | <b>629</b>          | <b>353,234</b>     | <b>740,980</b> | <b>727,493</b> |

See accompanying notes to financial statements.



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

**Statements of Cash Flows**

For the years ended December 31, 2009 and 2008

|   | 2009       | 2008    |
|---|------------|---------|
| <b>Cash Flows from Operating Activities</b>                                   |            |         |
| Increase in net assets  | \$ 9,144   | 33,544  |
| Adjustments to reconcile change in net assets to<br>net operating activities: |            |         |
| Depreciation  | 5,251      | 8,503   |
| (Increase) decrease in:   |            |         |
| Receivables   | (863)      | 1,677   |
| Inventories   | -          | 926     |
| Prepaid expenses  | (4,331)    | 4,972   |
| Increase (decrease) in:   |            |         |
| Funds held for Church on the Ridge building improvements                      | (12,976)   | 10,392  |
| Accounts payable and accrued expenses   | 5,179      | 8,499   |
| Net operating activities  | 1,404      | 68,513  |
| <b>Cash Flows from Investing Activities</b>                                   |            |         |
| Purchase of capital assets  | -          | (9,526) |
| Net Investment in funds held by Free Will Baptist Foundation                  | (1,646)    | (81)    |
| Net investing activities  | (1,646)    | (9,607) |
| Increase (decrease) in cash and cash equivalents                              | (242)      | 58,906  |
| Cash and cash equivalents, at beginning of year                               | 384,087    | 333,304 |
| Cash and cash equivalents, at end of year                                     | \$ 383,845 | 392,210 |

See accompanying notes to financial statements.

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

**Notes to Financial Statements**

December 31, 2009 and 2008

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)

**Fair Value Measurements**

Effective January 1, 2009, the Executive Office adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements", (SFAS 157) for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. The adoption of SFAS 157 did not have a material effect on its 2009 financial statements.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 as assumptions market participants would use in pricing an asset or liability. For the year ended December 31, 2009, Executive Office funds held by Free Will Baptist Foundation were valued at market using Level 1 inputs under SFAS 157.

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

**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.

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

(1) **Summary of Significant Accounting Policies, continued**

**Accounts Receivable**

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

**Fixed Assets**

Office equipment and furniture are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$500 are capitalized and depreciated over their usable lives on 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.

The Financial Standards Board (FASB) issued Interpretation No 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with Statement No 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition. Management believes the Executive Office has no activities which will lead to income taxes being levied.

**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 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.

**Changes in Presentation of Financial Statements**

Certain amounts as reported in the 2008 financial statements may have been reclassified to conform to current year presentation.

**Subsequent Events**

Subsequent events have been evaluated through April 26, 2010, which is the issue date these of financial statements.

(2) **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 \$9,352 in 2009 and \$7,360 in 2008. 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.

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

(3) **Operating Leases**

The Executive Office has entered into noncancelable lease arrangements relating to a copy machine. Total expenses amounted to \$8,114 in 2009 and \$7,677 in 2008. The minimum annual payments required are \$6,919 for 2010; and \$3,460 for 2011.

Further, the Executive Office rents office space from the National Office Building located in Antioch, Tennessee. The lease agreement is cancelable with 90 day written notice. Office lease expense amounted to \$29,892 in 2009 and \$34,077 in 2008.

(4) **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, 2008, from which the summarized information was derived.

(5) **One Magazine of the National Association of Free Will Baptists**

The denomination began the publication - One Magazine - in 2005 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 \$84,098 in 2009 and \$110,407 in 2008.

(6) **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 and funds held by Free Will Baptist Foundation. Further, bank balances in excess of the amount of FDIC insurance are subject to risk of accounting loss. Management does not anticipate nonperformance by the financial institutions.



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

(7) **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, 2009 as compared to 2008 totals.

| Receipts:                              | 2009         |             |           | 2008      |
|--|--------------|-------------|-----------|-----------|
|  | Designated   | Cooperative | Total     | Total     |
| Alabama                                | \$ 4,434     | 7,143       | 11,577    | 12,717    |
| Arkansas                               | 631,978      | 230,698     | 862,676   | 842,301   |
| California                             | 749          | 14,403      | 15,152    | 10,324    |
| Florida                                | 3,355        | 9,053       | 12,408    | 17,625    |
| Georgia                                | 454,577      | 22,243      | 476,820   | 504,661   |
| Illinois                               | 168,172      | 27,474      | 195,646   | 210,554   |
| Indiana                                | 20,236       | 1,918       | 22,154    | 18,516    |
| Kentucky                               | 950          | 10,912      | 11,862    | 10,051    |
| Michigan                               | 196,053      | 17,344      | 213,397   | 241,288   |
| Mississippi                            | 800          | 9,282       | 10,082    | 12,161    |
| Missouri                               | 579,906      | 212,903     | 792,809   | 868,644   |
| New Mexico                             | 6,740        | 650         | 7,390     | 8,001     |
| North Carolina                         | 32,369       | 50,636      | 83,005    | 74,921    |
| Ohio                                   | 190,824      | 37,370      | 228,194   | 246,371   |
| Oklahoma                               | 628,626      | 158,706     | 787,332   | 788,660   |
| South Carolina                         | 707,838      | 410         | 708,248   | 723,125   |
| Tennessee                              | 186,430      | 28,543      | 214,973   | 195,058   |
| Texas                                  | 88,907       | 4,929       | 93,836    | 95,155    |
| Utah                                   | -            | 5,525       | 5,525     | 4,183     |
| Virginia                               | 7,003        | 21,072      | 28,075    | 20,381    |
| West Virginia                          | 15,947       | 1,774       | 17,721    | 19,394    |
| Canada                                 | 43,822       | 705         | 44,527    | 48,630    |
| Contributions totaling \$2,500 or less | 871          | 3,850       | 4,721     | 3,334     |
| Total receipts                         | \$ 3,970,587 | 877,543     | 4,848,130 | 4,976,054 |
| <b>Disbursements:</b>                  |              |             |           |           |
| Executive Office                       | \$ 15,772    | 394,895     | 410,667   | 420,464   |
| Free Will Baptist Bible College        | 281,238      | 111,009     | 392,247   | 355,818   |
| FWB Foundation                         | 2,508        | 28,959      | 31,467    | 31,538    |
| Home Missions                          | 842,101      | 86,877      | 928,978   | 991,161   |
| International Missions                 | 2,694,947    | 111,009     | 2,805,956 | 2,879,456 |
| Master's Men                           | 5,836        | 67,571      | 73,407    | 76,390    |
| Retirement & Insurance                 | 4,604        | 67,571      | 72,175    | 72,733    |
| Commission for Theological Integrity   | 784          | 2,413       | 3,197     | 3,171     |
| Historical Commission                  | 416          | 2,413       | 2,829     | 2,830     |
| Media Commission                       | 487          | 2,413       | 2,900     | 2,951     |
| Music Commission                       | 792          | 2,413       | 3,205     | 3,061     |
| Hillsdale Free Will Baptist College    | 36,039       | -           | 36,039    | 40,384    |
| Other                                  | 85,062       | -           | 85,062    | 96,097    |
| Total disbursements                    | \$ 3,970,587 | 877,543     | 4,848,130 | 4,976,054 |

Executive Office

Budgets

**2011  
EXECUTIVE OFFICE  
ADMINISTRATIVE BUDGETS  
FINANCIAL REPORT**

|   | 2009<br>Budget      | 2009<br>Actuals**   | 2010<br>Budget      | 2011<br>Budget      |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>PROJECTED EXPENSES</b>               |                     |                     |                     |                     |
| Salaries                                | \$166,352.74        | \$193,002.66        | \$189,880.81        | \$189,689.41        |
| Housing                                 | 40,000.00           | 20,000.04           | 20,000.00           | 20,000.00           |
| Social Security                         | 25,417.40           | 22,688.75           | 21,179.53           | 21,167.35           |
| Retirement                              | 8,317.63            | 9,352.32            | 9,494.04            | 9,484.47            |
| Employees Insurance                     | 27,757.62           | 24,657.35           | 26,786.51           | 32,874.48           |
| (Dental/Disability/Health/Life/Travel)  |                     |                     |                     |                     |
| Medical-Excess Deductible               | 0.00                | 1,000.00            | 0.00                | 0.00                |
| Convention Reimbursements               | (79,083.00) *       | (77,954.96)         | (78,219.68) *       | (81,165.33) *       |
| Auditing/Legal                          | 4,000.00            | 3,095.00            | 3,500.00            | 3,500.00            |
| Copier Lease                            | 7,500.00            | 8,114.32            | 7,500.00            | 7,500.00            |
| Equipment Maintenance                   | 500.00              | 0.00                | 500.00              | 500.00              |
| Computer Supplies                       | 4,000.00            | 3,013.35            | 4,000.00            | 3,000.00            |
| Executive Committee                     | 2,600.00            | 2,821.02            | 3,000.00            | 3,000.00            |
| General Insurance                       | 2,500.00            | 3,954.02            | 3,000.00            | 4,000.00            |
| Intl. Fellowship of FWB Churches        | 240.00              | 240.00              | 240.00              | 240.00              |
| Leadership Conference                   | 100.00              | 0.00                | 100.00              | 100.00              |
| Office Rental                           | 34,674.72           | 29,892.00           | 34,076.88           | 34,076.88           |
| (\$1.14 per sq. ft. x 2,491)            |                     |                     |                     |                     |
| Office Supplies/Expense                 | 2,000.00            | 2,250.41            | 2,000.00            | 2,500.00            |
| Other                                   | 250.00              | 56.78               | 200.00              | 100.00              |
| Postage                                 | 1,200.00            | 851.69              | 1,000.00            | 1,000.00            |
| Printing                                | 2,000.00            | 902.03              | 2,000.00            | 1,000.00            |
| Promotion                               | 3,500.00            | 4,727.04            | 3,500.00            | 2,000.00            |
| Books/Dues/Registrations                | 1,500.00            | 3,380.06            | 1,500.00            | 2,000.00            |
| Telephone                               | 2,500.00            | 3,235.15            | 3,000.00            | 3,250.00            |
| Tog. Way Plan/Stewardship Education     | 200.00              | 0.00                | 0.00                | 0.00                |
| Travel                                  | 37,500.00           | 28,965.16           | 37,500.00           | 37,077.98           |
| Christmas Bonus (Extra Week's Salary)   | 1,577.49            | 5,270.88            | 1,609.04            | 1,641.22            |
| Extra Week Ret. in lieu of 4th week     | 1,577.49            | 1,577.49            | 1,609.04            | 1,641.22            |
| vacation beginning 16th year of service |                     |                     |                     |                     |
| One Magazine                            | 110,406.80          | 84,097.80           | 110,406.80          | 116,433.44          |
| Contingency Fund                        | 2,085.37            | 0.00                | 4,748.15            | 0.00                |
| Bldg. Kingdom Stewards Seminars         | 0.00                | 615.00              | 0.00                | 0.00                |
| Palmer Institute                        | 0.00                | 2,947.59            | 0.00                | 0.00                |
| <b>Totals</b>                           | <b>\$411,174.26</b> | <b>\$382,752.95</b> | <b>\$414,111.12</b> | <b>\$416,611.12</b> |
| <b>PROJECTED INCOME</b>                 |                     |                     |                     |                     |
| The Together Way Plan                   |                     |                     |                     |                     |
| Cooperative Gifts                       | \$382,952.08        | \$394,894.43        | \$390,611.12        | \$390,611.12        |
| Designated Gifts                        | 21,722.18           | 15,773.60           | 19,000.00           | 19,000.00           |
| Travel Reimbursement                    | 2,000.00            | 887.75              | 2,000.00            | 2,000.00            |
| Other Income                            | 4,500.00            | 9,456.85            | 2,500.00            | 5,000.00            |
| <b>Totals</b>                           | <b>\$411,174.26</b> | <b>\$421,012.63</b> | <b>\$414,111.12</b> | <b>\$416,611.12</b> |

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

## Executive Office

## Salary Breakdown

## SALARY BREAKDOWN

|   | 2009               | 2010               | 2011               |
|---|--------------------|--------------------|--------------------|
| Executive Secretary                               |                    |                    |                    |
| Salary  | \$45,366.77 (3.0%) | \$45,366.77        | \$45,366.77        |
| Housing and Utilities                             | 20,000.00          | 20,000.00          | 20,000.00          |
| Social Security                                   | 10,001.12 (15.30%) | 10,001.12 (15.30%) | 10,001.12 (15.30%) |
| Retirement  | 2,268.34 (5%)      | 2,268.34 (5%)      | 2,268.34 (5%)      |
| Insurance (Health/Dental/Life)                    | 6,621.36           | 6,234.40           | 6,229.21           |
| Disability/Travel                                 | 475.16             | 475.16             | 481.33             |
| NOTE: Office car furnished.                       |                    |                    |                    |
|   | 84,732.74          | 84,345.78          | 84,346.76          |
| Executive Administrator                           |                    |                    |                    |
| Salary  | 56,689.05 (4.0%)   | 57,822.83 (2.0%)   | 58,979.29 (2.0%)   |
| Social Security                                   | 4,336.71 (7.65%)   | 4,423.45 (7.65%)   | 4,511.92 (7.65%)   |
| Retirement  | 2,834.45 (5%)      | 2,891.14 (5%)      | 2,948.96 (5%)      |
| Insurance (Health/Dental/Life)                    | 6,621.36           | 11,167.20          | 12,283.92          |
| Disability/Travel                                 | 401.13             | 407.82             | 414.64             |
| NOTE: Office car furnished.                       |                    |                    |                    |
|   | 70,882.70          | 76,712.44          | 79,138.73          |
| Executive Accountant                              |                    |                    |                    |
| Salary  | 44,562.89 (4.0%)   | 45,454.15 (2.0%)   | 46,363.23 (2.0%)   |
| Social Security                                   | 3,474.62 (7.65%)   | 3,544.11 (7.65%)   | 3,614.99 (7.65%)   |
| Retirement  | 2,228.14 (5%)      | 2,272.71 (5%)      | 2,318.16 (5%)      |
| Insurance   | 6,560.66           | 6,464.96           | 6,480.93           |
| Health/Life                                       | 5,804.17           | 5,882.84           | 5,869.64           |
| Dental  | 756.49             | 582.12             | 611.29             |
| Disability  | 262.92             | 268.18             | 273.54             |
| Christmas Bonus                                   | 856.98             | 874.12             | 891.60             |
|   | 57,946.21          | 58,878.23          | 59,942.45          |
| Yearbook Coordinator/<br>Registration Coordinator |                    |                    |                    |
| Salary  | 37,466.47 (4.0%)   | 38,215.80 (2.0%)   | 38,980.12 (2.0%)   |
| Social Security                                   | 2,921.30 (7.65%)   | 2,979.73 (7.65%)   | 3,039.32 (7.65%)   |
| Retirement  | 1,873.32 (5%)      | 1,910.79 (5%)      | 1,949.01 (5%)      |
| Insurance   | 6,560.66           | 6,464.96           | 6,480.93           |
| Health/Life                                       | 5,804.17           | 5,882.84           | 5,869.64           |
| Dental  | 756.49             | 582.12             | 611.29             |
| Disability  | 221.05             | 225.47             | 229.98             |
| Christmas Bonus                                   | 720.51             | 734.92             | 749.62             |
|   | 49,763.31          | 50,531.67          | 51,428.98          |

## Convention

## Budgets

**CONVENTION BUDGETS**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 18-21, 2010**  
**Oklahoma City, Oklahoma**

|   | 2009<br>Budget      | 2009<br>Actuals**   | 2010<br>Budget      |
|---|---------------------|---------------------|---------------------|
| <b>PROJECTED RECEIPTS</b>                                     |                     |                     |                     |
| Booth Fees  | \$28,000.00         | \$32,997.00         | \$28,000.00         |
| Host State (Oklahoma)   | 30,000.00           | 30,000.00           | 40,000.00           |
| Local Church Representation Fees (\$100)                      | 1,000.00            | 1,000.00            | 1,000.00            |
| Offerings   | 8,000.00            | 9,080.90            | 8,000.00            |
| Printing Income   | 10,000.00           | 9,913.26            | 10,000.00           |
| Reimbursements  | 8,500.00            | 4,887.80            | 5,000.00            |
| State Representation Fees (\$100 per church)                  | 238,000.00          | 230,538.41          | 230,000.00          |
| Truck Reimbursement   | 2,000.00            | 2,575.44            | 1,492.00            |
| Other   | 500.00              | 361.73              | 500.00              |
| <b>TOTALS</b>   | <b>326,000.00</b>   | <b>321,354.54</b>   | <b>323,992.00</b>   |
| <b>PROJECTED EXPENDITURES</b>                                 |                     |                     |                     |
| Auditorium  | 142,368.00          | 132,284.97          | 167,990.45          |
| Printing and Promotion  | 26,215.02           | 27,250.12           | 31,858.52           |
| Convention Office   | 104,458.88          | 104,463.87          | 108,747.04          |
| Convention Personnel  |                     |                     |                     |
| Meals   | 4,788.00            | 5,053.91            | 4,476.00            |
| Travel  | 5,276.70            | 5,273.22            | 5,484.70            |
| Lodging   | 7,309.10            | 15,187.18           | 6,421.30            |
| Convention Officials  | 5,048.50            | 4,894.95            | 5,216.60            |
| Volunteer Staff   | 5,857.58            | 6,415.54            | 6,322.20            |
| Honorariums   | 1,600.00            | 1,600.00            | 1,200.00            |
| Decorator Services  | 16,358.00           | 18,565.02           | 14,526.00           |
| Meal Functions  | 3,420.60            | 3,326.66            | 1,458.05            |
| Executive Committee   |                     |                     |                     |
| Meal and Motel Expenses                                       | 3,200.00            | 3,200.00            | 3,200.00            |
| Pre-Convention Expenses                                       | 11,200.00           | 10,722.40           | 17,600.00           |
| National Committee Expenses                                   | 14,500.00           | 14,997.00           | 17,500.00           |
| <b>Sub-Totals</b>   | <b>351,600.38</b>   | <b>353,234.84</b>   | <b>392,000.86</b>   |
| Surplus Revenue<br>(Operating Capital for Future Conventions) | (25,600.38)         | (31,880.30)         | (68,008.86) *       |
| <b>TOTALS</b>   | <b>\$326,000.00</b> | <b>\$321,354.54</b> | <b>\$323,992.00</b> |

\*Realized losses relating to the 2010 Convention in Oklahoma City, Oklahoma, will be funded by Convention Fund reserves.

\*\*Budget comparison does not include depreciation expense.



## Convention

## Budgets

**CONVENTION BUDGETS**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 18-21, 2010**  
**Oklahoma City, Oklahoma**

|  | 2009<br>Budget    | 2009<br>Actuals   | 2010<br>Budget    |
|--|-------------------|-------------------|-------------------|
| <b>PROJECTED RECEIPTS</b>                    |                   |                   |                   |
| Booth Fees                                   | \$28,000.00       | \$32,997.00       | \$28,000.00       |
| Host State (Oklahoma)                        | 30,000.00         | 30,000.00         | 40,000.00         |
| Local Church Representation Fees (\$100)     | 1,000.00          | 1,000.00          | 1,000.00          |
| Offerings                                    | 8,000.00          | 9,080.90          | 8,000.00          |
| Printing Income                              | 10,000.00         | 9,913.26          | 10,000.00         |
| Reimbursements                               | 8,500.00          | 4,887.80          | 5,000.00          |
| State Representation Fees (\$100 per church) | 238,000.00        | 230,538.41        | 230,000.00        |
| Truck Reimbursements                         | 2,000.00          | 2,575.44          | 1,492.00          |
| Other  | 500.00            | 361.73            | 500.00            |
| <b>TOTALS</b>                                | <b>326,000.00</b> | <b>321,354.54</b> | <b>323,992.00</b> |
| <b>PROJECTED EXPENDITURES</b>                |                   |                   |                   |
| <b>AUDITORIUM</b>                            |                   |                   |                   |
| Rental/Arena/Meeting Space                   | 39,000.00         | 43,869.06         | 72,625.00         |
| Flowers                                      | 500.00            | 332.62            | 500.00            |
| Other  |                   |                   |                   |
| First Aid Staff                              | 2,736.00          | 2,736.00          | 2,000.00          |
| Liability, ASCAP, BMI, CCLI Insurance        | 1,500.00          | 170.24            | 1,000.00          |
| Music/Equipment                              | 5,000.00          | 3,429.93          | 4,500.00          |
| Offering Buckets                             | 100.00            | 0.00              | 100.00            |
| Signs  | 250.00            | 22.00             | 100.00            |
| Sound System/AV Equipment                    | 65,000.00         | 62,616.12         | 60,182.95         |
| Union Personnel/Stage Hands/Boom             | 20,000.00         | 10,707.50         | 15,000.00         |
| Usher Badges/Usher Room Table, Chairs        | 110.00            | 0.00              | 482.50            |
| Police Security/Badge Checkers               | 8,172.00          | 8,401.50          | 10,000.00         |
| Streaming Video Expense                      | 0.00              | 0.00              | 1,500.00          |
| <b>TOTALS</b>                                | <b>142,368.00</b> | <b>132,284.97</b> | <b>167,990.45</b> |
| <b>PRINTING AND PROMOTION</b>                |                   |                   |                   |
| Convention Materials                         |                   |                   |                   |
| Digest of Reports                            | 8,000.00          | 8,274.14          | 7,907.50          |
| Programs                                     | 3,000.00          | 3,025.32          | 2,790.00          |
| Photos                                       | 100.00            | 0.00              | 100.00            |
| Pre-Convention Printing/Art                  | 2,500.00          | 3,335.66          | 4,500.00          |
| ONE Magazine                                 | 12,615.02         | 12,615.00         | 16,561.02         |
| <b>TOTALS</b>                                | <b>26,215.02</b>  | <b>27,250.12</b>  | <b>31,858.52</b>  |

## Convention

## Budgets

|   | 2009<br>Budget    | 2009<br>Actuals   | 2010<br>Budget    |
|---|-------------------|-------------------|-------------------|
| <b>CONVENTION OFFICE</b>                            |                   |                   |                   |
| Audit   | \$4,975.00        | \$5,633.10        | \$6,000.00        |
| Convention Manager Package                          | 60,457.43         | 60,730.96         | 61,619.29         |
| Courtesy Car  | 50.00             | 0.00              | 50.00             |
| Equipment Rentals                                   |                   |                   |                   |
| Computers, Printers                                 | 750.00            | 711.44            | 750.00            |
| Copiers (3)/Paper                                   | 2,750.00          | 2,685.36          | 2,750.00          |
| Furniture/Radios, etc.                              | 1,075.00          | 1,075.00          | 1,653.50          |
| Information Tables                                  | 0.00              | 0.00              | 75.00             |
| Media Room Tables                                   | 0.00              | 0.00              | 175.00            |
| Office Expense/Supplies                             | 4,000.00          | 3,025.67          | 3,500.00          |
| Postage   | 300.00            | 362.18            | 400.00            |
| Pre-Registration Salaries                           | 16,500.00         | 16,000.00         | 16,500.00         |
| Payroll Taxes                                       | 1,262.25          | 1,224.00          | 1,262.25          |
| Pre-Registration Staff                              | 2,800.00          | 2,914.81          | 3,200.00          |
| Payroll Taxes                                       | 214.20            | 222.98            | 312.00            |
| Pre-Registration (Supplies, Postage)                | 6,000.00          | 5,673.51          | 6,000.00          |
| Registration (Supplies)                             | 1,000.00          | 844.96            | 1,000.00          |
| Registration Computers/Printers                     | 2,100.00          | 1,975.00          | 2,100.00          |
| Telephone/Internet                                  | 225.00            | 1,384.90          | 1,400.00          |
| <b>TOTALS</b>                                       | <b>104,458.88</b> | <b>104,463.87</b> | <b>108,747.04</b> |
| <b>CONVENTION PERSONNEL</b>                         |                   |                   |                   |
| <b>MEALS</b>  |                   |                   |                   |
| Debbie Burden (24 meals @ \$12.00 each)             | 324.00            | 324.00            | 288.00            |
| Keith Burden (33 meals @ \$12.00 each)              | 432.00            | 432.00            | 396.00            |
| Vernon Florence (15 meals @ \$12.00 each)           | 252.00            | 252.00            | 180.00            |
| Dari Goodfellow (24 meals @ \$12.00 each)           | 288.00            | 288.00            | 288.00            |
| Melody Hood (27 meals @ \$12.00 each)               | 396.00            | 396.00            | 324.00            |
| Steve Pate (18 meals @ \$12.00 each)                | 216.00            | 216.00            | 216.00            |
| Eric Thomsen (24 meals @ \$12.00 each)              | 288.00            | 288.00            | 288.00            |
| Ryan Lewis (33 meals @ \$12.00 each)                | 432.00            | 432.00            | 396.00            |
| Convention Interns (8)                              | 2,160.00          | 2,425.91          | 2,100.00          |
| <b>TOTALS</b>                                       | <b>4,788.00</b>   | <b>5,053.91</b>   | <b>4,476.00</b>   |
| <b>TRAVEL</b>                                       |                   |                   |                   |
| Debbie Burden                                       | 0.00              | 0.00              | 336.00            |
| Keith Burden  | 308.00            | 107.11            | 336.00            |
| Vernon Florence                                     | 350.00            | 377.00            | 75.00             |
| Dari Goodfellow                                     | 308.00            | 228.00            | 336.00            |
| Melody Hood   | 308.00            | 311.50            | 336.00            |
| Steve Pate  | 308.00            | 228.00            | 336.00            |
| Eric Thomsen  | 179.70            | 194.70            | 307.30            |
| Ryan Lewis  | 308.00            | 94.32             | 336.00            |
| Convention Truck (Fuel/Meals/Trailer Rental)        | 2,407.00          | 3,176.37          | 2,286.40          |
| Staff Expense Money                                 | 800.00            | 556.22            | 800.00            |
| <b>TOTALS</b>                                       | <b>5,276.70</b>   | <b>5,273.22</b>   | <b>5,484.70</b>   |
| <b>LODGING</b>                                      |                   |                   |                   |
| Ken Akers (2nd Truck Driver)                        | 0.00              | 665.21            | 0.00              |
| Attrition   | 0.00              | 12,000.00         | 0.00              |
| Keith Burden  | 242.00            | 0.00              | 0.00              |
| Vernon Florence (4 nights @ \$129.20)               | 603.72            | 599.56            | 516.80            |
| Dari Goodfellow (7 nights @ \$103.95)               | 147.00            | 126.00            | 727.65            |
| Melody Hood (8 nights @ \$103.95)                   | 1,226.20          | 949.77            | 831.60            |
| Ryan Lewis  | 1,348.82          | 1,145.93          | 0.00              |
| Steve Pate (7 nights @ \$129.20)                    | 858.34            | 805.71            | 904.40            |
| Eric Thomsen (7 nights @ \$103.95)                  | 858.34            | 145.90            | 727.65            |
| Convention Interns (21 nights @ \$109.20)           | 2,024.68          | 2,415.63          | 2,713.20          |
| Comp Rooms  | 0.00              | (3,666.53)        | 0.00              |
| <b>TOTALS (Includes applicable tax and parking)</b> | <b>7,309.10</b>   | <b>15,187.18</b>  | <b>6,421.30</b>   |

| Convention  | Budgets         |                 |                 |
|---|-----------------|-----------------|-----------------|
|   | 2009<br>Budget  | 2009<br>Actuals | 2010<br>Budget  |
| <b>CONVENTION OFFICIALS</b>                         |                 |                 |                 |
| <b>Moderator - Tim York</b>                         |                 |                 |                 |
| Travel  | \$308.00        | \$250.00        | \$336.00        |
| Meals (18 meals @ \$12.00 each)                     | 216.00          | 216.00          | 216.00          |
| Lodging (6 nights @ \$135.25)                       | 735.72          | 670.18          | 811.50          |
| Honorarium  | <u>400.00</u>   | <u>400.00</u>   | <u>400.00</u>   |
|   | <b>1,659.72</b> | <b>1,536.18</b> | <b>1,763.50</b> |
| <b>Clerk - Randy Bryant</b>                         |                 |                 |                 |
| Travel  | 165.00          | 264.20          | 270.60          |
| Meals (18 meals @ \$12.00 each)                     | 216.00          | 216.00          | 216.00          |
| Lodging (6 nights @ \$110.25)                       | 704.34          | 666.21          | 661.50          |
| Honorarium  | <u>400.00</u>   | <u>400.00</u>   | <u>400.00</u>   |
|   | <b>1,485.34</b> | <b>1,546.41</b> | <b>1,548.10</b> |
| <b>Assistant Moderator - William Smith</b>          |                 |                 |                 |
| Meals (18 meals @ \$12.00 each)                     | 216.00          | 216.00          | 216.00          |
| Lodging (6 nights @ \$110.25)                       | <u>735.72</u>   | <u>690.18</u>   | <u>861.50</u>   |
|   | <b>951.72</b>   | <b>906.18</b>   | <b>877.50</b>   |
| <b>Assistant Clerk - Ernie Lewis</b>                |                 |                 |                 |
| Meals (18 meals @ \$12.00 each)                     | 216.00          | 216.00          | 216.00          |
| Lodging (6 nights @ \$135.25)                       | <u>735.72</u>   | <u>690.18</u>   | <u>811.50</u>   |
|   | <b>951.72</b>   | <b>906.18</b>   | <b>1,027.50</b> |
| <b>TOTALS (Includes applicable tax and parking)</b> | <b>5,048.50</b> | <b>4,894.95</b> | <b>5,216.60</b> |
| <b>VOLUNTEER STAFF</b>                              |                 |                 |                 |
| <b>Keyboardist - Deena Armstrong</b>                |                 |                 |                 |
| Lodging (5 nights @ \$129.20)                       | 613.10          | 583.10          | 646.00          |
| <b>Music Coordinator - Chris Truett</b>             |                 |                 |                 |
| Lodging (6 nights @ \$109.20)                       | 735.72          | 723.72          | 655.20          |
| <b>Photographer - Travis Penn</b>                   |                 |                 |                 |
| Lodging (6 nights @ \$129.20)                       | 863.10          | 863.16          | 775.20          |
| <b>Planist - Brian Floyd</b>                        |                 |                 |                 |
| Lodging (5 nights @ \$116.95)                       | 735.72          | 623.72          | 584.75          |
| <b>Taping - Mike Anderson</b>                       |                 |                 |                 |
| Lodging (7 nights @ \$116.95)                       | 858.34          | 845.34          | 818.65          |
| <b>Translator Rooms</b>                             |                 |                 |                 |
| Lodging (10 nights @ \$129.20)                      | 1,438.50        | 1,373.38        | 1,292.00        |
| <b>Usher Coordinator - Billy Walker</b>             |                 |                 |                 |
| Lodging (6 nights @ \$129.20)                       | 613.10          | 543.10          | 775.20          |
| <b>Videographer</b>                                 |                 |                 |                 |
| Lodging (6 nights @ \$129.20)                       | <u>0.00</u>     | <u>860.02</u>   | <u>775.20</u>   |
| <b>TOTALS (Includes applicable tax and parking)</b> | <b>4,631.38</b> | <b>4,429.32</b> | <b>6,322.20</b> |
| <b>HONORARIUMS</b>                                  |                 |                 |                 |
| Thomas Marberry                                     | 200.00          | 200.00          | 200.00          |
| Bert Tippet   | 200.00          | 200.00          | 200.00          |
| Jeff Blair  | 200.00          | 200.00          | 200.00          |
| Charles Murphy                                      | 200.00          | 200.00          | 200.00          |
| Karl Sexton   | 200.00          | 200.00          | 200.00          |
| Stan Bunch  | 200.00          | 200.00          | 200.00          |
| Pastor's Conference Speaker                         | 200.00          | 200.00          | 200.00          |
| Pastor's Conference Speaker                         | <u>200.00</u>   | <u>200.00</u>   | <u>0.00</u>     |
| <b>TOTALS</b>                                       | <b>1,600.00</b> | <b>1,600.00</b> | <b>1,200.00</b> |

| Convention  | Budgets             |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | 2009<br>Budget      | 2009<br>Actuals     | 2010<br>Budget      |
| <b>DECORATOR SERVICES</b>   |                     |                     |                     |
| Booth (85) Installation/Draped Tables/Union                                 | \$8,100.00          | \$7,873.52          | \$4,500.00          |
| Exhibitor Badges  | 100.00              | 0.00                | 180.00              |
| Registration  | 0.00                | 0.00                | 2,251.00            |
| Chairs, Counters, Skirted Tables, Carpet                                    | 1,500.00            | 526.00              | 1,500.00            |
| Electricity/Masking Drape   |                     |                     |                     |
| Stage   | 1,728.00            | 3,816.00            | 6,000.00            |
| Platform/Carpet   | 1,200.00            | 2,100.00            | 0.00                |
| Risers  | 450.00              | 509.50              | 95.00               |
| Skirted Tables/Chairs   | <u>3,280.00</u>     | <u>3,740.00</u>     | <u>0.00</u>         |
| Skirting/Draping/Stage Set-Up   |                     |                     |                     |
| <b>TOTALS</b>   | <b>16,358.00</b>    | <b>18,565.02</b>    | <b>14,526.00</b>    |
| <b>MEAL FUNCTIONS</b>   |                     |                     |                     |
| Executive Committee   | 905.70              | 947.97              | 1,343.10            |
| Dinner (30 people @ \$44.77)  | 1,661.85            | 1,450.62            | 0.00                |
| General Board Breakfast/AV  | 762.30              | 825.22              | 0.00                |
| State Leaders Breakfast   |                     |                     |                     |
| Presidents' Breakfast   | <u>90.75</u>        | <u>102.85</u>       | <u>114.95</u>       |
| (5 people @ \$22.99)  |                     |                     |                     |
| <b>TOTALS</b>   | <b>3,420.60</b>     | <b>3,326.66</b>     | <b>1,458.05</b>     |
| <b>EXECUTIVE COMMITTEE</b>  |                     |                     |                     |
| <b>MEAL AND MOTEL EXPENSES</b>  |                     |                     |                     |
| (For the Executive Committee Meeting prior to the 2010 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   | <u>400.00</u>       | <u>400.00</u>       | <u>400.00</u>       |
| <b>TOTALS</b>   | <b>3,200.00</b>     | <b>3,200.00</b>     | <b>3,200.00</b>     |
| <b>PRE-CONVENTION EXPENSES</b>  |                     |                     |                     |
| Data Entry-Resolutions Data Base  | 200.00              | 200.00              | 100.00              |
| Impact OKC  | 1,000.00            | 162.06              | 2,500.00            |
| Pre-Convention Meetings/Site Inspections                                    | <u>10,000.00</u>    | <u>10,360.34</u>    | <u>15,000.00</u>    |
| <b>TOTALS</b>   | <b>11,200.00</b>    | <b>10,722.40</b>    | <b>17,600.00</b>    |
| <b>NATIONAL COMMITTEE EXPENSES</b>  |                     |                     |                     |
| Executive Committee   | 12,000.00           | 11,567.36           | 14,000.00           |
| Nominating Committee  | <u>2,500.00</u>     | <u>3,429.64</u>     | <u>3,500.00</u>     |
| <b>TOTALS</b>   | <b>14,500.00</b>    | <b>14,997.00</b>    | <b>17,500.00</b>    |
| <b>SUB-TOTALS</b>   | <b>350,374.18</b>   | <b>351,248.62</b>   | <b>392,000.86</b>   |
| <b>SURPLUS REVENUE</b>  |                     |                     |                     |
| (Operating Capital for Future Conventions)                                  | <u>(24,374.18)</u>  | <u>(29,894.08)</u>  | <u>(68,008.86)</u>  |
| <b>GRAND TOTALS</b>   | <b>\$326,000.00</b> | <b>\$321,354.54</b> | <b>\$323,992.00</b> |

\*Realized losses relating to the 2010 Convention in Oklahoma City, Oklahoma, will be funded by Convention Fund reserves.



**2009**  
**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          | \$462.14           | \$105.93           | \$112.68           | \$590.42           | \$244.34           | \$309.64           | \$390.34           | \$143.82           | \$222.78           | \$391.52           | \$240.69           | \$0.00             | \$3,214.30          |
| Arizona          | 0.00               | 0.00               | 280.13             | 0.00               | 0.00               | 0.00               | 0.00               | 0.00               | 204.75             | 0.00               | 0.00               | 0.00               | 484.88              |
| Arkansas         | 11,186.37          | 7,793.86           | 9,798.62           | 6,752.96           | 12,791.88          | 7,296.21           | 8,556.31           | 9,124.57           | 6,026.58           | 9,119.79           | 7,585.86           | 7,781.13           | 103,814.12          |
| California       | 775.48             | 136.75             | 556.33             | 829.31             | 440.39             | 639.68             | 612.72             | 285.75             | 562.95             | 602.43             | 476.65             | 562.99             | 6,481.43            |
| Canada           | 27.17              | 21.88              | 22.31              | 26.53              | 23.36              | 26.33              | 28.25              | 21.96              | 23.47              | 25.79              | 0.00               | 70.16              | 317.21              |
| Florida          | 0.00               | 0.00               | 0.00               | 0.00               | 2,250.00           | 0.00               | 0.00               | 900.00             | 23.90              | 0.00               | 0.00               | 900.00             | 4,073.90            |
| Georgia          | 956.20             | 710.53             | 1,268.00           | 1,056.04           | 904.39             | 739.90             | 847.98             | 450.30             | 976.14             | 622.04             | 459.27             | 1,018.47           | 10,009.26           |
| Illinois         | 1,088.33           | 639.63             | 1,014.01           | 1,151.34           | 2,193.24           | 784.49             | 1,061.42           | 806.13             | 806.13             | 964.98             | 674.96             | 907.44             | 12,363.07           |
| Indiana          | 19.80              | 20.25              | 197.33             | 0.00               | 1,20.83            | 137.25             | 18.00              | 0.00               | 67.50              | 205.65             | 76.50              | 0.00               | 863.11              |
| 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           | 109.41             | 62.45              | 0.00               | 62.70              | 52.29              | 0.00               | 84.97              | 0.00               | 46.40              | 0.00               | 0.00               | 32.63              | 450.85              |
| Kentucky         | 286.41             | 533.61             | 454.73             | 338.81             | 549.28             | 276.29             | 337.66             | 548.06             | 320.06             | 339.32             | 454.73             | 471.67             | 4,910.63            |
| 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         | 633.15             | 899.81             | 588.59             | 463.42             | 885.23             | 935.17             | 0.00               | 943.33             | 539.18             | 383.30             | 474.85             | 1,058.82           | 7,804.85            |
| Mississippi      | 234.51             | 516.53             | 354.32             | 282.42             | 0.00               | 844.55             | 0.00               | 566.60             | 0.00               | 353.69             | 388.85             | 635.22             | 4,176.89            |
| Missouri         | 8,656.44           | 7,168.68           | 7,986.15           | 9,952.28           | 8,544.24           | 7,722.23           | 8,265.60           | 6,860.71           | 7,218.16           | 8,833.44           | 6,647.39           | 7,951.18           | 95,806.50           |
| New Mexico       | 29.39              | 0.00               | 15.76              | 0.00               | 37.37              | 0.00               | 35.19              | 52.23              | 0.00               | 69.47              | 53.12              | 0.00               | 292.53              |
| North Carolina   | 1,712.05           | 2,886.07           | 2,749.08           | 487.13             | 3,176.73           | 1,944.08           | 2,055.11           | 310.87             | 2,376.63           | 2,918.41           | 375.12             | 1,795.08           | 22,786.36           |
| 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                |
| Ohio             | 54.00              | 54.00              | 67.50              | 54.00              | 54.00              | 67.50              | 54.00              | 67.50              | 72.00              | 90.00              | 72.00              | 90.00              | 796.50              |
| Oklahoma         | 989.66             | 1,630.34           | 1,408.76           | 1,936.73           | 1,584.66           | 1,498.66           | 903.90             | 1,590.87           | 1,558.89           | 959.94             | 1,618.92           | 1,135.05           | 16,816.38           |
| South Carolina   | 6,967.52           | 6,404.30           | 5,284.95           | 6,635.37           | 5,366.79           | 8,025.32           | 4,579.91           | 6,088.40           | 5,886.38           | 4,735.83           | 6,255.74           | 5,187.20           | 71,417.71           |
| Tennessee        | 1,522.34           | 1,391.46           | 804.62             | 944.30             | 735.34             | 778.60             | 1,124.70           | 1,602.61           | 1,158.56           | 759.60             | 40.50              | 1,981.73           | 12,844.36           |
| Texas            | 877.56             | 0.00               | 0.00               | 0.00               | 755.19             | 0.00               | 0.00               | 435.41             | 0.00               | 0.00               | 0.00               | 330.09             | 2,218.25            |
| Uiah             | 175.50             | 270.00             | 526.50             | 0.00               | 207.00             | 218.25             | 243.00             | 207.00             | 229.50             | 0.00               | 207.00             | 202.50             | 2,486.25            |
| Virginia         | 2,588.85           | 0.00               | 0.00               | 2,387.70           | 0.00               | 0.00               | 0.00               | 2,489.15           | 0.00               | 0.00               | 0.00               | 2,036.70           | 9,482.40            |
| West Virginia    | 55.38              | 80.84              | 48.98              | 56.54              | 83.53              | 31.77              | 63.05              | 57.50              | 22.50              | 83.66              | 214.44             | 0.00               | 798.29              |
| Virgin Islands   | 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                |
| <b>TOTALS</b>    | <b>\$39,424.06</b> | <b>\$31,346.98</b> | <b>\$33,548.56</b> | <b>\$34,028.95</b> | <b>\$40,837.09</b> | <b>\$32,295.22</b> | <b>\$29,277.40</b> | <b>\$33,810.28</b> | <b>\$28,359.70</b> | <b>\$31,476.35</b> | <b>\$26,323.51</b> | <b>\$34,166.33</b> | <b>\$394,894.43</b> |

**2009**  
**The Together Way Plan Gifts/Executive Office**  
**Designated**

|                  | January           | February          | March           | April             | May             | June              | July              | August            | September         | October           | November        | December          | Year To Date Totals |
|------------------|-------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-------------------|---------------------|
| Alabama          | \$149.18          | \$274.36          | \$155.92        | \$170.72          | \$156.06        | \$208.07          | \$261.23          | \$142.81          | \$171.27          | \$141.50          | \$163.83        | \$0.00            | \$1,994.95          |
| Arizona          | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Arkansas         | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| California       | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Canada           | 5.95              | 5.92              | 5.95            | 6.13              | 6.54            | 6.52              | 6.59              | 6.68              | 6.81              | 7.00              | 0.00            | 13.90             | 77.99               |
| Florida          | 0.00              | 0.00              | 140.00          | 0.00              | 0.00            | 0.00              | 111.00            | 0.00              | 0.00              | 0.00              | 0.00            | 130.00            | 381.00              |
| Georgia          | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Illinois         | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Indiana          | 75.00             | 140.00            | 0.00            | 70.00             | 70.00           | 203.69            | 80.66             | 186.31            | 0.00              | 0.00              | 196.07          | 97.83             | 1,119.56            |
| Iowa             | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Kansas           | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Kentucky         | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Louisiana        | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Maryland         | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Michigan         | 200.00            | 0.00              | 0.00            | 100.00            | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 100.00            | 0.00            | 0.00              | 913.29              |
| Mississippi      | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 800.00              |
| Missouri         | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| New Mexico       | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| North Carolina   | 191.00            | 75.00             | 10.00           | 196.00            | 75.00           | 10.00             | 196.00            | 65.00             | 0.00              | 308.00            | 10.00           | 140.00            | 1,278.00            |
| Northeast Assoc. | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Northwest Assoc. | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Ohio             | 0.00              | 0.00              | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| Oklahoma         | 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                |
| Pennsylvania     | 281.97            | 312.61            | 154.95          | 619.79            | 95.02           | 519.57            | 366.36            | 279.32            | 346.97            | 356.41            | 311.12          | 577.79            | 4,221.88            |
| South Carolina   | 352.97            | 161.78            | 40.00           | 485.37            | 110.53          | 114.10            | 349.06            | 92.06             | 439.40            | 574.00            | 40.00           | 303.77            | 3,063.04            |
| Tennessee        | 161.28            | 0.00              | 0.00            | 0.00              | 90.25           | 0.00              | 0.00              | 64.93             | 0.00              | 0.00              | 0.00            | 193.30            | 509.76              |
| Texas            | 0.00              | 0.00              | 214.16          | 0.00              | 0.00            | 0.00              | 0.00              | 401.35            | 0.00              | 0.00              | 0.00            | 0.00              | 615.51              |
| Virginia         | 0.00              | 0.00              | 44.62           | 44.20             | 36.82           | 40.42             | 0.00              | 43.32             | 42.38             | 64.60             | 0.00            | 100.04            | 490.74              |
| West Virginia    | 37.35             | 36.99             | 0.00            | 0.00              | 0.00            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00            | 0.00              | 0.00                |
| <b>TOTALS</b>    | <b>\$1,454.70</b> | <b>\$1,074.74</b> | <b>\$797.88</b> | <b>\$1,692.21</b> | <b>\$697.37</b> | <b>\$1,102.37</b> | <b>\$1,423.19</b> | <b>\$1,819.07</b> | <b>\$1,806.83</b> | <b>\$1,605.59</b> | <b>\$743.02</b> | <b>\$1,556.63</b> | <b>\$15,773.60</b>  |



# 2009 Gifts to National Ministries

| State                 | Executive    | FWBC           | FWF         | Home Missions  | International Missions | Master's Men | Retirement & Insurance | WNAC         | Commission for Theo. Integrity | Historical Commission | Media Commission | Music Commission | Totals          |
|-----------------------|--------------|----------------|-------------|----------------|------------------------|--------------|------------------------|--------------|--------------------------------|-----------------------|------------------|------------------|-----------------|
| Alabama               | \$5,341.85   | \$80,416.86    | \$227.96    | \$445,063.06   | \$454,156.11           | \$2,139.81   | \$697.40               | \$7,512.25   | \$20.74                        | \$20.74               | \$20.64          | \$21.91          | \$955,836.33    |
| Alaska                | 0.00         | 0.00           | 0.00        | 16,069.60      | 16,069.60              | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 16,119.60       |
| Arizona               | 306.40       | 592.56         | 35.56       | 91,014.54      | 25,032.99              | 82.97        | 106.90                 | 2,025.45     | 3.14                           | 3.14                  | 3.12             | 0.00             | 120,011.13      |
| Arkansas              | 103,411.48   | 85,049.58      | 7,613.06    | 236,770.06     | 525,060.37             | 18,667.75    | 17,794.14              | 16,505.84    | 634.65                         | 634.65                | 634.63           | 587.19           | 993,950.37      |
| California            | 6.48         | 23,275.12      | 475.32      | 125,904.72     | 113,864.84             | 1,109.02     | 1,159.03               | 2,383.00     | 36.61                          | 36.61                 | 36.61            | 36.17            | 275,047.59      |
| Canada                | 414.71       | 1,041.25       | 23.26       | 31,261.13      | 13,719.45              | 195.71       | 76.04                  | 0.00         | 2.99                           | 2.99                  | 2.98             | 1.74             | 48,966.11       |
| Colorado              | 0.00         | 0.00           | 0.00        | 31,212.01      | 941.40                 | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 32,053.41       |
| Connecticut           | 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            |
| District of Columbia  | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Delaware              | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Florida               | 4,465.66     | 1,725.35       | 0.00        | 0.00           | 20,176.49              | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 21,901.49       |
| Georgia               | 10,245.75    | 94,705.93      | 754.01      | 162,853.11     | 157,144.78             | 924.09       | 709.09                 | 2,158.00     | 24.99                          | 24.99                 | 24.99            | 19.51            | 320,036.27      |
| Hawaii                | 0.00         | 0.00           | 0.00        | 162,853.11     | 324,622.05             | 2,509.70     | 1,975.59               | 12,580.36    | 63.13                          | 63.13                 | 62.94            | 57.64            | 610,145.60      |
| Idaho                 | 0.00         | 0.00           | 0.00        | 4,411.50       | 300.00                 | 944.00       | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 5,655.50        |
| Illinois              | 11.97        | 400.00         | 0.00        | 10,680.14      | 10,680.14              | 0.00         | 13.30                  | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 15,997.00       |
| Indiana               | 12,303.07    | 20,701.37      | 906.64      | 118,122.79     | 295,016.52             | 3,953.97     | 2,115.47               | 3,527.50     | 178.91                         | 178.91                | 75.56            | 70.01            | 427,004.02      |
| Iowa                  | 1,982.67     | 3,241.81       | 236.93      | 21,747.20      | 2,360.00               | 3,863.09     | 397.28                 | 5.15         | 0.00                           | 0.00                  | 5.28             | 5.28             | 86,310.09       |
| Kansas                | 460.00       | 300.00         | 0.00        | 2,275.00       | 2,360.00               | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 4,965.00        |
| Kentucky              | 4,910.63     | 14,386.45      | 380.11      | 7,406.33       | 23,688.10              | 3,719.26     | 840.28                 | 5,531.64     | 30.01                          | 30.01                 | 30.01            | 27.66            | 234,567.47      |
| Louisiana             | 0.00         | 0.00           | 0.00        | 13,007.19      | 124,545.21             | 0.00         | 77.14                  | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 13,866.23       |
| Maine                 | 0.00         | 0.00           | 0.00        | 0.00           | 281.04                 | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 281.04          |
| 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            |
| Massachusetts         | 0.00         | 0.00           | 0.00        | 0.00           | 12,023.83              | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 12,023.83       |
| Michigan              | 8,716.14     | 11,377.67      | 572.96      | 101,680.42     | 138,731.96             | 2,735.50     | 1,335.60               | 3,786.00     | 47.69                          | 47.69                 | 47.69            | 41.69            | 266,144.11      |
| Minnesota             | 0.00         | 0.00           | 0.00        | 32,320.11      | 32,320.11              | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 32,320.11       |
| Mississippi           | 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            |
| Missouri              | 4,976.09     | 27,003.52      | 306.29      | 156,461.69     | 122,627.99             | 714.68       | 714.68                 | 2,800.00     | 25.33                          | 25.33                 | 25.53            | 21.65            | 295,697.78      |
| Montana               | 98,677.02    | 43,337.03      | 7,025.62    | 202,470.03     | 894,300.00             | 16,363.55    | 16,471.94              | 10,934.46    | 56.00                          | 56.00                 | 56.00            | 93.88            | 999,338.05      |
| Nebraska              | 0.00         | 0.00           | 0.00        | 1,400.00       | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 1,400.00        |
| Nevada                | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| New Hampshire         | 0.00         | 0.00           | 0.00        | 5,625.00       | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 5,625.00        |
| New Jersey            | 0.00         | 0.00           | 0.00        | 442.00         | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 442.00          |
| New Mexico            | 323.29       | 2,500.00       | 0.00        | 1,354.84       | 2,810.00               | 50.07        | 82.03                  | 215.00       | 0.00                           | 0.00                  | 0.00             | 0.00             | 5,825.00        |
| New York              | 24,696.02    | 163,671.80     | 1,671.11    | 484,488.76     | 856,666.40             | 4,346.99     | 4,907.78               | 12,692.16    | 1.86                           | 1.86                  | 1.86             | 2.43             | 16,693.00       |
| North Carolina        | 8,022.86     | 0.00           | 0.00        | 0.00           | 7,800.00               | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 15,822.86       |
| Northwest Association | 16,993.01    | 16,485.60      | 1,233.21    | 228,862.41     | 211,955.35             | 3,916.47     | 2,962.65               | 3,822.86     | 103.41                         | 103.41                | 103.35           | 98.90            | 496,572.90      |
| Ohio                  | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Oklahoma              | 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            |
| Oregon                | 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            |
| Pennsylvania          | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Rhode Island          | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| South Carolina        | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| South Dakota          | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Tennessee             | 0.00         | 0.00           | 0.00        | 0.00           | 0.00                   | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 0.00            |
| Texas                 | 16,163.45    | 218,285.00     | 3,265.90    | 467,240.43     | 1,439,493.95           | 360.11       | 271.25                 | 6,265.00     | 0.00                           | 0.00                  | 0.00             | 0.00             | 35,803.16       |
| Utah                  | 3,012.15     | 22,040.90      | 0.00        | 76,487.23      | 64,225.20              | 8,660.24     | 6,660.24               | 12,918.45    | 0.00                           | 0.00                  | 0.00             | 0.00             | 752,786.08      |
| Virginia              | 2,488.29     | 523.69         | 182.67      | 3,451.10       | 4,400.73               | 379.56       | 429.43                 | 2,601.54     | 15.91                          | 15.91                 | 15.70            | 14.89            | 2,502,262.88    |
| West Virginia         | 10,097.91    | 28,228.98      | 895.38      | 198,712.29     | 113,548.70             | 1,622.54     | 1,622.54               | 3,917.76     | 57.95                          | 57.95                 | 57.95            | 45.57            | 169,606.95      |
| Wisconsin             | 1,395.02     | 10,547.45      | 58.55       | 105,205.16     | 155,205.16             | 273.90       | 711.79                 | 1,430.00     | 0.00                           | 0.00                  | 0.00             | 0.00             | 172,004.58      |
| Wyoming               | 0.00         | 0.00           | 0.00        | 7,139.26       | 1,209.15               | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 8,348.41        |
| Puerto Rico           | 0.00         | 0.00           | 0.00        | 820.00         | 100.00                 | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 920.00          |
| Virgin Islands        | 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            |
| Foreign Countries     | 0.00         | 0.00           | 0.00        | 34,994.64      | 2,266.50               | 0.00         | 0.00                   | 225.00       | 0.00                           | 0.00                  | 0.00             | 0.00             | 38,186.59       |
| Other                 | 0.00         | 0.00           | 0.00        | 0.00           | 1,392.00               | 0.00         | 0.00                   | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 1,392.00        |
| Foundation            | 0.00         | 2,034.53       | 0.00        | 226,792.31     | 59,845.98              | 0.00         | 0.00                   | 4,831.77     | 0.00                           | 0.00                  | 0.00             | 0.00             | 293,504.59      |
| WNAC                  | 0.00         | 3,050.00       | 0.00        | 86,417.44      | 0.00                   | 0.00         | 286.00                 | 0.00         | 0.00                           | 0.00                  | 0.00             | 0.00             | 12,972.73       |
| TOTALS                | \$412,821.89 | \$1,058,377.33 | \$33,503.36 | \$4,306,503.76 | \$7,087,741.51         | \$92,853.22  | \$75,294.12            | \$130,752.91 | \$6,291.93                     | \$2,846.65            | \$3,257.84       | \$2,398.40       | \$13,233,292.94 |

\*Foundation-Other includes Endowment gifts through the Cooperative Channel.  
 \*HM-Other includes interest, miscellaneous sources and sales.  
 \*IM-Other includes miscellaneous incomes, investment gains/losses.  
 \*Master's Men-Total does not include dues, sales, DFI, Conference or Foundation fees, or restricted Endowment contributions.  
 \*WNAC-Total does not include Memorial Student Loan Fund, Foreign Student Scholarship or gifts designated to other departments.



Terry A. Hill  
Ernest R. Harper

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

761 Old Hickory Boulevard  
Suite 206  
Brentwood, TN 37027  
TEL: 615/377-3485  
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## Independent Auditors' Report

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, 2009 and 2008, 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 2008 financial statements and, in our report dated April 22, 2009, 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, 2009 and 2008, 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 26, 2010



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

Statements of Financial Position

December 31, 2009 and 2008

|   | <u>Assets</u> |           |
|---|---------------|-----------|
|   | 2009          | 2008      |
| <b>Current assets:</b>                          |               |           |
| Cash and cash equivalents:                      |               |           |
| Cash in bank                                    | \$ 142,114    | 179,560   |
| Funds held by Free Will Baptist Foundation      | 50,561        | 42,952    |
| Accounts receivable                             | 192,675       | 222,512   |
| <b>Total current assets</b>                     | 31,738        | 4,283     |
|   | 224,413       | 226,795   |
| <b>Property, plant and equipment:</b>           |               |           |
| Land and land improvements                      | 218,896       | 218,896   |
| Building  | 1,549,160     | 1,549,160 |
| Building services equipment                     | 104,594       | 104,594   |
| Departmental workstations                       | 77,228        | 77,228    |
| Less accumulated depreciation                   | 1,949,878     | 1,949,878 |
| <b>Net property, plant and equipment</b>        | 1,335,418     | 1,260,462 |
|   | 614,460       | 689,416   |
|   | \$ 838,873    | 916,211   |
| <b>Liabilities:</b>                             |               |           |
| Accounts payable                                | \$ -          | 17,903    |
| <b>Total liabilities</b>                        | -             | 17,903    |
| <b>Net assets:</b>                              |               |           |
| <b>Unrestricted net assets:</b>                 |               |           |
| <b>Undesignated:</b>                            |               |           |
| Operations                                      | 179,547       | 165,930   |
| Net investment in property, plant and equipment | 614,460       | 689,416   |
| <b>Designated:</b>                              | 794,007       | 855,346   |
| Stewardship promotion                           | 27,044        | 31,630    |
| Reserve for telephone system replacement        | 17,822        | 11,332    |
| <b>Total net assets</b>                         | 44,866        | 42,962    |
|   | 838,873       | 898,308   |
|   | \$ 838,873    | 916,211   |

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, 2009 and 2008

|   | <u>2009</u> |                          |  |          | 2008     |
|---|-------------|--------------------------|--|----------|----------|
|   | Operations  | Stewardship<br>Education | Reserve for<br>Telephone<br>System<br>Replacements | Totals   | Totals   |
| <b>Revenues:</b>                                  |             |                          |  |          |          |
| Building rental                                   | \$ 245,640  | -                        | -  | 245,640  | 280,030  |
| Reimbursement from departments                    | 452,748     | -                        | -  | 452,748  | 478,026  |
| Interest income                                   | -           | 1,119                    | 490  | 1,609    | 1,890    |
| Other   | 387         | -                        | -  | 387      | 287      |
| <b>Net revenues</b>                               | 698,775     | 1,119                    | 490  | 700,384  | 760,233  |
| <b>Expenses:</b>                                  |             |                          |  |          |          |
| <b>Expenses incurred for departments:</b>         |             |                          |  |          |          |
| Employee benefits                                 | 283,743     | -                        | -  | 283,743  | 302,996  |
| Stewardship office expense                        | -           | -                        | -  | -        | 5,203    |
| Leadership conference                             | 24,092      | -                        | -  | 24,092   | 23,396   |
| Property and liability insurance                  | 48,199      | -                        | -  | 48,199   | 48,072   |
| Telephone   | 22,571      | -                        | -  | 22,571   | 18,751   |
| Mailroom and other                                | 74,181      | -                        | -  | 74,181   | 80,459   |
|   | 452,786     | -                        | -  | 452,786  | 478,877  |
| <b>Building operating expenses:</b>               |             |                          |  |          |          |
| Salaries  | 73,272      | -                        | -  | 73,272   | 69,024   |
| Payroll taxes                                     | 5,673       | -                        | -  | 5,673    | 5,280    |
| Employee benefits                                 | 24,001      | -                        | -  | 24,001   | 24,019   |
| Janitorial services                               | 31,595      | -                        | -  | 31,595   | 32,973   |
| Depreciation                                      | 74,955      | -                        | -  | 74,955   | 77,778   |
| Audit and legal                                   | 3,248       | -                        | -  | 3,248    | 4,500    |
| General insurance                                 | 15,797      | -                        | -  | 15,797   | 15,063   |
| Supplies and office expense                       | 12,671      | -                        | -  | 12,671   | 13,148   |
| Utilities / telephone                             | 35,839      | -                        | -  | 35,839   | 34,704   |
| Repairs and maintenance                           | 13,287      | -                        | -  | 13,287   | 13,658   |
| Mailroom and other                                | 10,990      | -                        | -  | 10,990   | 11,169   |
|   | 301,328     | -                        | -  | 301,328  | 301,316  |
| <b>Total expenses</b>                             | 754,114     | -                        | -  | 754,114  | 780,193  |
| <b>Excess of expenses over revenues</b>           | (55,339)    | 1,119                    | 490  | (53,730) | (19,960) |
| <b>Expenditures for stewardship education</b>     | -           | (5,705)                  | -  | (5,705)  | -        |
| <b>Provision for telephone system replacement</b> | (6,000)     | -                        | 6,000  | -        | -        |
| <b>Decrease in net assets</b>                     | (61,339)    | (4,586)                  | 6,490  | (59,435) | (19,960) |
| <b>Net assets at beginning of year</b>            | 855,346     | 31,630                   | 11,332   | 898,308  | 918,268  |
| <b>Net assets at end of year</b>                  | \$ 794,007  | 27,044                   | 17,822   | 838,873  | 898,308  |

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, 2009 and 2008

|  | 2009        | 2008     |
|--|-------------|----------|
| <b>Cash Flows from Operating Activities</b>                                  |             |          |
| Decrease in net assets   | \$ (59,435) | (19,960) |
| Adjustments to reconcile decrease in net assets to net operating activities: |             |          |
| Depreciation   | 74,955      | 77,778   |
| (Increase) decrease in receivables   | (27,454)    | 6,892    |
| Increase (decrease) in accounts payable and accruals                         | (17,903)    | 17,903   |
| Net operating activities   | (29,837)    | 82,613   |
| <b>Cash Flows from Investing Activities</b>                                  |             |          |
| Purchase of property and equipment   | -           | (11,000) |
| Net investing activities   | -           | (11,000) |
| <b>Increase (decrease) in cash and cash equivalents</b>                      | (29,837)    | 71,613   |
| <b>Cash and cash equivalents, at beginning of year</b>                       | 222,512     | 150,899  |
| <b>Cash and cash equivalents, at end of year</b>                             | \$ 192,675  | 222,512  |
| <b>Cash and cash equivalents consists of:</b>                                |             |          |
| Cash in bank   | \$ 142,114  | 179,560  |
| Funds held by Free Will Baptist Foundation                                   | 50,561      | 42,952   |
|  | \$ 192,675  | 222,512  |

See accompanying notes to financial statements.

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

**Notes to Financial Statements**

December 31, 2009 and 2008

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.

**Fair Value Measurements**

Effective January 1, 2009, the Building Services adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements". (SFAS 157) for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. The adoption of SFAS 157 did not have a material effect on the Fund's 2009 financial statements.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 as assumptions market participants would use in pricing an asset or liability. For the year ended December 31, 2009, Building Services' funds held by Free Will Baptist Foundation were valued at market using Level 1 inputs under SFAS 157.

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

**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.

**Accounts Receivable**

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

**Property, Plant and Equipment**

Property, plant and equipment are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$2,000 are capitalized and depreciated over their usable lives on 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.



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

**(1) Summary of Significant Accounting Policies, continued**  
**Income Taxes**

The Fund is exempt from income taxes; accordingly, no provision for income taxes is made in financial statements.

The Financial Standards Board (FASB) issued Interpretation No 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with Statement No 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that Fund has no activities which will lead to income taxes being levied.

**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.

**Changes in Presentation of Financial Statements**

Certain amounts as reported in the 2008 financial statements may have been reclassified to conform to current year presentation. Although certain net assets were reclassified, there was no effect on total net assets reported.

**Subsequent Events**

Subsequent events have been evaluated through April 26, 2010, which is the issue date these of financial statements.

**(2) Comparative Information**

The financial statements include certain prior-year summarized comparative information in total but not by net assets as designated. 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, 2008, 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 \$3,610 in 2009 and \$3,471 in 2008. 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 \$5,496 for 2009 and \$5,028 for 2008. The minimum payments required are \$5,964 for 2010 - 2013.

**Notes to Financial Statements, continued**

**(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 \$245,640 in 2009 and \$280,030 for 2008. Rentals have been budgeted and approved in the annual amount of \$280,030 for 2010.

**(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 and funds held by Free Will Baptist Foundation. Further, bank balances in excess of the amount of FDIC insurance is subject to risk of accounting loss. Management does not anticipate nonperformance by the financial institutions.

**(7) Designations of Unrestricted Net Assets**

**Stewardship Promotion**

Funds accumulated from operations have been set aside to provide material to foster special giving for various departments of the National Association of Free Will Baptists.

|  | 2009      | 2008   |
|--|-----------|--------|
|  | \$ 27,044 | 31,630 |

**Reserve for Telephone System Replacement**

Established to fund the future need to purchase a telephone system.

|  |           |        |
|--|-----------|--------|
|  | \$ 17,822 | 11,332 |
|--|-----------|--------|

# Building Services

## 2011 BUILDING SERVICES BUDGETS FINANCIAL REPORT

### PROJECTED INCOME

|  | Revised<br>2009<br>Budget | 2009<br>Actuals* | 2010<br>Budget | 2011<br>Budget |
|--|---------------------------|------------------|----------------|----------------|
| Square Footage (20,470 @ \$1.14 = \$23,335.80 mo.) | \$245,640.00              | \$245,640.00     | \$280,029.60   | \$280,029.60   |
| Total Income                                       | \$245,640.00              | \$245,640.00     | \$280,029.60   | \$280,029.60   |

### PROJECTED EXPENSES

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Audit & Legal   | \$6,500.00   | \$3,247.50   | \$6,500.00   | \$4,000.00   |
| Replacement Reserve                                     | 6,000.00     | 6,000.00     | 6,000.00     | 6,000.00     |
| General Supplies  | 5,000.00     | 3,886.46     | 5,000.00     | 4,500.00     |
| Insurance (Employee)                                    | 25,643.14    | 20,390.92    | 22,905.78    | 22,959.47    |
| Insurance (Plant)                                       | 32,000.00    | 15,796.78    | 32,000.00    | 25,000.00    |
| Janitorial Services                                     | 38,500.00    | 31,593.56    | 38,922.40    | 35,000.00    |
| Janitorial Supplies                                     | 3,500.00     | 3,641.69     | 3,500.00     | 3,500.00     |
| Mail Room   | 12,500.00    | 9,208.38     | 12,500.00    | 11,000.00    |
| Mail Truck  | 4,000.00     | 1,478.21     | 4,000.00     | 2,500.00     |
| General Maintenance/Contingency Fund                    | 21,326.01    | 13,286.61    | 16,942.36    | 33,828.45    |
| Network Expense   | 7,500.00     | 5,183.95     | 7,500.00     | 6,500.00     |
| Payroll Taxes (Employer's S.S.)                         | 5,217.03     | 5,673.03     | 5,316.21     | 5,585.74     |
| Postage Meter/UPS                                       | 500.00       | 2,133.75     | 500.00       | 500.00       |
| Retirement (Includes Ret. in Lieu of 4th Week Vacation) | 3,609.74     | 3,609.69     | 4,000.00     | 4,326.23     |
| Salaries  | 67,041.41    | 70,962.11    | 68,314.68    | 69,677.98    |
| Telephone   | 6,000.00     | 4,409.41     | 6,000.00     | 5,000.00     |
| Utilities   | 37,950.00    | 31,429.96    | 37,950.00    | 37,950.00    |
| Christmas Bonus/Extra Week's Salary                     | 1,155.07     | 2,310.13     | 1,178.17     | 1,201.73     |
| Other   | 1,000.00     | 303.59       | 1,000.00     | 1,000.00     |
| Total Expenses  | \$284,942.40 | \$234,545.73 | \$280,029.60 | \$280,029.60 |

\*Budget comparison does not include depreciation expense.

# Budgets

## Building Services

## Salary Breakdown

### BUILDING SERVICES SALARY BREAKDOWN

|   | 2009                                   | 2010                                   | 2011                                   |
|---|--|--|--|
| Maintenance Superintendent/<br>Mail Room Supervisor             |  |  |  |
| Salary  | \$31,541.56 (4.0%)                     | \$32,172.39 (2.0%)                     | \$32,815.84 (2.0%)                     |
| Social Security   | 2,459.33 (7.65%)                       | 2,508.52 (7.65%)                       | 2,558.69 (7.65%)                       |
| Insurance (Dental/Health/Life)                                  | 16,940.00                              | 16,368.00                              | 16,414.46                              |
| Disability  | 186.10                                 | 189.82                                 | 193.61                                 |
| Retirement  | 1,577.08 (5%)                          | 1,608.62 (5%)                          | 1,640.79 (5%)                          |
| Christmas Bonus   | 606.57                                 | 618.70                                 | 631.07                                 |
|   | 53,310.64                              | 53,466.05                              | 54,254.46                              |
| Receptionist/Phone System<br>Administrator/Assistant Bookkeeper |  |  |  |
| Salary  | 28,521.85 (4.0%)                       | 29,092.29 (2.0%)                       | 29,674.14 (2.0%)                       |
| Social Security   | 2,223.88 (7.65%)                       | 2,268.36 (7.65%)                       | 2,313.73 (7.65%)                       |
| Insurance (Dental/Health/Life)                                  | 8,348.76                               | 6,176.32                               | 6,176.32                               |
| Disability  | 168.28                                 | 171.64                                 | 175.08                                 |
| Retirement  | 1,426.09 (5%)                          | 1,454.61 (5%)                          | 1,483.71 (5%)                          |
| Christmas Bonus   | 548.50                                 | 559.47                                 | 570.66                                 |
|   | 41,237.36                              | 39,722.69                              | 40,393.64                              |
| Part-time Worker  |  |  |  |
| Salary  | 6,978.00 (75 days)<br>(4.0%/11.52 hr.) | 7,050.00 (75 days)<br>(2.0%/11.75 hr.) | 7,188.00 (75 days)<br>(2.0%/11.96 hr.) |
| Social Security   | 533.82 (7.65%)                         | 539.33 (7.65%)                         | 548.88 (7.65%)                         |
|   | 7,511.82                               | 7,589.33                               | 7,737.88                               |





Hill, Harper & Associates  
Certified Public Accountants

### Independent Auditors' Report

Terry A. Hill  
Ernest R. Harper

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

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

We have audited the accompanying statements of financial position of One Magazine of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, 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 2008 financial statements and, in our report dated April 22, 2009, 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, 2009 and 2008, 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 26, 2010

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

Statements of Financial Position

December 31, 2009 and 2008

|  | <u>Assets</u>                            |                |
|--|--|----------------|
|  | <u>2009</u>                              | <u>2008</u>    |
| <b>Current assets:</b>                     |  |                |
| Cash and interest bearing deposits         | \$ 113,939                               | 213,692        |
| Funds held by Free Will Baptist Foundation | 21,901                                   | 18,783         |
| Accounts receivable                        | 9,048                                    | 5,010          |
| <b>Total current assets</b>                | <u>144,888</u>                           | <u>237,485</u> |
| <b>Fixed assets:</b>                       |  |                |
| Furniture and equipment                    | 16,857                                   | 16,857         |
| Less accumulated depreciation              | (10,315)                                 | (7,028)        |
| <b>Net fixed assets</b>                    | <u>6,542</u>                             | <u>9,829</u>   |
|  | <u>\$ 151,430</u>                        | <u>247,314</u> |
|  | <b><u>Liabilities and Net Assets</u></b> |                |
| <b>Liabilities:</b>                        |  |                |
| Accounts payable                           | \$ 35,744                                | 48,507         |
| <b>Total liabilities</b>                   | <u>35,744</u>                            | <u>48,507</u>  |
| <b>Net assets:</b>                         |  |                |
| Unrestricted - operations                  | 93,785                                   | 180,024        |
| Restricted - endowment earnings            | 901                                      | -              |
| Permanently restricted - endowment funds   | 21,000                                   | 18,783         |
| <b>Total net assets</b>                    | <u>115,686</u>                           | <u>198,807</u> |
|  | <u>\$ 151,430</u>                        | <u>247,314</u> |

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, 2009 and 2008

|   | 2009                       |                          |                    |                 | 2008           |
|---|----------------------------|--------------------------|--------------------|-----------------|----------------|
|   | Unrestricted<br>Operations | Restricted<br>Net Assets | Endowment<br>Funds | Total           | Total          |
| <b>Revenues:</b>  |                            |                          |                    |                 |                |
| Assessments to publish One Magazine<br>from Free Will Baptist departments<br>and agencies | \$ 319,657                 | -                        | -                  | 319,657         | 419,657        |
| Revenues for additional pages printed   | 14,168                     | -                        | -                  | 14,168          | 17,435         |
| Net results from investments held by<br>Free Will Baptist Foundation                      | 2,686                      | 901                      | -                  | 3,587           | (5,341)        |
| Other   | 159                        | -                        | -                  | 159             | 345            |
| <b>Total revenues</b>   | <b>336,670</b>             | <b>901</b>               | <b>-</b>           | <b>337,571</b>  | <b>432,096</b> |
| <b>Expenses:</b>  |                            |                          |                    |                 |                |
| <b>Direct cost of publication:</b>  |                            |                          |                    |                 |                |
| Printing  | 194,423                    | -                        | -                  | 194,423         | 208,298        |
| Postage and mailing services  | 96,407                     | -                        | -                  | 96,407          | 94,194         |
| Design  | 32,227                     | -                        | -                  | 32,227          | 36,395         |
| Graphics expense  | 1,522                      | -                        | -                  | 1,522           | 4,159          |
| Writer's fees   | 972                        | -                        | -                  | 972             | 1,120          |
| <b>Total direct cost of publication</b>   | <b>325,551</b>             | <b>-</b>                 | <b>-</b>           | <b>325,551</b>  | <b>344,166</b> |
| <b>Employee compensation:</b>   |                            |                          |                    |                 |                |
| Salary  | 65,339                     | -                        | -                  | 65,339          | 60,647         |
| Payroll Taxes   | 5,014                      | -                        | -                  | 5,014           | 4,640          |
| Retirement  | 2,790                      | -                        | -                  | 2,790           | 2,709          |
| Other employee benefits   | 6,328                      | -                        | -                  | 6,328           | 6,381          |
| <b>Total employee compensation</b>  | <b>79,471</b>              | <b>-</b>                 | <b>-</b>           | <b>79,471</b>   | <b>74,377</b>  |
| <b>Operating expenses:</b>  |                            |                          |                    |                 |                |
| Supplies and other office expense   | 9,944                      | -                        | -                  | 9,944           | 9,892          |
| Travel  | 2,439                      | -                        | -                  | 2,439           | 3,647          |
| Depreciation  | 3,287                      | -                        | -                  | 3,287           | 2,864          |
| <b>Total operating expenses</b>   | <b>15,670</b>              | <b>-</b>                 | <b>-</b>           | <b>15,670</b>   | <b>16,403</b>  |
| <b>Total expenses</b>   | <b>420,692</b>             | <b>-</b>                 | <b>-</b>           | <b>420,692</b>  | <b>434,946</b> |
| <b>Increase (decrease) in net assets</b>  | <b>(84,022)</b>            | <b>901</b>               | <b>-</b>           | <b>(83,121)</b> | <b>(2,850)</b> |
| <b>Net assets at beginning of year:</b>   |                            |                          |                    |                 |                |
| <b>As reported</b>  | <b>180,024</b>             | <b>-</b>                 | <b>18,783</b>      | <b>198,807</b>  | <b>201,657</b> |
| Net endowment investment losses   | (2,217)                    | -                        | 2,217              | -               | -              |
| <b>As restated</b>  | <b>177,807</b>             | <b>-</b>                 | <b>21,000</b>      | <b>198,807</b>  | <b>201,657</b> |
| <b>Net assets at end of year</b>  | <b>\$ 93,785</b>           | <b>901</b>               | <b>21,000</b>      | <b>115,686</b>  | <b>198,807</b> |

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2009 and 2008

|  | 2009              | 2008           |
|--|-------------------|----------------|
| <b>Cash Flows from Operating Activities</b>                                |                   |                |
| Decrease in net assets   | \$ (83,121)       | (2,850)        |
| Adjustments to reconcile change in net assets to net operating activities: |                   |                |
| Depreciation   | 3,287             | 2,864          |
| Changes in Funds Held by Free Will Baptist Foundation                      | (3,118)           | 6,616          |
| (Increase) decrease in accounts receivable                                 | (4,038)           | 2,780          |
| Increase (decrease) in accounts payable                                    | (12,763)          | 4,696          |
| <b>Net operating activities</b>  | <b>(99,753)</b>   | <b>14,106</b>  |
| <b>Cash Flows from Investing Activities</b>                                |                   |                |
| Purchase of equipment  | -                 | (4,233)        |
| <b>Net investing activities</b>  | <b>-</b>          | <b>(4,233)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>                    | <b>(99,753)</b>   | <b>9,873</b>   |
| <b>Cash and cash equivalents, at beginning of year</b>                     | <b>213,692</b>    | <b>203,819</b> |
| <b>Cash and cash equivalents, at end of year</b>                           | <b>\$ 113,939</b> | <b>213,692</b> |

See accompanying notes to financial statements.



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

**Notes to Financial Statements**

**December 31, 2009 and 2008**

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.

**Fair Value Measurements**

Effective January 1, 2009, the One Magazine adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements", (SFAS 157) for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. The adoption of SFAS 157 did not have a material effect on One Magazine's 2009 financial statements.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 as assumptions market participants would use in pricing an asset or liability. For the year ended December 31, 2009, One Magazine's Funds held by Free Will Baptist Foundation were valued at market using Level 1 inputs under SFAS 157.

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

**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.

**Accounts Receivable**

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

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

**(1) Summary of Significant Accounting Policies, continued**  
**Endowment Funds**

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds. Based on provisions of UPMIFA, losses originally recorded as a charge against permanently restricted net assets of \$2,217 has been restated and reflected as a charge against net assets unrestricted for operations as of December 31, 2008.

**Fixed Assets**

Furniture and equipment are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$500 are capitalized and depreciated over their usable lives on 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.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Compensated Absences**

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

**Income Taxes**

In July 2006, the Financial Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that One Magazine has no activities which will lead to income taxes being levied.

One Magazine is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts.

**Changes in Presentation**

Certain amounts in the prior period financial statements may have been reclassified to conform to current presentation. These changes had no effect on net assets as reported, except for the matter discussed above relating to Endowment Funds.

**Subsequent Events**

Subsequent events have been evaluated through April 26, 2010, which is the issue date these of financial statements.



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

(2) **Assessments to Publish One Magazine from  
Free Will Baptist Departments and Agencies**

The following assessments were made to entities of the  
National Association of Free Will Baptists:

|                                   | 2009              | 2008           |
|-----------------------------------|-------------------|----------------|
| Executive Office:                 |                   |                |
| Administrative budget             | \$ 84,098         | 110,407        |
| Convention budget                 | 12,615            | 16,561         |
| Free Will Baptist Foundation      | 33,639            | 44,163         |
| Free Will Baptist Bible College   | 37,340            | 49,021         |
| Board of Home Missions            | 51,300            | 67,348         |
| International Missions            | 44,152            | 57,964         |
| Master's Men                      | 6,055             | 7,949          |
| Randall House Publications        | 33,639            | 44,163         |
| Board of Retirement and Insurance | 16,819            | 22,081         |
|                                   | <u>\$ 319,657</u> | <u>419,657</u> |

Due to economic conditions assessments were reduced by \$100,000 for the 2009 year. These assessments have been increased to total approximately \$419,657 for the 2010 year.

(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 \$251,504 in 2009 and \$260,012 in 2008.

(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 \$2,790 in 2009 and \$2,709 in 2008. 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 is subject to risk of accounting loss. Management does not anticipate nonperformance by the financial institutions.

(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, 2008, from which the summarized information was derived.

**ONE MAGAZINE**

**Budgets**

**2011  
ONE MAGAZINE  
BUDGETS  
FINANCIAL REPORT**

|                                 | Revised<br>2009<br>Budget | 2009<br>Actuals**   | 2010<br>Budget      | 2011<br>Budget      |
|---------------------------------|---------------------------|---------------------|---------------------|---------------------|
| <b>REVENUE</b>                  |                           |                     |                     |                     |
| Convention                      | \$12,615.02               | \$12,615.00         | \$16,561.02         | \$17,463.47         |
| Executive Office                | 84,097.80                 | 84,097.80           | 110,406.80          | 116,433.44          |
| Free Will Baptist Bible College | 37,339.62                 | 34,228.04           | 49,020.62           | 51,695.58           |
| Free Will Baptist Foundation    | 33,638.72                 | 33,638.76           | 44,162.72           | 46,575.15           |
| Home Missions                   | 51,300.15                 | 51,300.12           | 67,348.15           | 71,022.23           |
| International Missions          | 44,151.57                 | 44,151.60           | 57,963.57           | 61,126.57           |
| Master's Men                    | 6,055.29                  | 6,055.32            | 7,949.29            | 8,382.11            |
| Randall House Publications      | 33,638.72                 | 33,638.76           | 44,162.72           | 46,575.15           |
| Retirement & Insurance          | 16,819.36                 | 16,819.32           | 22,081.36           | 23,287.57           |
| Endowment                       | 1,000.00                  | 1,436.27            | 0.00                | 0.00                |
| Graphics                        | 3,000.00                  | 14,168.46           | 3,000.00            | 3,000.00            |
| Subscription Revenue            | 400.00                    | 159.17              | 400.00              | 400.00              |
| <b>Total Revenue</b>            | <u>\$324,056.25</u>       | <u>\$332,308.62</u> | <u>\$423,056.25</u> | <u>\$445,961.27</u> |
| <b>EXPENSES</b>                 |                           |                     |                     |                     |
| Salary & Benefits               | \$71,845.57               | \$74,231.35         | \$73,089.41         | \$73,966.47         |
| Auto/Cell Phone Allowance       | 5,000.00                  | 5,240.00            | 5,000.00            | 5,344.80            |
| Audit & Legal                   | 4,000.00                  | 3,577.50            | 4,500.00            | 3,600.00            |
| Books, Dues & Registrations     | 1,500.00                  | 625.18              | 1,500.00            | 1,500.00            |
| Computer Software/Services      | 3,500.00                  | 1,175.98            | 5,000.00            | 3,500.00            |
| Design                          | 32,000.00                 | 27,231.90           | 32,000.00           | 34,000.00           |
| Graphics                        | 5,000.00                  | 1,522.11            | 5,000.00            | 4,000.00            |
| Mail Services                   | 12,000.00                 | 5,200.64            | 10,000.00           | 10,000.00           |
| Mailing List Maintenance        | 1,500.00                  | 0.00                | 1,500.00            | 0.00                |
| Miscellaneous                   | 3,910.68                  | 2,152.44            | 4,666.84            | 3,000.00            |
| Postage                         | 85,000.00                 | 86,184.20           | 85,000.00           | 98,000.00           |
| Postal Returns                  | 4,500.00                  | 1,868.58            | 4,000.00            | 2,000.00            |
| Printing                        | 180,000.00                | 194,973.02          | 180,000.00          | 198,000.00          |
| Promotion                       | 2,000.00                  | 1,072.67            | 2,000.00            | 1,000.00            |
| Supplies                        | 4,000.00                  | 1,341.07            | 3,500.00            | 2,500.00            |
| Telephone                       | 300.00                    | 0.00                | 300.00              | 300.00              |
| Travel                          | 4,000.00                  | 2,438.69            | 4,000.00            | 3,250.00            |
| Writer's Fees                   | 4,000.00                  | 972.07              | 2,000.00            | 2,000.00            |
| <b>Total Expenses</b>           | <u>\$424,056.25</u>       | <u>\$409,807.40</u> | <u>\$423,056.25</u> | <u>\$445,961.27</u> |

\*Additional funds were provided in the 2009 Revised Budget  
by accumulated surplus revenue.

\*\*Budget comparison does not include depreciation expense.



# FREE WILL BAPTIST FOUNDATION

## Director's Report, 2010

### The Roller Coaster

Year 2009 was a roller coaster ride. The S & P 500 had experienced a 38.5% decline in 2008; yet it sunk even lower in the first part of 2009, falling an additional 25% by March 9<sup>th</sup>. The total percentage loss was almost 54% from the beginning of 2008. Then we saw a huge rise in the market from the March low, as the S & P rose 64% in less than 10 months. For the entire year of 2009, the increase was over 23%.

The Foundation did very well riding this roller coaster as our endowments began to recover, earning 19.4%. Planned giving assets fared even better, earning in the range of 20-25%. However, we have further to go: we suffered a 22% loss in 2008 in the endowment assets and negative 20-25% in planned giving assets. Plus, we continued to pay distributions on some of the endowment accounts and are required to pay distributions to donors on planned giving assets. This means to fully recover may take another two years of at least moderate earnings growth.

Unfortunately, we are continuing to see the stock market on the roller coaster. This year we have seen the market decline in January and February, followed by a dramatic rise in March and April, and just as dramatic a decline in May and June. The S and P declined by 15% through June 30, 2010; but, our endowments have fared much better, having lost only around 5% in the first half. Despite the loss, we managed to distribute over \$60,000 in earnings. This was due to reserves earned from previous periods.

Our Money Management Trusts (MMT) saw no market decline in 2009; but, withdrawals did exceed additions for the second year in a row. Many churches, agencies and individuals drew on their reserves to make it through the great recession in 2009. However, the first half of 2010 is looking better with growth in the MMT pool. While 3% is the lowest rate we have ever set for MMTs, it is extremely competitive in this market. Even five-year CDs are not paying a better rate than the Foundation; and, of course, you have access to your funds on short notice rather than waiting five years. This is part of the reason for our growth, because our people recognize a good deal when they see it.

Overall our assets increased by over \$900,000 in 2009. Endowment assets increased by over \$1 million and planned gifts were up over \$400,000. Money Management Trust assets declined by

around \$750,000 due to excess withdrawals. The distributions available to ministry from endowments totaled over \$186,000. As of June 30, 2010, our total assets stand at \$37.3 million with much of the \$1.3 million increase coming from growth in MMTs.

Net income for the Foundation was very good in 2009 at \$175,000. It is very important to understand that this income is being diverted to our reserves. Interest rates bottomed out in 2009 with federal funds rated at nearly zero for the entire year. Most economists believe the Federal Reserve will not begin to raise rates till mid 2011; and, a growing number believe it could be 2012 before there is an upward change. It is very likely our 3% rate could go unchanged for another year. However, in comparison to money market rates, we are far exceeding the best rates.

We have been making changes in our MMT portfolio. We are keeping a significant portion of our assets in shorter maturities because our advisers believe an interest rate spike may be coming in a few years. Therefore, we are purposely setting our rates in such a way that we can build a reserve that can be utilized to stay competitive when rates rise. Our MMT pool is like a large ship that cannot be turned quickly. We will likely need to pay out our reserves in future years to remain competitive. You could say we are "making hay while the sun shines" because we know we will need it later.

Let me make a statement as a fair warning. Don't panic when we come to the National in a few years and report a loss on our income statement. Those losses will be funded by the reserves we are building now.

Our spending cuts kept us well below our 2009 approved budget as we undercut the budget by over \$16,000. We also spent over \$5,000 less than we spent in 2008; however, I had hoped to spend even less than we did. However, our proposed spending budget in 2011 is a significant increase over spending in 2009 at almost an 8% jump. No employee received a pay increase in 2010 as we froze pay at 2009 levels; therefore, a 4% increase is proposed in 2011. We are anticipating higher expenses in promotion as you will soon be seeing our ads reappearing on the back page of *Bible Scholar*. Expenditures for *ONE Magazine* will also be increasing.

### Like David

We have an excellent example in making certain the next generation is successful when we look at David. He believed in "paying it forward" as illustrated in many Old Testament passages. He did all he could to help prepare Solomon to be the next king.

He made sure he passed on his faith. Looking through the genealogy of David, we see that he had a Godly heritage. Boaz, his great grandfather, was a man of faith who acknowledged the leadership of the Lord in his life. He was also a very generous man who looked after Ruth as she followed behind the gleaners in his fields. Ruth, who would be David's great grandmother,

showed tremendous faith as she left her homeland to be with her mother-in-law. Is it any surprise that four generations later we find a man of immense faith and generosity in David? It is equally important that we pass on our faith to the next generation.

He passed on his wisdom. I realize that Solomon asked for wisdom from God; but, I also think he observed wisdom while watching his father make wise decisions for the kingdom. He had seen David settle disputes that were brought before him. He watched David as he made mistakes and perceived that David learned from his mistakes, which is, perhaps, one of the wisest principals we can understand. We need to pass on what we have learned to those who follow.

He passed on his wealth in an appropriate way. It is perfectly fine to leave an inheritance for your children, and David did that. We also find in I Chronicles 22 a list of items that David provided to Solomon for the building of the Temple. He provided finished stone, large amounts of iron, more bronze than could be weighed and innumerable cedar logs. When you read later on about the construction of the Temple, you find all of these materials being used. David collected vast amounts of building materials before his death. Why did he do this? He wanted the next generation—Solomon—to be successful by providing assets he would need for God's work.

All of these stand as examples to us. Passing our faith to the next generation, imparting our accumulated wisdom, and providing assets for ministry are still Biblical goals for all of us.

The Foundation offers opportunities to provide for the Kingdom and, at the same time, receive an income through a planned gift. You can endow a ministry during your lifetime or upon your death through a will. Let us show you ways to pass assets on to Free Will Baptist ministries.

I have been a Free Will Baptist all my life and have been amazed at what we have accomplished together. Just like David was unable to build the Temple, each generation comes to the end of their days on earth and we see so much more that needs to be done; but, we will not be around to see it happen. Solomon built a magnificent Temple and David never saw it completed.

As we celebrate 75 years of ministry for International Missions, we look forward to their centennial celebration in 2035. At that celebration, we will hear about even more fields opened and reports of the thousands more we will see in heaven. Many of us will not be here to see that celebration.

In 2042, the Bible College will celebrate 100 years of ministry. They will have moved to their new campus and expanded their ministry, and, perhaps, even opened a seminary for Free Will Baptists to earn Masters and Doctorate degrees. Again, many of us will not be here to see that celebration.

Our Home Missions department will continue to open new states where there are no Free Will Baptist churches and few other Bible-believing churches. I have been researching Free Will

Baptist history lately and read that we used to have many Free Will Baptist churches scattered across New England. Today, that is an area with few Bible-believing churches. Wouldn't it be great to travel through New England 50 years from now and see many of our churches in that area again?

We may not be here to see these and many other advances for Free Will Baptists; but, we all can play a part in making sure they happen. Let's be like David and leave assets for the next generation to see the Gospel reach around the world and here at home. At the Foundation, we want to help and be a part of the future of Free Will Baptists. Please let the Foundation help you discover the best way to pass your assets to future generations.



## Free Will Baptist Foundation

### Synopsis of Board Meetings Minutes

April 20, 2009

All members present for all or significant portions of the meeting except Brian Hurst, Keith Burden, and Matt Pinson.

Audit, Financial, Director's report and Proposed Budget were presented and approved. Job Performance Committee guidelines were presented and approved.

Gift Acceptance Policy was presented and approved. Performance Report from Manning & Napier (Money Manager for Endowment funds) was presented as information.

Economic Forecast was presented as information. Officers were elected as follows: Phil Whitaker, Chairman; Waymon Fields, Vice Chairman; Mark Price, Secretary; and Donnie Miles, Assistant Secretary.

December 7, 2009

All members present for all or significant portions of the meeting except Wendell Walley, James Forlines, Danita High and Larry Powell.

Financial and Director's report were presented and approved. An investment committee was recommended and appointed by the chairman. The following members were appointed: Len Blanchard, chairman; Ray Lewis and Mark Price.

Cornerstone Management (Money Managers for Planned Gifts) presented a performance report along with an economic and financial overview of market conditions as information.



**BELLENFANT + MILES, PLLC**  
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, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2009 and 2008, 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, PLLC*

April 7, 2010

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

FREE WILL BAPTIST FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 and 2008

ASSETS

|   | 2009                 | 2008                 |
|---|----------------------|----------------------|
| ASSETS  |                      |                      |
| Cash and cash equivalents   | \$ 984,165           | \$ 2,451,985         |
| Accrued earnings receivable                                       | 232,964              | 345,130              |
| Other accounts receivable   | 582                  | 7,120                |
| Loan origination fees   | 940                  | 1,940                |
| Prepaid expenses  | 8,694                | 236                  |
| Office equipment and automobiles, net of accumulated depreciation | 42,076               | 58,913               |
|   | <u>1,269,421</u>     | <u>2,865,324</u>     |
| Investments, at fair market value                                 |                      |                      |
| Certificates of deposit   | 1,158,765            | 789,407              |
| U.S. Government instruments                                       | 21,462,691           | 23,996,221           |
| Common stocks   | 2,357,655            | 2,013,516            |
| Foreign stocks  | 701,883              | 566,866              |
| Real estate investments   | 3,079,975            | 1,664,975            |
| Mutual funds  | 3,543,384            | 2,435,470            |
| Corporate bonds   | 522,868              | 484,113              |
| Municipal bonds   | 849,457              | -                    |
| Trusts  | 224,960              | 224,960              |
| Total investments   | <u>33,901,638</u>    | <u>32,175,528</u>    |
| Notes receivable  | 835,946              | 77,099               |
| TOTAL ASSETS  | <u>\$ 36,007,005</u> | <u>\$ 35,117,951</u> |

LIABILITIES AND NET ASSETS

|  |                      |                      |
|--|----------------------|----------------------|
| LIABILITIES                                  |                      |                      |
| Operating liabilities:                       |                      |                      |
| Accrued expense                              | \$ 11,698            | \$ 3,412             |
| Liabilities to beneficial owners             |                      |                      |
| Interest bearing revocable and savings trust | 25,808,563           | 26,568,592           |
| Future gifts interest payable                | 2,575,199            | 2,158,085            |
| Funds held in trust                          | 7,341,731            | 6,293,634            |
| Total liabilities                            | <u>35,737,191</u>    | <u>35,023,723</u>    |
| NET ASSETS                                   |                      |                      |
| Unrestricted                                 | 269,814              | 94,228               |
| Total net assets                             | <u>269,814</u>       | <u>94,228</u>        |
| TOTAL LIABILITIES AND NET ASSETS             | <u>\$ 36,007,005</u> | <u>\$ 35,117,951</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, 2009 and 2008

|   | 2009               | 2008             |
|---|--------------------|------------------|
| REVENUE AND SUPPORT   |                    |                  |
| Investment income:  |                    |                  |
| Interest and dividends, net of investment fees  | \$ 1,746,581       | \$ 2,041,918     |
| Realized gains (losses) on sale of investments  | 297,929            | (535,145)        |
| Unrealized gains (losses) from investments  | 373,836            | (1,840,872)      |
| Total investment income   | <u>2,418,346</u>   | <u>(334,099)</u> |
| Support through "The Together Way" Plan and other contributions                         | 30,006             | 36,049           |
| Interest income - note receivable   | 21,801             | 5,319            |
| Loss on sale of property and equipment  | -                  | (2,472)          |
| Total revenue and support   | <u>2,470,153</u>   | <u>(295,203)</u> |
| Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants | <u>(1,847,448)</u> | <u>806,677</u>   |
| Revenue and support after allocations   | <u>622,705</u>     | <u>511,474</u>   |
| EXPENSES  |                    |                  |
| Salaries and benefits   | 209,482            | 204,610          |
| Equipment expense   | 14,095             | 10,403           |
| Travel and promotion  | 54,434             | 49,631           |
| Board expense   | 16,727             | 15,919           |
| Office expense  | 26,044             | 25,587           |
| Rent expense  | 23,604             | 27,263           |
| Printing and publications   | 8,181              | 1,364            |
| One magazine  | 40,537             | 55,309           |
| Training and education  | 22,987             | 32,352           |
| Legal and accounting  | 9,705              | 9,680            |
| Depreciation  | 16,837             | 15,476           |
| Amortization of loan origination fees   | 1,000              | 1,000            |
| Miscellaneous   | 3,486              | 4,107            |
| Total expenses  | <u>447,119</u>     | <u>452,701</u>   |
| Increase (decrease) in operating net assets   | 175,586            | 58,773           |
| Net assets - beginning of year  | 94,228             | 35,455           |
| Net assets - end of year  | <u>\$ 269,814</u>  | <u>\$ 94,228</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, 2009 and 2008

|   | 2009         | 2008         |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |              |              |
| Cash received for:  |              |              |
| Contributions   | \$ 36,544    | \$ 79,913    |
| Interest and dividends  | 1,858,747    | 2,122,769    |
| Other income  | 21,801       | 5,319        |
| Cash paid to suppliers and employees  | (429,454)    | (432,906)    |
| Allocation of earnings to revocable trusts,<br>savings trust, beneficiaries and annuitants            | (1,847,448)  | 806,677      |
| Net Cash Provided (Used) By Operating Activities  | (359,810)    | 2,581,772    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |              |              |
| Purchases of office equipment and automobiles   | -            | (43,400)     |
| Proceeds from sale of office equipment and automobiles  | -            | 3,800        |
| New loans made  | (900,000)    | -            |
| Principal payments received on notes receivable   | 141,153      | 26,310       |
| Proceeds from sale or call of investment securities   | 21,701,865   | 17,182,890   |
| Purchase of investment securities   | (22,756,210) | (13,643,768) |
| Net Cash Provided (Used) By Investing Activities  | (1,813,192)  | 3,525,832    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |              |              |
| Proceeds from additions, net of withdrawals, to future<br>gift interest, revocable and savings trusts | 6,650,366    | 10,391,922   |
| Contributions to funds held in trust  | (5,945,184)  | (14,772,266) |
| Net Cash Provided (Used) by Financing Activities  | 705,182      | (4,380,344)  |
| <b>INCREASE (DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>   | (1,467,820)  | 1,727,260    |
| Cash and cash equivalents at beginning of years   | 2,451,985    | 724,725      |
| Cash and cash equivalents at end of years   | \$ 984,165   | \$ 2,451,985 |
| <b>RECONCILIATION OF INCREASE IN NET ASSETS<br/>TO CASH FLOWS FROM OPERATING ACTIVITIES</b>           |              |              |
| Increase (decrease) in net assets   | \$ 175,586   | \$ 58,773    |
| Depreciation  | 16,837       | 15,476       |
| Realized and unrealized (gains) losses on investment transaction                                      | (671,765)    | 2,376,017    |
| Loss (gain) on the sale of office equipment and automobiles   | -            | 2,472        |
| Decrease (increase) in accrued investment income  | 112,166      | 80,851       |
| Decrease (increase) in other accounts receivable  | 6,538        | 43,864       |
| Decrease (increase) in loan origination fees  | 1,000        | 1,000        |
| Decrease (increase) in prepaid expenses   | (8,458)      | 5,687        |
| Increase (decrease) in operating liabilities  | 8,286        | (2,368)      |
| Net Cash Provided (Used) By Operating Activities  | \$ (359,810) | \$ 2,581,772 |

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

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

**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, 2009 and 2008.

**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 2009 and 2008.

**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, 2009 and 2008

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 5 years for automobiles and 5 years for equipment.

2. INVESTMENTS

A summary of investments at market value and cost is as follows:

|                              | 2009          |               |                             |
|------------------------------|---------------|---------------|-----------------------------|
|                              | Market Value  | Cost          | (Depreciation) Appreciation |
| Investments:                 |               |               |                             |
| Marketable Securities:       |               |               |                             |
| Certificates of deposit      | \$ 1,158,765  | \$ 1,150,000  | \$ 8,765                    |
| U.S. Government instruments  | 21,462,691    | 22,100,864    | (638,173)                   |
| Common stocks                | 2,357,655     | 2,172,171     | 185,484                     |
| Foreign stocks               | 701,883       | 650,224       | 51,659                      |
| Mutual Funds                 | 3,543,384     | 3,675,217     | (131,833)                   |
| Corporate bonds              | 522,868       | 531,847       | (8,979)                     |
| Municipal bonds              | 849,457       | 873,599       | (24,142)                    |
| Trusts                       | 224,960       | 224,960       | -                           |
| Land held for resale         | 225,000       | 225,000       | -                           |
| Real estate investment trust | 2,854,975     | 2,854,639     | 336                         |
| Total Investments            | \$ 33,901,638 | \$ 34,458,521 | \$ (556,883)                |

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

2. INVESTMENTS - CONTINUED

|                              | 2008          |               |                             |
|------------------------------|---------------|---------------|-----------------------------|
|                              | Market Value  | Cost          | (Depreciation) Appreciation |
| Investments:                 |               |               |                             |
| Marketable Securities:       |               |               |                             |
| Certificates 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            | \$ 32,175,528 | \$ 33,850,540 | \$ (1,675,012)              |

Total investment income (loss) amounted to \$2,418,346 for 2009, consisting of investment gains of \$671,765 and interest and dividends of \$1,746,581. This investment income (loss) represents yields of 7.32% and 7.08% based on the average market value and average cost of such investments for 2009.

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

3. NOTES RECEIVABLE

Notes receivable consist of obligations from related parties as follows:

|   | 2009 | 2008      |
|---|------|-----------|
| 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 |
| 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    |



FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

3. NOTES RECEIVABLE - CONTINUED

|  | 2009              | 2008             |
|--|-------------------|------------------|
| 7.5% note receivable due in 60 monthly installments of \$1,703 through 2011 by Randall House Publications. This note is unsecured.   | \$ -              | \$ 52,024        |
| 4.5% note receivable due in 48 monthly installments of \$9,121 through 2013 by Randall House Publications. This note is secured by the equipment purchased.                          | 335,946           | -                |
| 4.5% interest only note receivable by Hillsdale Free Will Baptist College. This note is secured by a trust held by the Foundation. It is due and payable on or before June 30, 2012. | 500,000           | -                |
|  | <u>\$ 835,946</u> | <u>\$ 77,099</u> |

4. INTEREST BEARING REVOCABLE AND SAVINGS TRUST

The Foundation maintains revocable trusts and savings trusts which totaled \$25,808,563 and \$26,568,592 at December 31, 2009 and 2008, 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 \$1,633,926 and \$1,424,322 and gift annuities amounting to \$941,273 and \$733,763 as of December 31, 2009 and 2008, 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, 2009 and 2008, the permanently restricted endowment funds totaled \$7,341,731 and \$6,293,634, 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, 2009 and 2008:

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

|                               | 2009                 |                               |   |
|-------------------------------|----------------------|-------------------------------|---|
|                               | Account<br>Balance   | Amount<br>Insured/<br>Secured | Amount of<br>Accounting<br>Risk of Loss |
| Cash and cash equivalents     | \$ 499,676           | \$ 308,936                    | \$ 190,740                              |
| Short term liquid investments | 484,489              | 484,489                       | -                                       |
| Certificates of deposit       | 1,158,765            | 1,158,765                     | -                                       |
| U.S. Government instruments   | 21,462,691           | 21,462,691                    | -                                       |
| Common Stocks                 | 2,357,655            | -                             | 2,357,655                               |
| Foreign stocks                | 701,883              | -                             | 701,883                                 |
| Mutual funds                  | 3,543,384            | -                             | 3,543,384                               |
| Corporate bonds               | 522,868              | -                             | 522,868                                 |
| Municipal bonds               | 849,457              | -                             | 849,457                                 |
| Land held for resale          | 225,000              | 225,000                       | -                                       |
| Real estate investment trust  | 2,854,975            | -                             | 2,854,975                               |
| Trusts                        | 224,960              | -                             | 224,960                                 |
| Receivables                   | 1,069,492            | -                             | 1,069,492                               |
| Total Investments             | <u>\$ 35,955,295</u> | <u>\$ 23,639,881</u>          | <u>\$ 12,315,414</u>                    |

|                               | 2008                 |                               |   |
|-------------------------------|----------------------|-------------------------------|---|
|                               | Account<br>Balance   | Amount<br>Insured/<br>Secured | Amount of<br>Accounting<br>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                                 |
| Certificates 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>                     |

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

|                          | 2009             | 2008             |
|--------------------------|------------------|------------------|
| Automobiles              | \$ 43,400        | \$ 43,400        |
| Office equipment         | 11,203           | 11,203           |
| Software                 | 29,581           | 29,581           |
|                          | 84,184           | 84,184           |
| Accumulated Depreciation | (42,108)         | (25,271)         |
|                          | <u>\$ 42,076</u> | <u>\$ 58,913</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 \$1.10 (\$1.12 in 2008) per square foot per month. Beginning in 2005 the Foundation began paying one-half of the rent. Total lease payments were \$23,604 and \$27,263 for the years ended December 31, 2009 and 2008 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, 2009 or 2008.

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 \$8,488 (\$7,344 in 2008). 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.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 7, 2010 which is the date the financial statements were available to be issued.

FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

13. FAIR VALUE MEASUREMENTS

The Foundation's investments are reported at fair value in the accompanying statement of net assets available for benefits.

| Fair Value Measurements at December 31, 2009 Using |                      |   |   |  |
|--|----------------------|---|---|--|
|  | Fair Value           | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Certificates of deposit                            | \$ 1,158,765         | \$ -  | \$ 1,158,765  | \$ -   |
| U.S. Government instruments                        | 21,462,691           | -   | 21,462,691  | -  |
| Common stocks                                      | 2,357,655            | 2,357,655   | -   | -  |
| Foreign stocks                                     | 701,883              | 701,883   | -   | -  |
| Real estate investments                            | 3,079,975            | -   | -   | 3,079,975  |
| Mutual funds                                       | 3,543,384            | 3,543,384   | -   | -  |
| Corporate bonds                                    | 522,868              | -   | 522,868   | -  |
| Municipal bonds                                    | 849,457              | -   | 849,457   | -  |
| Trusts   | 224,960              | -   | 224,960   | -  |
|  | <u>\$ 33,901,638</u> | <u>\$ 6,602,922</u>   | <u>\$ 24,218,741</u>                                      | <u>\$ 3,079,975</u>                                |

| Fair Value Measurements at December 31, 2008 Using |                      |   |   |  |
|--|----------------------|---|---|--|
|  | Fair Value           | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Certificates 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   | -   | -  |
| Real estate investments                            | 1,664,975            | -   | -   | 1,664,975  |
| Mutual funds                                       | 2,435,470            | 2,435,470   | -   | -  |
| Corporate bonds                                    | 484,113              | -   | 484,113   | -  |
| Trusts   | 224,960              | -   | 224,960   | -  |
|  | <u>\$ 32,175,528</u> | <u>\$ 5,015,852</u>   | <u>\$ 25,494,701</u>                                      | <u>\$ 1,664,975</u>                                |



FREE WILL BAPTIST FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

13. FAIR VALUE MEASUREMENTS - CONTINUED

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted process for identical assets, and Level 3 inputs have the lowest priority. The Board uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

Level 3 Reconciliation:

Real estate investments:

Beginning balance

Purchases

Dividends reinvested

Sales

Ending balance

|                      | 2009                | 2008                |
|----------------------|---------------------|---------------------|
| Beginning balance    |                     |                     |
| Purchases            | \$ 1,664,975        | \$ 1,652,354        |
| Dividends reinvested | 1,415,000           | 100,000             |
| Sales                | -                   | 2,621               |
| Ending balance       | -                   | (90,000)            |
|                      | <u>\$ 3,079,975</u> | <u>\$ 1,664,975</u> |

Total gains or losses for the year included in the statement of activities attributable to the change in unrealized gains or losses relating to investments still held at the reporting date.

|  |      |          |
|--|------|----------|
|  | \$ - | \$ 2,621 |
|--|------|----------|

FOUNDATION BUDGET

|  | Actual<br>2008 | Actual<br>2009 | Approved<br>2008 | Approved<br>2009 | Approved<br>2010 | Proposed<br>2011 |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
|--|----------------|----------------|------------------|------------------|------------------|------------------|

INCOME

|                          |            |            |            |            |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|
| The Together Way         | \$ 33,880  | \$ 28,750  | \$ 30,500  | \$ 32,000  | \$ 34,000  | \$32,000   |
| Gifts                    | \$ 157     | \$ 157     | \$ 300     | \$ 250     | \$ 250     | \$100      |
| Rest of the Family Offer | \$ 1,568   |            | \$ 1,200   | \$ 2,500   | \$ 1,750   | \$1,500    |
| Interest Income          | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$         |
| Endowments               | \$ -       | \$ -       | \$ 300     | \$ 1,425   | \$ 1,250   | \$1,200    |
| Miscellaneous            | \$ -       | \$ 160     | \$ 100     | \$ 100     | \$ 100     | \$100      |
| Management Fees          | \$ 475,869 | \$ 593,638 | \$ 365,453 | \$ 435,000 | \$ 445,000 | \$500,000  |
| Total                    | \$ 511,474 | \$ 622,705 | \$ 397,853 | \$ 471,275 | \$ 482,350 | \$ 534,900 |

EXPENSES

|                        |            |            |            |            |            |            |
|------------------------|------------|------------|------------|------------|------------|------------|
| Salaries               | \$ 148,392 | \$ 156,124 | \$ 148,879 | \$ 156,124 | \$ 156,124 | \$162,369  |
| Salaries Part-Time     | \$         | \$         | \$ -       | \$ -       | \$         | \$         |
| Housing                | \$         | \$         | \$ -       | \$ -       | \$         | \$         |
| Employee Benefits      | \$ 56,217  | \$ 53,358  | \$ 56,128  | \$ 56,843  | \$ 52,500  | \$55,000   |
| Auto Depreciation      | \$ 7,319   | \$ 8,680   | \$ 5,388   | \$ 7,500   | \$ 8,680   | \$8,680    |
| Travel                 | \$ 41,537  | \$ 50,495  | \$ 32,000  | \$ 50,000  | \$ 38,000  | \$52,000   |
| Magazine Expense       | \$ 55,308  | \$ 40,537  | \$ 47,000  | \$ 47,000  | \$ 52,000  | \$48,000   |
| Board Expense          | \$ 15,919  | \$ 16,727  | \$ 14,000  | \$ 19,000  | \$ 13,000  | \$17,000   |
| Promotion              | \$ 8,093   | \$ 10,974  | \$ 22,000  | \$ 24,000  | \$ 6,000   | \$21,500   |
| Office Expense         | \$ 8,845   | \$ 7,060   | \$ 8,500   | \$ 14,000  | \$ 8,000   | \$8,000    |
| Interest               | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$         |
| Rent                   | \$ 27,263  | \$ 23,604  | \$ 26,958  | \$ 27,381  | \$ 26,958  | \$27,447   |
| Printing               | \$ -       | \$ 5,770   | \$ 2,500   | \$ 2,500   | \$ 1,000   | \$7,500    |
| Publication            | \$ 1,364   | \$ 4,527   | \$ 750     | \$ 750     | \$ 2,500   | \$4,600    |
| Training & Education   | \$ 32,352  | \$ 22,987  | \$ 13,500  | \$ 16,000  | \$ 19,000  | \$24,000   |
| Auditing/Legal         | \$ 9,680   | \$ 9,705   | \$ 6,550   | \$ 10,100  | \$ 10,100  | \$10,100   |
| Bank Fees              | \$ 4,016   | \$ 3,571   | \$ 100     | \$ 4,000   | \$ 2,500   | \$4,000    |
| Telephone Expense      | \$ 5,004   | \$ 5,109   | \$ 2,500   | \$ 5,500   | \$ 5,000   | \$5,200    |
| Postage                | \$ 2,099   | \$ 2,565   | \$ 2,500   | \$ 2,500   | \$ 2,250   | \$3,000    |
| Equipment Maintenance  | \$ 16,955  | \$ 6,265   | \$ 4,000   | \$ 8,000   | \$ 16,843  | \$6,500    |
| Equipment Depreciation | \$ 8,157   | \$ 8,157   | \$ 3,000   | \$ 9,000   | \$ 8,157   | \$3,615    |
| Equipment Purchase     | \$ 3,088   | \$ 9,990   | \$ 1,500   | \$ 2,000   | \$ 1,500   | \$12,000   |
| Miscellaneous          | \$ 1,093   | \$ 915     | \$ 100     | \$ 1,000   | \$ 1,000   | \$1,000    |
| Total                  | \$ 452,701 | \$ 447,119 | \$ 397,853 | \$ 463,198 | \$ 431,112 | \$ 481,510 |
|                        | \$ 58,773  | \$ 175,586 | \$ -       | \$ 8,077   | \$ 51,238  | \$ 53,390  |

FREE WILL BAPTIST FOUNDATION  
SALARIES AND BENEFITS

| APPROVED                  |              | APPROVED                  |              |        | PROPOSED                  |              |
|---------------------------|--------------|---------------------------|--------------|--------|---------------------------|--------------|
| 2009                      |              | 2010                      |              | % Incr | 2011                      |              |
|                           |              |                           |              |        |                           |              |
| <u>David Brown</u>        |              | <u>David Brown</u>        |              |        | <u>David Brown</u>        |              |
| Salary                    | \$72,674.16  | Salary                    | \$72,674.16  | 0.00%  | Salary                    | \$75,581.13  |
| Social Security/Medicare  | \$6,288.30   | Social Security/Medicare  | \$6,288.30   |        | Social Security/Medicare  | \$6,539.83   |
| Retirement                | \$4,110.00   | Retirement                | \$4,110.00   |        | Retirement                | \$4,274.40   |
| Insurance Replacement     | \$9,525.84   | Insurance Replacement     | \$9,525.84   |        | Insurance Replacement     | \$9,906.87   |
| Life Insurance            | \$179.40     | Life Insurance            | \$179.40     |        | Life Insurance            | \$154.20     |
| Disability                | \$484.98     | Disability                | \$484.98     |        | Disability                | \$504.38     |
|                           | \$93,262.68  |                           | \$93,262.68  |        |                           | \$96,960.81  |
| <u>Richard Davis</u>      |              | <u>Richard Davis</u>      |              |        | <u>Richard Davis</u>      |              |
| Salary                    | \$53,000.00  | Salary                    | \$53,000.00  | 0.00%  | Salary                    | \$55,120.00  |
| Social Security/Medicare  | \$4,054.50   | Social Security/Medicare  | \$4,054.50   |        | Social Security/Medicare  | \$4,216.68   |
| Retirement                | \$2,650.00   | Retirement                | \$2,650.00   |        | Retirement                | \$2,756.00   |
| Hospitalization Insurance | \$13,712.52  | Hospitalization Insurance | \$12,368.64  |        | Hospitalization Insurance | \$12,891.50  |
| Life Insurance            | \$179.40     | Life Insurance            | \$179.40     |        | Life Insurance            | \$154.20     |
| Dental Insurance          | \$988.08     | Dental Insurance          | \$988.08     |        | Dental Insurance          | \$988.08     |
| Disability Insurance      | \$312.70     | Disability Insurance      | \$312.70     |        | Disability Insurance      | \$325.21     |
|                           | \$74,897.20  |                           | \$73,553.32  |        |                           | \$76,451.67  |
| <u>Dotty Moore</u>        |              | <u>Dotty Moore</u>        |              |        | <u>Dotty Moore</u>        |              |
| Salary                    | \$30,450.00  | Salary                    | \$30,450.00  | 0.00%  | Salary                    | \$31,668.00  |
| Soc Security/ Medicare    | \$2,329.43   | Soc Security/ Medicare    | \$2,329.43   |        | Soc Security/ Medicare    | \$2,422.60   |
| Retirement                | \$1,522.50   | Retirement                | \$1,522.50   |        | Retirement                | \$1,583.40   |
| Hospitalization Insurance | \$4,916.52   | Hospitalization Insurance | \$4,916.52   |        | Hospitalization Insurance | \$5,751.50   |
| Life Insurance            | \$133.80     | Life Insurance            | \$133.80     |        | Life Insurance            | \$107.40     |
| Dental Insurance          | \$350.52     | Dental Insurance          | \$350.52     |        | Dental Insurance          | \$280.08     |
| Disability Insurance      | \$179.66     | Disability Insurance      | \$179.66     |        | Disability Insurance      | \$186.84     |
|                           | \$39,882.42  |                           | \$39,882.42  |        |                           | \$41,999.82  |
| Total Salaries            | \$208,042.30 | Total Salaries            | \$206,698.42 |        | Total Salaries            | \$215,412.30 |



Home Missions North America Report 2009

Dear Friends of Home Missions,

Because of your faithful support, Free Will Baptists closed the year 2009 with no deficit missionary accounts and finished our year in the black. Our financial support remains strong and consistent. We are thankful to our Heavenly father for loyal supporters of our soul winning efforts in North America.

Church Planters Appointed

James and Tracey Kilgore, Greenfield, California  
Jeff and Heather Goodman, Marana, Arizona Team  
Josh and Ashley Bennett, Marana, Arizona Team  
Donnie and Susan Burke, Castle Rock, Colorado  
Darren and Joy Alvis, Buffalo, New York Team  
Tim and Jessica Hodges, Colorado Springs, Colorado Team

Mexico and Hispanic Ministries

The churches in Mexico are growing in number as both associations have strong church planting programs. Our seminaries continue training nationals for an effective ministry. The Gwen Hendrix Hispanic Seminary in Inman, South Carolina has graduated one hundred and twenty missionaries, pastors and lay workers for the United States outreach.

Missionary Chaplains

Our department continues to endorse chaplains for the United States Army, Air Force, Navy, National Guard and Reserves. They are missionaries to the military winning hundreds of precious service men and women to Jesus in the United States and around our world. Thank you for our prayers for our brave men and women in uniform.



### 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. 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 21, 2009

A motion was made that we give recognition and commendation to church planters who have brought their missions to self-supporting status, Chad Kivette, Scott Real and Jarvis Reed. M/S/C

A motion was made that our chairman, Randy Wright, give special recognition at the National Convention in Cincinnati, Ohio to board members Loyd Locklear and Jim Puckett. M/S/C

The personnel committee recommends to the National Home Mission Board that we hire Donnie and Susan Burke as missionaries to Castle Rock, Colorado. M/S/C to accept personnel committee's recommendation.

#### July 22, 2009

M/S/C to receive Jeff Goodman and Josh Bennett as National Home Missionaries to Marana, Arizona to plant a Free Will Baptist church.

#### September 14, 2009

James and Tracey Kilgore have applied for joint project church planter to Greenfield, California. The project will be between James Kilgore, the National Home Missions Department and the California State Home Missions Board. Brother Kilgore plans to rent a location in Greenfield to start a church until the size warrants buying property and building. M/S/C to partner with California Home Missions as a joint home missions project with James Kilgore in Greenfield, California.

#### December 7-9, 2009

The Finance Committee recommends that we give approximately \$27,500.00 each to Howard Gwartney, Florence, Arizona and Allen Hall, York, Pennsylvania from the Build My Church Endowment. M/S/C



**BELLENFANT + MILES, PLLC**  
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, 2009 and 2008, 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 the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2009 and 2008, 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.

February 23, 2010

*Bellenfant & Miles, PLLC*

**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, 2009 and 2008**

ASSETS

|   | 2009                | 2008                |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Cash  | \$ 547,372          | \$ 550,539          |
| Investments   | 5,133               | 4,463               |
| Investments in Church Extension Fund  | 506,781             | 259,948             |
| Accounts receivable - related party   | 177,248             | 403,764             |
| Inventory   | 31,085              | 27,674              |
| Property & equipment, at cost less accumulated<br>less accumulated depreciation of \$107,315<br>(\$102,291 in 2008) | 177,057             | 165,579             |
| <b>TOTAL ASSETS</b>   | <u>\$ 1,444,676</u> | <u>\$ 1,411,967</u> |

LIABILITIES AND NET ASSETS

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| <b>LIABILITIES</b>                    |               |               |
| Accounts payable and accrued expenses | \$ 28,550     | \$ 6,670      |
| Capital lease payable                 | 4,704         | 8,006         |
| <b>Total liabilities</b>              | <u>33,254</u> | <u>14,676</u> |

COMMITMENTS

NET ASSETS

|   |                     |                     |
|---|---------------------|---------------------|
| Unrestricted                            | 1,032,841           | 982,390             |
| Operating                               | 343,255             | 343,255             |
| Board designated                        | 1,376,096           | 1,325,645           |
| <b>Total Unrestricted</b>               | <u>35,326</u>       | <u>71,646</u>       |
| Temporarily Restricted                  | 1,411,422           | 1,397,291           |
| <b>Total net assets</b>                 | <u>\$ 1,444,676</u> | <u>\$ 1,411,967</u> |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 1,444,676</u> | <u>\$ 1,411,967</u> |

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, 2009 and 2008

|  | 2009         | 2008         |
|--|--------------|--------------|
| <b>UNRESTRICTED</b>                                      |              |              |
| <b>REVENUES</b>  |              |              |
| Cooperative program                                      | \$ 184,751   | \$ 390,042   |
| Designated contributions                                 | 782,835      | 800,377      |
| Management fees - Note 4                                 | 192,000      | 192,000      |
| Interest income  | 29,192       | 18,292       |
| Dividend income  | -            | 4            |
| Gain (loss) on sale of property & equipment              | 1,793        | -            |
| Unrealized gain (loss) on value of investment            | 2,785        | (7,851)      |
| Net assets released from restrictions:                   |              |              |
| Restrictions satisfied by payments                       | 3,314,360    | 3,468,011    |
| Total revenue  | 4,507,716    | 4,860,875    |
| <b>EXPENSES</b>  |              |              |
| Administrative expenses                                  | 1,142,905    | 1,192,285    |
| Missionary expenses                                      | 3,047,704    | 3,195,376    |
| Missionary land & building                               | 266,656      | 272,635      |
| Total expenses   | 4,457,265    | 4,660,296    |
| Increase (decrease) in unrestricted net assets           | 50,451       | 200,579      |
| <b>TEMPORARILY RESTRICTED</b>                            |              |              |
| <b>REVENUES</b>  |              |              |
| Cooperative program                                      | 742,111      | 922,174      |
| Designated contributions                                 | 2,535,929    | 2,528,171    |
| Net assets released from restrictions:                   |              |              |
| Restrictions satisfied by payments                       |              |              |
| Missionary expenses                                      | (3,047,704)  | (3,195,376)  |
| Missionary land & building                               | (266,656)    | (272,635)    |
| Increase (decrease) in temporarily restricted net assets | (36,320)     | (17,666)     |
| Total increase (decrease) in net assets                  | 14,131       | 182,913      |
| Net assets - beginning of year                           | 1,397,291    | 1,214,378    |
| Net assets - end of year                                 | \$ 1,411,422 | \$ 1,397,291 |

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, 2009 and 2008

|  | 2009       | 2008       |
|--|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |            |            |
| Increase (decrease) in net assets  | \$ 14,131  | \$ 182,913 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |            |            |
| Deprecation  | 24,597     | 24,425     |
| (Gain) loss on sale of property & equipment  | (1,793)    | -          |
| (Gain) loss on value of investment   | (2,785)    | 7,851      |
| Changes in operating assets and liabilities:   |            |            |
| (Increase) decrease in receivables   | 226,516    | (281,494)  |
| (Increase) decrease in inventories   | (3,411)    | 3,414      |
| Increase (decrease) in accounts payable and accrued expenses                                       | 21,880     | (2,625)    |
| Net Cash Provided (Used) By Operating Activities   | 279,135    | (65,516)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |            |            |
| Redemption of investments  | 188,226    | 124,162    |
| Acquisition of investments   | (432,944)  | (18,176)   |
| Proceeds from the sale of property & equipment   | 3,000      | -          |
| Purchases of property and equipment  | (37,282)   | (9,243)    |
| Net Cash Provided (Used) By Investing Activities   | (279,000)  | 96,743     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |            |            |
| Capital lease payments made  | (3,302)    | (3,120)    |
| Net Cash Provided (Used) by Financing Activities   | (3,302)    | (3,120)    |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | (3,167)    | 28,107     |
| Cash and cash equivalents at beginning of years  | 550,539    | 522,432    |
| Cash and cash equivalents at end of years  | \$ 547,372 | \$ 550,539 |
| <b>SUPPLEMENTAL DISCLOSURES</b>  |            |            |
| Interest paid  | \$ 520     | \$ 552     |

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.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

**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 2009 or 2008.

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 statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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, 2009 and 2008.

**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, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED**

**Contributions:**

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, 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, 2009 and 2008**

**2. PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

|                                | 2009              | 2008              |
|--------------------------------|-------------------|-------------------|
| Land - Puerto Rico             | \$ 105,000        | \$ 105,000        |
| Automobile                     | 66,699            | 61,161            |
| Office furniture & equipment   | 112,673           | 101,709           |
|                                | 284,372           | 267,870           |
| Less: Accumulated depreciation | (107,315)         | (102,291)         |
|                                | <u>\$ 177,057</u> | <u>\$ 165,579</u> |
| Depreciation for the year      | <u>\$ 24,597</u>  | <u>\$ 24,425</u>  |

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|                            | 2009             | 2008             |
|----------------------------|------------------|------------------|
| Missionaries               | \$ 31,721        | \$ 68,041        |
| Church Extension Loan Fund | 3,605            | 3,605            |
|                            | <u>\$ 35,326</u> | <u>\$ 71,646</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 (\$192,000 at December 31, 2008) 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 \$506,781 (\$259,948 at December 31, 2008). 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 \$177,248 (\$403,764 at December 31, 2008).

**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, 2009 and 2008**

**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 \$50,405 (\$56,247 for the year ended December 31, 2008).

**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. At December 31, 2009, the excess amount over the federally insured limit was \$297,373 (\$300,539 in 2008). 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 \$506,781 (\$259,948 in 2008) 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, 2009 and 2008

9. INVESTMENTS

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

|                   | December 31, 2009 |            |  |
|-------------------|-------------------|------------|--|
|                   | Cost              | Fair Value | Unrealized Appreciation (Depreciation) |
| Equity securities | \$ 144,684        | \$ 5,133   | \$ (139,551)                           |

Investment return is summarized as follows:

|   |          |
|---|----------|
| Net realized and unrealized income (loss) | \$ 2,785 |
|---|----------|

|                   | 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) |
|---|------------|

This investment is on Level 1 in the fair value measurements as prescribed by the requirements of the FASB Accounting Standards Codification. 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 \$49,516 (\$52,484 in 2008). 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, 2009 and 2008

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:

|   |          |
|---|----------|
| 2010  | \$ 3,672 |
| 2011  | 1,224    |
|   | 4,896    |
|   | (192)    |
| Less amount representing interest           |          |
| Present value of net minimum lease payments | \$ 4,704 |

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

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through February 23, 2010 which is the date the financial statements were available to be issued.



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, 2009 and 2008

|   | 2009         | 2008         |
|---|--------------|--------------|
| <b>ADMINISTRATIVE EXPENSES</b>          |              |              |
| Salaries and wages                      | \$ 316,193   | \$ 318,527   |
| Payroll taxes                           | 11,654       | 12,831       |
| Housing allowance and employee benefits | 75,415       | 74,194       |
| Retirement                              | 7,831        | 8,499        |
| Cost of literature                      | 11,954       | 6,333        |
| Promotion expense                       | 119,087      | 158,108      |
| Utilities                               | 16,985       | 17,950       |
| Office expense                          | 37,053       | 34,237       |
| Printing and postage                    | 87,583       | 106,007      |
| Rent expense                            | 50,405       | 57,264       |
| Professional fees                       | 6,950        | 6,500        |
| Auto and travel expense                 | 224,919      | 182,312      |
| Board meeting expense                   | 14,135       | 13,875       |
| Insurance expense                       | 73,632       | 78,099       |
| Telephone                               | 3,398        | 3,451        |
| Together Way Office                     | -            | 1,274        |
| Scholarships                            | 1,000        | 3,000        |
| Flowers and gifts                       | 3,375        | 2,950        |
| Bank service charges                    | -            | 49           |
| Miscellaneous                           | 4,866        | 14,194       |
| One magazine                            | 51,353       | 67,654       |
| Interest expense                        | 520          | 552          |
| Depreciation                            | 24,597       | 24,425       |
| Total administrative expenses           | 1,142,905    | 1,192,285    |
| <b>MISSIONARY EXPENSES</b>              |              |              |
| Salary and wages                        | 2,487,879    | 2,639,226    |
| Retirement                              | 41,685       | 43,985       |
| Promotion expense                       | 3,842        | 19,468       |
| Printing and postage                    | 93,636       | 105,171      |
| Literature                              | 78,111       | 78,472       |
| Auto and travel expense                 | 164,226      | 178,398      |
| Insurance expense                       | 35,640       | 40,166       |
| Designated contributions                | 33,786       | 36,332       |
| Miscellaneous other expense             | 108,899      | 54,158       |
| Total missionary expenses               | 3,047,704    | 3,195,376    |
| <b>MISSIONARY LAND &amp; BUILDINGS</b>  | 266,656      | 272,635      |
| Total Expenses                          | \$ 4,457,265 | \$ 4,660,296 |

|   | 2009        | 2010         | 2011         |
|---|-------------|--------------|--------------|
| <b>General Director: Larry Powell</b>                     |             |              |              |
| Salary  | \$63,766.04 | \$65,301.32  | \$67,560.35  |
| Housing   | \$18,000.00 | \$18,000.00  | \$18,000.00  |
| Utilities   | \$3,000.00  | \$3,100.00   | \$3,200.00   |
| Retirement  | \$3,838.20  | \$3,915.00   | \$4,278.01   |
| Insurance*  | \$10,701.19 | \$10,701.19  | \$11,000.00  |
| <b>TOTALS</b>   | \$99,305.43 | \$101,017.51 | \$104,038.36 |
| Office car furnished                                      |             |              |              |
| <b>Director of Missionary Assistance: Richard Atwood</b>  |             |              |              |
| Salary  | \$47,150.00 | \$48,425.00  | \$50,525.75  |
| Housing   | \$21,600.00 | \$21,600.00  | \$21,600.00  |
| Utilities   | \$3,000.00  | \$3,100.00   | \$3,200.00   |
| Retirement  | \$3,187.44  | \$3,251.16   | \$3,606.28   |
| Insurance*  | \$14,988.91 | \$14,988.91  | \$15,500.00  |
| <b>TOTALS</b>   | \$89,926.35 | \$91,365.07  | \$94,432.03  |
| Office car furnished                                      |             |              |              |
| <b>Director of Church Growth/Development: David Crowe</b> |             |              |              |
| Salary  | \$50,750.00 | \$52,025.00  | \$54,125.75  |
| Housing   | \$18,000.00 | \$18,000.00  | \$18,000.00  |
| Utilities   | \$3,000.00  | \$3,100.00   | \$3,200.00   |
| Retirement  | \$3,187.44  | \$3,251.16   | \$3,606.28   |
| Insurance*  | \$14,988.91 | \$14,988.91  | \$15,500.00  |
| <b>TOTALS</b>   | \$89,926.35 | \$91,365.07  | \$94,432.03  |
| Office car furnished                                      |             |              |              |
| Insurance: Travel, Life, Health, Dental                   |             |              |              |

| Year 2009:                  | Adm. Budget    | Actual Expenses | Missionary Budget | Actual Expenses | Total Budget   | Total Expenses |
|-----------------------------|----------------|-----------------|-------------------|-----------------|----------------|----------------|
| Salaries/Housing            | \$475,000.00   | \$373,793.76    | \$3,000,000.00    | \$2,487,879.05  | \$3,475,000.00 | \$2,861,672.81 |
| Personal Revivals           | \$15,000.00    | \$15,000.00     |                   |                 | \$15,000.00    | \$15,000.00    |
| Retirement                  | \$10,000.00    | \$7,830.75      | \$55,000.00       | \$41,684.98     | \$65,000.00    | \$49,515.73    |
| Insurance                   | \$80,000.00    | \$73,632.06     | \$45,000.00       | \$35,639.75     | \$125,000.00   | \$109,271.81   |
| Health Spending             | \$10,000.00    | \$2,814.98      |                   |                 | \$10,000.00    | \$2,814.98     |
| Auto and Travel             | \$150,000.00   | \$224,919.04    | \$250,000.00      | \$164,225.75    | \$400,000.00   | \$389,144.79   |
| Postage                     | \$25,000.00    | \$39,296.19     | \$55,000.00       | \$34,790.60     | \$80,000.00    | \$74,086.79    |
| Printing                    | \$65,000.00    | \$48,286.15     | \$70,000.00       | \$58,845.17     | \$135,000.00   | \$107,131.32   |
| Promotion/Advertising       | \$70,000.00    | \$119,087.04    | \$8,000.00        | \$3,842.42      | \$78,000.00    | \$122,929.46   |
| Office Supplies/Maintenance | \$30,000.00    | \$37,572.31     |                   |                 | \$30,000.00    | \$37,572.31    |
| Copier Lease                | \$4,000.00     | \$0.00          |                   |                 | \$4,000.00     | \$0.00         |
| Utilities                   | \$15,000.00    | \$16,984.85     |                   |                 | \$15,000.00    | \$16,984.85    |
| Board Expense               | \$15,000.00    | \$14,135.04     |                   |                 | \$15,000.00    | \$14,135.04    |
| Literature                  | \$25,000.00    | \$11,954.13     | \$90,000.00       | \$78,110.83     | \$115,000.00   | \$90,064.96    |
| Rent                        | \$60,000.00    | \$50,405.00     |                   |                 | \$60,000.00    | \$50,405.00    |
| Phone and FAX               | \$5,000.00     | \$3,398.00      |                   |                 | \$5,000.00     | \$3,398.00     |
| Depreciation                | \$15,000.00    | \$24,596.60     |                   |                 | \$15,000.00    | \$24,596.60    |
| Payroll Taxes               | \$12,000.00    | \$9,444.78      |                   |                 | \$12,000.00    | \$9,444.78     |
| Medicare Taxes              | \$3,000.00     | \$2,208.86      |                   |                 | \$3,000.00     | \$2,208.86     |
| Legal and Audit             | \$7,000.00     | \$6,950.00      |                   |                 | \$7,000.00     | \$6,950.00     |
| Together Way                | \$1,500.00     | \$0.00          |                   |                 | \$1,500.00     | \$0.00         |
| Misc.                       | \$2,500.00     | \$4,866.20      | \$40,000.00       | \$24,899.38     | \$42,500.00    | \$29,765.58    |
| Scholarships                | \$5,000.00     | \$1,000.00      |                   |                 | \$5,000.00     | \$1,000.00     |
| Flowers/Gifts               | \$2,000.00     | \$3,375.27      |                   |                 | \$2,000.00     | \$3,375.27     |
| Misc. Receipts              |                |                 | \$25,000.00       | \$62,342.97     | \$25,000.00    | \$62,342.97    |
| Land/Building               |                |                 | \$250,000.00      | \$266,656.71    | \$250,000.00   | \$266,656.71   |
| Foreign Missions Exchange   |                |                 | \$10,000.00       | \$21,656.57     | \$10,000.00    | \$21,656.57    |
| ONE Magazine                |                |                 |                   |                 |                | \$51,353.12    |
| TOTALS                      | \$1,102,000.00 | \$1,142,904.13  | \$3,898,000.00    | \$3,280,574.18  | \$5,000,000.00 | \$4,423,478.31 |

# 2011 Budget

|                      | Administrative | Missionary     | Total          |
|----------------------|----------------|----------------|----------------|
| Salaries/Housing     | \$475,000.00   | \$3,000,000.00 | \$3,475,000.00 |
| Retirement           | \$10,000.00    | \$45,000.00    | \$55,000.00    |
| Insurance            | \$80,000.00    | \$40,000.00    | \$120,000.00   |
| Auto and Travel      | \$200,000.00   | \$200,000.00   | \$400,000.00   |
| Postage              | \$40,000.00    | \$40,000.00    | \$80,000.00    |
| Printing             | \$50,000.00    | \$60,000.00    | \$110,000.00   |
| Promotion/Adv.       | \$100,000.00   | \$5,000.00     | \$105,000.00   |
| Off. Supplies/Maint. | \$35,000.00    |                | \$35,000.00    |
| ONE Magazine         | \$67,000.00    |                | \$67,000.00    |
| Utilities            | \$15,000.00    |                | \$15,000.00    |
| Board Expense        | \$15,000.00    | \$80,000.00    | \$90,000.00    |
| Literature           | \$10,000.00    |                | \$60,000.00    |
| Rent                 | \$60,000.00    |                | \$4,000.00     |
| Phone/Fax            | \$4,000.00     |                | \$20,000.00    |
| Depreciation         | \$20,000.00    |                | \$10,000.00    |
| Payroll Taxes        | \$10,000.00    |                | \$2,500.00     |
| Medicare Taxes       | \$2,500.00     |                | \$7,000.00     |
| Legal/Audit          | \$7,000.00     |                | \$37,500.00    |
| Misc.                | \$2,500.00     | \$35,000.00    | \$4,000.00     |
| Scholarships         | \$4,000.00     |                | \$3,000.00     |
| Flowers/Gifts        | \$3,000.00     |                | \$25,000.00    |
| Misc. Receipts       |                | \$25,000.00    | \$25,000.00    |
| Land/Building        |                | \$250,000.00   | \$250,000.00   |
| FM Exchange          |                | \$10,000.00    | \$10,000.00    |
| TOTALS               | \$1,210,000.00 | \$3,790,000.00 | \$5,000,000.00 |



## 2011 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   | \$20,000.00    |
| Pennsylvania   | \$30,000.00    |
| Rhode Island   | \$5,000.00     |
| 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 |

## 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    | \$90,000.00    | \$105,000.00   |
| Rent                 | \$60,000.00    |                | \$60,000.00    |
| Phone/Fax            | \$5,000.00     |                | \$5,000.00     |
| Depreciation         | \$15,000.00    |                | \$15,000.00    |
| Payroll Taxes        | \$12,000.00    |                | \$12,000.00    |
| Medicare Taxes       | \$3,000.00     |                | \$3,000.00     |
| Legal/Audit          | \$7,000.00     |                | \$7,000.00     |
| 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 |



**BELLENFANT + MILES, PLLC**  
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 the Church Extension Loan Fund (a nonprofit organization), as of December 31, 2009 and 2008, 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 Church Extension Loan Fund, as of December 31, 2009 and 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.

*Bellenfant & Miles, PLLC*

February 23, 2010

**CHURCH EXTENSION LOAN FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 and 2008**

|  | <u>2009</u>          | <u>2008</u>          |
|--|----------------------|----------------------|
| <u>ASSETS</u>  |                      |                      |
| ASSETS   | \$ 2,255,192         | \$ 836,779           |
| Cash   |                      |                      |
| Notes receivable, net of allowance<br>for doubtful accounts of \$54,980<br>(\$-0- in 2008)       | 33,793,079           | 30,502,464           |
| Accrued interest receivable  | 211,550              | 190,640              |
| Prepaid unrelated business taxes   | 1,200                | 244                  |
| Property & equipment, at cost<br>less accumulated depreciation of \$17,860<br>(\$13,430 in 2008) | 48,160               | 20,487               |
| <b>TOTAL ASSETS</b>  | <b>\$ 36,309,181</b> | <b>\$ 31,550,614</b> |
| <u>LIABILITIES AND NET ASSETS</u>  |                      |                      |
| LIABILITIES  | \$ 177,247           | \$ 403,764           |
| Accounts payable - related party   | 369                  | 315                  |
| Accrued interest   | 1,689,403            | 1,746,427            |
| Revocable and irrevocable trusts   | 32,174,608           | 27,214,751           |
| Notes payable  | 686                  | 31,636               |
| Other accrued liabilities  |                      |                      |
| <b>Total liabilities</b>   | <b>34,042,313</b>    | <b>29,396,893</b>    |
| <b>NET ASSETS</b>  | <b>2,266,868</b>     | <b>2,153,721</b>     |
| Unrestricted   |                      |                      |
| <b>Total net assets</b>  | <b>2,266,868</b>     | <b>2,153,721</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>\$ 36,309,181</b> | <b>\$ 31,550,614</b> |

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



**CHURCH EXTENSION LOAN FUND**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|   | 2009                | 2008                |
|---|---------------------|---------------------|
| <b>OPERATING</b>                                  |                     |                     |
| <b>REVENUES</b>                                   |                     |                     |
| Investment income                                 | \$ 23,611           | \$ 11,025           |
| Interest income on notes receivable               | 2,369,777           | 2,059,801           |
| Loss on sale of property and equipment            | (739)               |                     |
| Total revenue                                     | <u>2,392,649</u>    | <u>2,070,826</u>    |
| <b>EXPENSES</b>                                   |                     |                     |
| Interest expense                                  | 1,737,914           | 1,382,184           |
| Office expense                                    | 5,744               | 4,434               |
| Management fee - Note 4                           | 192,000             | 192,000             |
| Promotion   | 100                 | -                   |
| Postage   | -                   | 241                 |
| Professional fees                                 | 9,200               | 7,951               |
| Director compensation                             | -                   | 18,479              |
| Depreciation                                      | 5,463               | 5,817               |
| Build My Church Project expense                   | 55,000              | 55,000              |
| Transfer to Free Will Baptists Home Missions      | 332,248             | 403,764             |
| Bad debt expense                                  | 54,980              | -                   |
| Unrelated business income tax                     | -                   | 956                 |
| Total expenses                                    | <u>2,392,649</u>    | <u>2,070,826</u>    |
| Increase (decrease) in operating net assets       | <u>-</u>            | <u>-</u>            |
| <b>BUILD MY CHURCH - NOTE 5</b>                   |                     |                     |
| <b>REVENUES</b>                                   |                     |                     |
| Designated Contributions                          | 113,147             | 39,645              |
| <b>EXPENSES</b>                                   |                     |                     |
| Increase (decrease) in Build My Church net assets | <u>113,147</u>      | <u>39,645</u>       |
| Total increase (decrease) in net assets           | <u>113,147</u>      | <u>39,645</u>       |
| Net assets - beginning of year                    | <u>2,153,721</u>    | <u>2,114,076</u>    |
| Net assets - end of year                          | <u>\$ 2,266,868</u> | <u>\$ 2,153,721</u> |

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

**CHURCH EXTENSION LOAN FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|  | 2009                | 2008                |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |                     |
| Increase (decrease) in net assets  | \$ 113,147          | \$ 39,645           |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                     |                     |
| Depreciation   | 5,463               | 5,817               |
| Compensation of director   | -                   | 18,479              |
| Loss on disposition of property and equipment  | 739                 | -                   |
| Changes in operating assets and liabilities:   |                     |                     |
| (Increase) decrease in accrued interest receivable   | (20,910)            | (34,484)            |
| (Increase) decrease in prepaid unrelated business income tax                                       | (956)               | (244)               |
| Increase (decrease) in accounts payable  | (226,517)           | 281,494             |
| Increase (decrease) in accrued interest payable  | 54                  | 33                  |
| Increase (decrease) in other accrued liabilities   | (30,950)            | -                   |
| Increase (decrease) in unrelated business income tax   | -                   | (784)               |
| Net Cash Provided (Used) By Operating Activities   | <u>(159,930)</u>    | <u>309,956</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |                     |
| Additions to notes and bonds receivable  | (5,546,890)         | (8,117,037)         |
| Collection on notes receivable   | 2,201,295           | 2,599,492           |
| Increase in allowance for doubtful accounts  | 54,980              | -                   |
| Purchases of new equipment   | (33,875)            | -                   |
| Net Cash Provided (Used) By Investing Activities   | <u>(3,324,490)</u>  | <u>(5,517,545)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                     |                     |
| Additions to trust   | 107,437             | 93,764              |
| Terminations of trust  | (164,461)           | (104,606)           |
| Repayment of installment note payable  | -                   | (18,837)            |
| Additions to notes payable   | 10,412,903          | 10,509,511          |
| Repayment of notes payable   | (5,453,046)         | (4,842,753)         |
| Net Cash Provided (Used) by Financing Activities   | <u>4,902,833</u>    | <u>5,637,079</u>    |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <u>1,418,413</u>    | <u>429,490</u>      |
| Cash and cash equivalents at beginning of years  | <u>836,779</u>      | <u>407,289</u>      |
| Cash and cash equivalents at end of years  | <u>\$ 2,255,192</u> | <u>\$ 836,779</u>   |
| <b>SUPPLEMENTAL DISCLOSURES</b>  |                     |                     |
| Interest received  | <u>\$ 2,414,298</u> | <u>\$ 2,036,342</u> |
| Interest paid  | <u>\$ 1,737,968</u> | <u>\$ 1,382,151</u> |

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

**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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 \$-0- unrelated business income for 2009 (\$7,375 for 2008).

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 requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, 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 requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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.

**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 2008) 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:

|            |                      |
|------------|----------------------|
| 2010       | \$ 1,699,520         |
| 2011       | 1,831,458            |
| 2012       | 1,973,639            |
| 2013       | 2,126,857            |
| 2014       | 2,291,971            |
| Thereafter | 23,869,634           |
|            | <u>\$ 33,793,079</u> |



**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED**

**Allowance for Doubtful Accounts**

Management considers most of the notes receivable to be fully collectible. However, there was one note that management feels it will have trouble collecting. Accordingly, an allowance for doubtful accounts of \$54,980 has been recorded.

**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:

|                                | 2009             | 2008             |
|--------------------------------|------------------|------------------|
| Automobile                     | \$ 21,837        | \$ 21,837        |
| Office equipment               | 44,183           | 12,080           |
|                                | 66,020           | 33,917           |
| Less: Accumulated depreciation | (17,860)         | (13,430)         |
|                                | <u>\$ 48,160</u> | <u>\$ 20,487</u> |

**3. NOTES PAYABLE**

Notes payable consist of 4 - 5.5% (4 - 5.5% in 2008) 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 (\$192,000 at December 31, 2008) 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 \$332,248 (\$403,764 at December 31, 2008).

**CHURCH EXTENSION LOAN FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 and 2008**

**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 (\$55,000 at December 31, 2008) 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 \$2,237,385 (\$2,124,237 at December 31, 2008).

**6. CONCENTRATION OF CREDIT RISK**

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2009, the excess amount over the federally insured limit was \$1,505,152 (\$336,779 in 2008). 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, 2009 and 2008.

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, 2009 and 2008.

**8. CONCENTRATION**

Included in notes receivable at December 31, 2009 are forty-six loans which total \$19,145,863 (forty-three loans which total \$20,388,692 in 2008). This balance represents 56.56% (66.84% in 2008) of total notes receivable.

**CHURCH EXTENSION LOAN FUND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

**8. CONCENTRATION (CONTINUED)**

Notes payable include forty-eight notes which total \$17,167,663 or 53.36% (forty-one notes which total \$13,711,641 or 50.38% in 2008) of total notes payable. Of these forty-eight (forty-one in 2008) notes payable, six total \$5,344,846 or 16.61% (five notes total \$4,306,006 or 15.82% in 2008) of total notes payable.

**9. REVOCABLE AND IRREVOCABLE TRUSTS**

Eleven 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, 2009 amounted to \$128,190 (\$135,317 at December 31, 2008).

**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:

|                 | 2009        | 2008          |
|-----------------|-------------|---------------|
| Current payable | \$ -        | \$ 956        |
| Deferred taxes  | -           | -             |
|                 | <u>\$ -</u> | <u>\$ 956</u> |

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through February 23, 2010 which is the date the financial statements were available to be issued.



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

**General Director's Report**

We entered 2009 somewhat apprehensive because of the financial situation in America. But God always has the answers. We were able to start nine new groups in 2009 as well as provide encouragement to and opportunities for service. The Lord provided several opportunities for me to speak during the year. In addition to men's meetings, I was able to speak at couple's retreats, youth camps, mission trips, as well as many churches.

In March we held our annual Deep South Golf Tournament in Fort Gaines, Georgia. Fifty-six men enjoyed two plus days of golf before rain halted play.

Master's Men helped recruit and were involved in Impact Cincinnati. During the 2009 National Convention, we presented Tom Harmon of Rescue Free Will Baptist Church in Ewing, Illinois as our Man of the Year.

We started August as usual with our National Golf and Softball Tournaments. Hot and dry was what the weekend provided for our participants. During the middle of the month we were back in New Durham, New Hampshire for phase three of the Ridge Church Restoration Project. During this week we were able to finish the outside by painting the bell tower. We also painted the sanctuary.

The last weekend in September and the first weekend in October we partnered with Home Missions North America for Operation Saturation. We helped Home Missionary Jeff Issacs in Battle Creek, Michigan set new records as they held their first service in their new location. The next weekend we were in West Tennessee with veteran Home Missionary Tim Osborne to participate in a citywide event.

Under the direction of Illinois State Master's Men President Tom Harmon and Illinois pastor Bryant Harris, the Master's Men Build A House project was started, finished, and sold, helping support the Master's Men general fund.

We appreciate all the churches, Master's Men chapters, and individuals that supported Master's Men financially during 2009 by giving through dues, gifts, and the Father's Day Offering.

Your fellow servant,

*Kenneth W. Akers*

Kenneth W. Akers, General Director

**Synopsis of 2009 Board Meetings**

**October 5, 2009**

Eight members met via conference call. Heard and approved financial report. Elected new officers. Heard and approved Director's report. Scheduled next meeting.

**November 30, 2009**

Seven members met via conference call. Received minutes and financial reports, reviewed and approved both. Approved distribution of DRT funds to help provide equipment to other states. Received and approved Director's report. Approved lowering yearly dues. Approved 2011 budget. Scheduled next meeting.



**TAMARA L. BECKMAN**  
CERTIFIED PUBLIC ACCOUNTANT

6 SOUTH MADISON AVENUE  
COOKEVILLE, TN 38501  
OFFICE (931) 526-5489  
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To the Board of Directors of  
The Master's Men  
Antioch, Tennessee

# INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of The Master's Men (a nonprofit organization) as of December 31, 2009, 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, 2009, 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 30, 2010  
Cookeville, Tennessee

## **THE MASTER'S MEN** **STATEMENT OF FINANCIAL POSITION** **DECEMBER 31, 2009**

### Assets

|                                 |    |                   |                      |
|---------------------------------|----|-------------------|----------------------|
| Current Assets                  |    |                   |                      |
| Cash                            | \$ | 14,085.41         |                      |
| Disaster Relief Trust           |    | 90,162.62         |                      |
| Revocable Trust-Master's Men    |    | 517.70            |                      |
| Revocable Trust-Build A House   |    | 594.03            |                      |
| Endowment-Lifetime Member       |    | 83,744.28         |                      |
| Accounts Receivable             |    | 53,150.62         |                      |
| Inventory                       |    | <u>430.00</u>     |                      |
| Total Current Assets            |    |                   | \$ 242,684.66        |
| Fixed Assets                    |    |                   |                      |
| Equipment and Furniture         |    | 87,842.82         |                      |
| Accum. Depreciation—Equip/Furn. |    | (60,253.57)       |                      |
| Capitalized Leases              |    | 4,017.80          |                      |
| Accum. Amortization—Cap. Leases |    | <u>(3,717.12)</u> |                      |
| Total Fixed Assets              |    |                   | <u>27,889.93</u>     |
| Total Assets                    |    |                   | <u>\$ 270,574.59</u> |

### Liabilities

|                           |  |               |          |
|---------------------------|--|---------------|----------|
| Current Liabilities       |  |               |          |
| Accounts Payable          |  | 4,350.00      |          |
| Payroll Tax Payable       |  | <u>313.45</u> |          |
| Total Current Liabilities |  |               | 4,663.45 |

### Net Assets

|                                  |  |                   |                      |
|----------------------------------|--|-------------------|----------------------|
| Temporarily Restricted           |  | 267,411.32        |                      |
| Unrestricted                     |  | <u>(1,500.18)</u> |                      |
| Total Net Assets                 |  |                   | <u>265,911.14</u>    |
| Total Liabilities and Net Assets |  |                   | <u>\$ 270,574.59</u> |

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|  | Temporarily<br>Restricted Assets | Unrestricted  | Total         |
|--|----------------------------------|---------------|---------------|
| <b>Revenues &amp; Gains</b>                  |                                  |               |               |
| Gifts and Donations                          | \$ 1,250.00                      | \$ 21,588.45  | \$ 22,838.45  |
| Dues from Members                            | -                                | 13,042.17     | 13,042.17     |
| Cooperative Program                          | -                                | 70,786.91     | 70,786.91     |
| BAH Sale Income                              | 34,291.63                        | -             | 34,291.63     |
| Promotion/Sales/Other Income                 | -                                | 9,806.18      | 9,806.18      |
| Tournament & Conference Income               | -                                | 31,148.65     | 31,148.65     |
| Gain on Disposal of Vehicle                  | -                                | 5,500.00      | 5,500.00      |
| Interest Income                              | -                                | 5,543.82      | 5,543.82      |
| Total Revenues & Gains                       | 35,541.63                        | 157,416.18    | 192,957.81    |
| <b>Net Assets Released from Restrictions</b> |                                  |               |               |
| Disaster Relief                              | (1,482.94)                       | 1,482.94      | -             |
| Build A House                                | -                                | -             | -             |
| Lifetime Memberships                         | -                                | -             | -             |
| Total Revenues, Gains & Other Support        | \$ 34,058.69                     | \$ 158,899.12 | \$ 192,957.81 |
| <b>Expenses</b>                              |                                  |               |               |
| Salaries and Wages                           | -                                | 70,224.07     | 70,224.07     |
| PR Taxes and Benefits                        | -                                | 11,934.66     | 11,934.66     |
| Cost of Sales and Printing                   | -                                | 9,102.82      | 9,102.82      |
| Travel Expense                               | -                                | 8,777.49      | 8,777.49      |
| Conferences & Conventions                    | -                                | 1,546.52      | 1,546.52      |
| Office Expense                               | -                                | 3,216.73      | 3,216.73      |
| Equipment Expense                            | -                                | 3,610.71      | 3,610.71      |
| Telephone                                    | -                                | 3,153.63      | 3,153.63      |
| Postage                                      | -                                | 1,468.30      | 1,468.30      |
| Rent Expense                                 | -                                | 20,292.00     | 20,292.00     |
| Professional Fees                            | -                                | 2,000.00      | 2,000.00      |
| Bookkeeping Expense                          | -                                | 825.00        | 825.00        |
| Ministry & Resource Development              | -                                | 3,772.93      | 3,772.93      |
| Tournament Expense                           | -                                | 23,555.29     | 23,555.29     |
| Depreciation Expense                         | -                                | 6,708.25      | 6,708.25      |
| Amortization Expense                         | -                                | 200.89        | 200.89        |
| Miscellaneous Expense                        | -                                | 1,386.36      | 1,386.36      |
| Total Expenses                               | \$ -                             | \$ 171,775.65 | \$ 171,775.65 |
| Change in Net Assets                         | 34,058.69                        | (12,876.53)   | 21,182.16     |
| Net Assets-Beginning of Year                 | 233,352.63                       | 11,376.35     | 244,728.98    |
| Net Assets-End of Year                       | \$ 267,411.32                    | \$ (1,500.18) | \$ 265,911.14 |

The accompanying notes are an integral part of the financial statement

**THE MASTER'S MEN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|   |             |              |
|---|-------------|--------------|
| <b>Cash Flows from Operating Activities</b>   |             | \$ 21,182.16 |
| Increase in Net Assets  |             |              |
| Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities: |             |              |
| Depreciation  | \$ 6,708.25 |              |
| Amortization  | 200.89      |              |
| Gain on Sale of Vehicle   | (5,500.00)  |              |
| Interest on Investments   | (5,543.82)  |              |
| (Increase) Decrease in Operating Assets:  |             |              |
| Accounts Receivable   | 493.97      |              |
| Increase (Decrease) in Operating Liabilities:   |             |              |
| Accounts Payable  | 1,724.24    |              |
| Payroll Tax Payable   | 101.59      |              |
| Accrued Wages   | (153.00)    |              |
| Total   |             | (1,967.88)   |
| Net Cash Provided by Operating Activities   |             | 19,214.28    |
| <b>Cash Flows from Investing Activities</b>   |             |              |
| Purchases of Equipment  | (12,857.00) |              |
| Proceeds from Sale of Vehicle   | 5,500.00    |              |
| Transfers to Trusts & Investments   | (48,108.00) |              |
| Transfers from Trusts & Investments   | 45,108.68   |              |
| Interest Received   | 5,543.82    |              |
| Net Cash Used by Investing Activities   |             | (4,812.50)   |
| <b>Cash Flows from Financing Activities</b>   |             |              |
| Principal Payments on Loan for HHR  |             | (13,180.70)  |
| Net Increase in Cash and Cash Equivalents   |             | 1,221.08     |
| Beginning Cash and Cash Equivalents   |             | 12,864.33    |
| Ending Cash and Cash Equivalents  |             | \$ 14,085.41 |

The accompanying notes are an integral part of the financial statements



**THE MASTER'S MEN  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**Note 1 – Summary of Significant Accounting Policies**

**Governing Body**

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

**Basis of Accounting**

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

**Financial Statement Presentation**

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

**Promises to Give**

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

**Receivables and Allowance for Doubtful Accounts**

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

**Investments**

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

**Inventories**

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

*The Master's Men  
Notes to the Financial Statements  
December 31, 2009  
Page Two*

**Property, Equipment and Depreciation**

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

**Income Taxes**

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

**Estimates**

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

**Cash and Cash Equivalents**

For purpose of the statement of cash flow, the Department considers all highly liquid investments available for current use with 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, 2009:

|                                |                            |
|--------------------------------|----------------------------|
| Equipment and furniture        | \$ 87,842.82               |
| Less: Accumulated Depreciation | <u>&lt; 60,253.57 &gt;</u> |
| Property and Equipment, Net    | <u>\$ 27,589.25</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 2009 and accumulated amortization as of December 31, 2009 were \$200.89 and \$3,717.12, respectively.

**Note 4 – Deferred Revenue**

There were no deferred revenues for 2009.

**Note 5 – Restricted Fund Balance**

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2009.

|                        |              |
|------------------------|--------------|
| Build a House campaign | \$ 85,537.22 |
| Lifetime Membership    | 79,079.45    |
| Disaster Relief        | 102,794.65   |
| Total                  | \$267,411.32 |

**Note 6 – Compensated Absences**

There was no compensated absence balance at December 31, 2009.

**Note 7 – Loan Payable**

In December, 2008, Master'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, 2009 is \$-0-.

**2010 Master's Men  
Financial Report**

| Projected Expenses          | 2009 Budget       | 2009 Actuals      | 2010 Budget       | Proposed Budget 2011 |
|-----------------------------|-------------------|-------------------|-------------------|----------------------|
| <b>Salaries</b>             |                   |                   |                   |                      |
| Director                    |                   |                   |                   |                      |
| Salary                      | 39,393.00         | 36,200.00         | 39,393.00         | 39,393.00            |
| Housing                     | 20,400.00         | 20,400.00         | 20,400.00         | 20,400.00            |
| Retirement                  | 2,990.00          | 2,580.00          | 2,990.00          | 2,990.00             |
| Insurance                   | 6,500.00          | 8,298.32          | 8,000.00          | 8,000.00             |
| <b>Total</b>                | <b>69,283.00</b>  | <b>67,478.32</b>  | <b>70,783.00</b>  | <b>70,783.00</b>     |
| Secretary                   |                   |                   |                   |                      |
| Wages(40hrs/wk@8.50)        | 17,680.00         | 13,005.00         | 17,680.00         | 17,680.00            |
| FICA                        | 1,097.00          | 856.12            | 1,097.00          | 1,097.00             |
| MED                         | 257.00            | 200.22            | 257.00            | 257.00               |
| Insurance                   | 700.00            | 1,139.00          | 1,100.00          | 1,200.00             |
| <b>Total</b>                | <b>19,734.00</b>  | <b>15,200.34</b>  | <b>20,134.00</b>  | <b>20,234.00</b>     |
| <b>Total Salaries</b>       | <b>89,017.00</b>  | <b>82,678.66</b>  | <b>90,917.00</b>  | <b>91,017.00</b>     |
| <b>Office Operations</b>    |                   |                   |                   |                      |
| Automobile                  | 3,600.00          | 3,416.52          | 3,600.00          | 3,600.00             |
| Rent                        | 23,539.00         | 20,292.00         | 24,000.00         | 24,000.00            |
| Equipment & Supplies        | 8,000.00          | 6,827.44          | 6,000.00          | 5,000.00             |
| Telephone                   | 2,500.00          | 3,263.71          | 2,500.00          | 2,700.00             |
| Misc.                       |                   |                   |                   | 2,000.00             |
| Postage                     | 2,500.00          | 1,468.30          | 2,500.00          | 2,500.00             |
| <b>Total</b>                | <b>40,139.00</b>  | <b>31,851.45</b>  | <b>38,600.00</b>  | <b>39,800.00</b>     |
| <b>Accounting</b>           |                   |                   |                   |                      |
| Bookkeeping                 | 900.00            | 975.00            | 900.00            | 900.00               |
| Audit                       | 1,750.00          | 3,750.00          | 2,000.00          | 2,000.00             |
| <b>Total</b>                | <b>2,650.00</b>   | <b>4,725.00</b>   | <b>2,900.00</b>   | <b>2,900.00</b>      |
| <b>Resource Development</b> |                   |                   |                   |                      |
| Printed Materials           | 9,000.00          | 6,928.92          | 7,000.00          | 7,000.00             |
| <b>Department Travel</b>    | <b>12,000.00</b>  | <b>8,777.49</b>   | <b>12,000.00</b>  | <b>12,000.00</b>     |
| National Association        | 3,000.00          | 2,789.99          | 4,000.00          | 4,000.00             |
| <b>Total Expenses</b>       | <b>155,806.00</b> | <b>137,751.51</b> | <b>155,417.00</b> | <b>156,717.00</b>    |
| <b>Projected Income</b>     |                   |                   |                   |                      |
| Dues                        | 20,000.00         | 13,042.17         | 20,000.00         | 15,000.00            |
| Father's Day Offering       | 13,600.00         | 11,365.89         | 13,600.00         | 15,000.00            |
| Together Way                | 75,000.00         | 70,786.91         | 75,000.00         | 75,100.00            |
| Softball                    | 4,000.00          | 2,518.71          | 4,000.00          | 4,000.00             |
| Golf                        | 6,406.00          | 4,455.61          | 6,000.00          | 6,000.00             |
| Gifts                       | 14,800.00         | 10,222.56         | 14,817.00         | 15,000.00            |
| Sales                       | 5,000.00          | 4,484.60          | 5,000.00          | 5,000.00             |
| Endowment Income            | 10,000.00         | 1,756.83          | 10,000.00         | 10,000.00            |
| BAH                         | 5,000.00          | 34,291.63         | 5,000.00          | 9,617.00             |
| Master's Men Conference     | 2,000.00          | 619.04            | 2,000.00          | 2,000.00             |
| <b>Total Income</b>         | <b>155,806.00</b> | <b>153,543.95</b> | <b>155,417.00</b> | <b>156,717.00</b>    |





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

As I reflect on the last five years, I am reminded of the many challenges we've faced. Through it all, I rejoice as the Psalmist did in Psalm 126:3 when he said, "The Lord has done great things for us; whereof we are glad."

From the beginning our primary interest and focus has been people, people who serve us, and meeting their retirement needs. As of May 2010, we have ministered to 2,450 participants.

New participants continue to be added to the Plan. We had 64 new enrollees in 2009. More young ministers are seeing the need for starting retirement planning early.

There are three factors involved in funding retirement: money contributed, earnings rate and time. The more you have of any one of these, the less you need of the others.

New deposits continue to be strong, exceeding total outflows last year by \$400,000. Individuals and employing organizations contributed \$2.9M to participant accounts in 2009. We had \$2.5M in withdrawals. During the past 40 years we have distributed over \$22M to participants, or their beneficiaries, to assist them in retirement.

We now have 89 annuity contracts paying out a total of \$44,053 in monthly benefits. We have 64 retirees receiving a total of \$51,935 monthly in self-directed payouts.

We ended 2009 with \$39.3M in assets. That is an increase of \$6.7M or 21%.

The future looks good for the Board of Retirement, but we still face challenges. Such as:

1. Aging Participants

| Age   | Number | Funds        | Average  |
|-------|--------|--------------|----------|
| 20-29 | 62     | \$ 282,825   | \$ 4,351 |
| 30-39 | 259    | 1,836,300    | 7,090    |
| 40-49 | 294    | 3,887,085    | 13,221   |
| 50-59 | 474    | 12,178,627   | 25,693   |
| 60-69 | 271    | 10,925,708   | 40,316   |
| 70-79 | 86     | 3,702,128    | 43,048   |
| 80-87 | 15     | 523,961      | 34,931   |
| Total | 1,464  | \$33,336,634 | \$22,771 |

2. Acquiring New Participants
3. Increasing the Level of Contributions
4. Involving Every Church
5. Maintaining a Cost Efficient Operation
6. Experiencing the Highest Returns From the Safest Investments Available

Last year brought about several changes to our operation. All of these changes have been met with resounding approval from our participants.

1. The Introduction of Our First Interactive Website
2. Earnings Added Monthly
3. Monthly Statements
4. Investment Options

Our Board and office staff pledge to faithfully provide the best possible retirement benefits for those who serve us. With your continued help, greater things can be accomplished.

Remember we want to help you reach your retirement goals. Please give us the opportunity of discussing available options with you by calling 877-767-7738.

In closing I would like to pay tribute to Rev. & Mrs. K.V. Shutes. Many of you have probably never heard of them, but they were instrumental in helping lay the groundwork for the present ministry of the Board of Retirement. In the early days of the newly organized National Association of Free Will Baptists, this couple had an abiding faith and conviction that a struggling reborn denomination would eventually care for "those who serve them."

In 1955 Brother Shutes was hired as the first and only promotional secretary for the Superannuation Board, the predecessor of the Board of Retirement. Mrs. Shutes served as secretary-treasurer.

After Brother Shutes passed away in 1962, Mrs. Shutes continued to serve as secretary-treasurer until 1969 when the Board of Retirement became a department of the National Association.

In July 2009, Mrs. Lora Shutes went to be with the Lord. I thank God for this couple's vision and burden for the well being of the ministers of our denomination. Sixty years ago they were dreaming about what could be done. Today we rejoice in what has been done.

D. Ray Lewis  
President & CEO

**The Board of Retirement  
Synopsis of Board Meetings**

**March 24-25, 2009**

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

Bill Ferguson and Jim Lowe were absent.

Chris Long and Mark MacPherson of Manning & Napier made a presentation to the Board concerning current market and economic conditions, future outlook and the current positioning of each of the portfolios, as well as the process utilized to qualify and choose outside investment managers.

The Board participated in conference calls with our other two investment firms, Sage Advisory Services Ltd. and Atlanta Sosnoff Capital L.L.C.

Mr. Joel Collum, C.P.A., reviewed the 2009 annual audit performed by Belenfant and Miles, P.C. Mr. Collum noted that the opinion rendered by the auditors was unqualified.

John Brummitt reviewed the Financial Reports for the period ended February 28, 2009.

Mr. Lewis presented the Director's report.

The proposed budget for the 2010 fiscal year was approved.

The Board directed the staff to offer a second, more conservative investment option to begin no later than January 1, 2010.

**December 9, 2009**

In Attendance: Ray Lewis, John Brummitt, Jack Daniel, Tim Hall, Rick Dement, Mark Ousley, Milburn Wilson, Jack Ward, Craig Cook, and Rick Cason.

Ron Barber was absent.

The Financial Reports through October 31, 2009, were presented by John Brummitt. The Director's Report was given by Ray Lewis. The Board reviewed and approved reports, financial statements, and information from the money managers.



**BELLENFANT + MILES, PLLC**  
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, 2009 and 2008, 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, 2009 and 2008, 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, PLLC*

March 11, 2010



**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 and 2008**

|  | <u>ASSETS</u>                     |                      |
|--|-----------------------------------|----------------------|
|  | 2009                              | 2008                 |
| <b>OPERATING ASSETS</b>  |                                   |                      |
| Cash and cash equivalents  | \$ 9,830                          | \$ 31,769            |
| Funds invested with Free Will Baptist Foundation                             | 38,177                            | 58,473               |
| Total Operating Assets   | 48,007                            | 90,242               |
| <b>RETIREMENT ASSETS</b>   |                                   |                      |
| Cash and cash equivalents  | 1,700,689                         | 1,661,461            |
| Investment in marketable securities and instruments,<br>at fair market value | 37,451,880                        | 30,739,719           |
| Prepaid annuitant benefits   | 1,000                             | -                    |
| Notes receivable, net of allowance for<br>doubtful accounts                  | 12,634                            | 11,670               |
| Total Retirement Assets  | 39,166,203                        | 32,412,850           |
| <b>OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES</b>                           |                                   |                      |
| at cost, net of accumulated depreciation                                     | 97,189                            | 90,211               |
| <b>TOTAL ASSETS</b>  | <u>\$ 39,311,399</u>              | <u>\$ 32,593,303</u> |
|  | <u>LIABILITIES AND NET ASSETS</u> |                      |
| <b>LIABILITIES</b>   |                                   |                      |
| Accounts payable   | \$ 6,780,237                      | \$ 6,058,932         |
| Accounts payable, accrued expenses and other liabilities                     | 14,046                            | 18,732               |
| Total liabilities  | 6,794,283                         | 6,077,664            |
| <b>NET ASSETS</b>  |                                   |                      |
| Unrestricted   |                                   |                      |
| Operations:  |                                   |                      |
| Operating funds (deficit)  | (645)                             | 16,482               |
| Designated for future assets purchases                                       | 38,177                            | 58,473               |
| Net invested in equipment  | 97,189                            | 90,211               |
| Total Operating Net Assets   | 134,721                           | 165,166              |
| Retirement Accounts:   |                                   |                      |
| Net assets available for participants  | 31,802,819                        | 26,123,654           |
| Designated as reserve funds  | 579,576                           | 226,819              |
| Total Retirement Net Assets  | 32,382,395                        | 26,350,473           |
| Total net assets   | 32,517,116                        | 26,515,639           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                      | <u>\$ 39,311,399</u>              | <u>\$ 32,593,303</u> |

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

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|  | 2009                   |                   | 2008                   |                   |
|--|------------------------|-------------------|------------------------|-------------------|
|  | Retirement<br>Accounts | Operations        | Retirement<br>Accounts | Operations        |
| <b>SUPPORT, REVENUE AND OTHER ADDITIONS</b>                      |                        |                   |                        |                   |
| Contributions from participants                                  | \$ 2,910,043           | \$ -              | \$ 2,671,883           | \$ -              |
| Contributions to participant accounts                            | 293,699                | -                 | 299,314                | -                 |
| Repayment of participant loans                                   | 3,203,742              | -                 | 2,971,197              | -                 |
|  | <u>\$ 6,407,484</u>    | <u>\$ -</u>       | <u>\$ 5,942,394</u>    | <u>\$ -</u>       |
| Investment income:   |                        |                   |                        |                   |
| Gains of investment portfolio:                                   |                        |                   |                        |                   |
| Net realized gains (losses)                                      | (2,511,264)            | -                 | (2,790,223)            | -                 |
| Net unrealized gains (losses)                                    | 9,203,501              | -                 | (8,007,125)            | -                 |
|  | <u>6,692,237</u>       | <u>-</u>          | <u>(10,797,348)</u>    | <u>-</u>          |
| Interest and dividends from<br>investments (net investment fees) | 548,172                | -                 | 960,237                | -                 |
| Total investment income  | <u>7,240,409</u>       | <u>-</u>          | <u>(9,837,111)</u>     | <u>-</u>          |
| Income earned from interest bearing notes:                       |                        |                   |                        |                   |
| Interest income  | 16,715                 | 1,366             | 41,373                 | 2,206             |
| Gain (loss) on sale of property and equipment                    | -                      | -                 | -                      | (420)             |
| Total income earned from interest<br>and sale of property        | <u>16,715</u>          | <u>1,366</u>      | <u>41,373</u>          | <u>1,786</u>      |
| Gifts  | -                      | -                 | -                      | -                 |
| Miscellaneous income   | -                      | 77,478            | -                      | 76,596            |
| Total other income   | <u>-</u>               | <u>77,478</u>     | <u>-</u>               | <u>76,596</u>     |
| Total additions  | <u>10,460,866</u>      | <u>78,845</u>     | <u>(6,824,541)</u>     | <u>78,432</u>     |
| Allocation for Operations  | (305,057)              | 305,057           | (340,627)              | 340,627           |
| Net additions after allocation for operations                    | <u>\$ 10,155,809</u>   | <u>\$ 383,902</u> | <u>\$ (7,165,168)</u>  | <u>\$ 419,059</u> |

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

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|   | 2009                   |               | 2008                   |                |
|---|------------------------|---------------|------------------------|----------------|
|   | Retirement<br>Accounts | Operations    | Retirement<br>Accounts | Operations     |
| Net additions after allocation for operations   | \$ 10,155,809          | \$ 383,902    | \$ 7,165,168           | \$ 419,059     |
|   |                        | \$ 10,539,711 |                        | \$ (6,746,109) |
| <b>EXPENSES AND OTHER DEDUCTIONS</b>            |                        |               |                        |                |
| Withdrawals from participants                   | 2,513,477              | -             | 2,994,335              | -              |
| Participant loans                               | 339,216                | -             | 189,801                | -              |
| Transfers to annuities by participants          | 590,614                | -             | 2,537,472              | -              |
| Insurance deductions from participants accounts | 33,237                 | -             | 37,776                 | -              |
| Income allocated to annuitant obligations       | 645,044                | -             | 3,379                  | -              |
| Salaries  | -                      | 118,360       | -                      | 114,784        |
| Housing   | -                      | 31,200        | -                      | 31,200         |
| Fringe Benefits                                 | -                      | 51,947        | -                      | 51,361         |
| Travel and promotional                          | -                      | 41,668        | -                      | 43,092         |
| Office supplies and expense                     | 2,299                  | 79,073        | 1,810                  | 84,573         |
| Occupancy                                       | -                      | 23,837        | -                      | 25,021         |
| Board members expense                           | -                      | 11,138        | -                      | 14,335         |
| Legal and accounting                            | -                      | 22,862        | -                      | 24,547         |
| Depreciation                                    | -                      | 32,909        | -                      | 22,368         |
| Miscellaneous                                   | -                      | 1,353         | -                      | 2,846          |
| Total deductions                                | 4,123,887              | 414,347       | 5,764,573              | 414,127        |
|   |                        | \$ 4,538,234  |                        | \$ 6,178,700   |
| Increase (decrease) in net assets               | 6,031,922              | (30,445)      | (12,929,741)           | 4,932          |
| NET ASSETS - beginning of year                  | 26,350,473             | 165,166       | 39,280,214             | 160,234        |
| NET ASSETS - end of year                        | \$ 32,382,395          | \$ 134,721    | \$ 26,350,473          | \$ 165,166     |
|   |                        | \$ 32,517,116 |                        | \$ 26,515,639  |

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, 2009 and 2008**

|  | 2009                   |            | 2008                   |             |
|--|------------------------|------------|------------------------|-------------|
|  | Retirement<br>Accounts | Operations | Retirement<br>Accounts | Operations  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>             |                        |            |                        |             |
| Cash received from:                                      | \$ 3,203,742           | \$ -       | \$ 2,971,197           | \$ -        |
| Contributions from participants and employers            | -                      | 77,478     | -                      | 76,596      |
| Gifts  | -                      | -          | -                      | 41,373      |
| Income earned from interest and sale of loan property    | 16,715                 | -          | 41,373                 | -           |
| Investment income  | 548,172                | 1,366      | 960,237                | 2,206       |
| Miscellaneous income                                     | -                      | 1          | -                      | 50          |
| Cash paid for:   | (36,410)               | (386,250)  | (38,740)               | (386,335)   |
| Supplies and employees                                   | (3,443,307)            | -          | (5,721,608)            | -           |
| Withdrawal of funds by participants                      | (645,044)              | -          | (3,379)                | -           |
| Income allocated to annuitant obligations                | -                      | -          | -                      | -           |
| Net Cash Provided (Used)                                 | (356,132)              | (307,405)  | (1,790,920)            | (307,483)   |
| By Operating Activities                                  |                        |            |                        | (2,098,403) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>             |                        |            |                        |             |
| Purchases of office furniture, equipment and automobiles | -                      | (39,887)   | -                      | (26,220)    |
| Investments:   |                        |            |                        |             |
| Purchases of investment securities                       | (22,286,078)           | -          | (33,368,026)           | -           |
| Funds invested with Free Will Baptist Foundation         | -                      | 20,296     | -                      | (4,909)     |
| Proceeds from sale of investment securities              | 22,266,154             | -          | 32,754,492             | -           |
| Proceeds from sale of equipment                          | -                      | -          | -                      | -           |
| Notes receivable:  | (340,180)              | -          | (190,226)              | -           |
| New loans made   | 339,216                | -          | 719,304                | -           |
| Collection of notes receivable                           | -                      | -          | -                      | -           |
| Net Cash Provided (Used)                                 | (20,388)               | (19,591)   | (84,456)               | (31,129)    |
| By Investing Activities                                  |                        |            |                        | (115,585)   |

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 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

|   | 2009                   |                | 2008                   |                |
|---|------------------------|----------------|------------------------|----------------|
|   | Retirement<br>Accounts | Operations     | Retirement<br>Accounts | Operations     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                        |                |                        |                |
| Allocation for operations   | \$ (305,057)           | \$ 305,057     | \$ (340,627)           | \$ 340,627     |
| Net to additions to (withdrawals from)<br>annuities payable   | 721,305                | -              | 2,136,348              | -              |
| Net Cash Provided (Used) By Financing Activities  |                        | 721,305        |                        | 2,136,348      |
| <b>INCREASE (DECREASE) IN CASH</b>  | <b>416,248</b>         | <b>305,057</b> | <b>1,795,721</b>       | <b>340,627</b> |
| Cash and cash equivalents at beginning of years   | 39,228                 | (21,939)       | 17,289                 | 2,015          |
| Cash and cash equivalents at end of years   | 1,661,461              | 31,769         | 1,741,116              | 29,754         |
|   | \$ 1,700,689           | \$ 9,830       | \$ 1,661,461           | \$ 31,769      |
| <b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS<br/>TO CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                        |                |                        |                |
| Increase (decrease) in net assets   | \$ 6,031,922           | \$ (30,445)    | \$ (12,929,741)        | \$ 4,932       |
| Adjustments to reconcile increase (decrease)<br>in net assets to net cash provided (used) by<br>operating activities: |                        |                |                        |                |
| Depreciation and amortization   | -                      | 32,909         | -                      | 22,368         |
| Allocation for operations   | 305,057                | (305,057)      | 340,627                | (340,627)      |
| Loss (gains) on investment transactions   | (6,692,237)            | (6,692,237)    | 10,797,348             | -              |
| Loss (gains) on sale of property  | -                      | -              | -                      | 10,797,348     |
| Increase (decrease) in prepaid expenses   | (1,000)                | (1,000)        | 1,000                  | 420            |
| Increase (decrease) in accounts payable,<br>accrued expenses and other  | 126                    | (4,812)        | (154)                  | -              |
| Total adjustments   | (6,388,054)            | (276,960)      | 11,138,821             | 5,424          |
| Net Cash Provided (Used) By Operating Activities  | \$ (356,132)           | \$ (307,405)   | \$ (1,790,920)         | \$ (307,483)   |
|   |                        |                |                        | \$ (2,098,403) |

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

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

**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, 2009 and 2008.

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, 2009 and 2008**

**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 2009 amounted to \$10,529 (\$10,314 for 2008).

**Investments:**

Investments in marketable securities are reported at fair value with gains and losses included in the Statements 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, 2009 and 2008**

**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:

|  | 2009      | 2008      |
|--|-----------|-----------|
| Participant notes (net) secured by retirement account balances | \$ 12,634 | \$ 11,670 |

The notes bear interest at 3.0% and mature at various dates from 2010 through 2014.

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

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

|                                | 2009      | 2008      |
|--------------------------------|-----------|-----------|
| Office furniture and fixtures  | \$ 48,531 | \$ 48,531 |
| Computer hardware and software | 123,903   | 107,703   |
| Automobiles                    | 51,941    | 40,428    |
|                                | 224,375   | 196,662   |
|                                | (127,186) | (106,451) |
| Less: Accumulated depreciation | \$ 97,189 | \$ 90,211 |



**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

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

|                        | 2009                 |                      |                             |
|------------------------|----------------------|----------------------|-----------------------------|
|                        | Market Value         | Cost                 | (Depreciation) Appreciation |
| Investments:           |                      |                      |                             |
| Mutual Funds           | \$ 5,388,402         | \$ 5,843,026         | \$ (454,624)                |
| Common Stocks          | 18,178,281           | 15,256,451           | 2,921,830                   |
| U.S. Government Issues | 7,175,399            | 9,235,921            | (2,060,522)                 |
| Corporate Bonds        | 5,984,811            | 3,751,759            | 2,233,052                   |
| Foreign Equities       | 724,987              | 656,708              | 68,279                      |
| Total Investments      | <u>\$ 37,451,880</u> | <u>\$ 34,743,865</u> | <u>\$ 2,708,015</u>         |

For 2009, total investment gain (loss) relating to marketable securities and instruments amounted to \$7,240,409 and consisted of investment gains (losses) of \$6,692,237 and interest and dividends of \$548,172 (net of investment fees of \$276,400). Investment income (loss) represented yields of 21.24% and 20.11% based on the average market value and average cost of such investments for 2009.

|                        | 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 2009.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

**5. LEASE**

Under the terms of a lease agreement with an affiliate, the Board leases 3,933 feet of office and storage space for \$1.00 (\$1.12 in 2008) per square foot per month. The Board shares the office with the Free Will Baptist Foundation. Beginning in 2009 the Foundation began paying one-half of the rent. Total lease payments were \$23,837 and \$25,021 for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, the recorded liability amounted to \$6,780,237 and \$6,058,932 respectively. The actuary has determined that the reserve account exceeded the current periodic benefit at December 31, 2009 by \$23,099 (the current periodic benefit exceeded the reserve account by \$323,027 at December 31, 2008). Management has determined that there will be no pension benefit increases for 2009.

**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, 2009 and 2008:

|   | 2009                 |                        |                                   |
|---|----------------------|------------------------|-----------------------------------|
|   | Account Balance      | Amount Insured/Secured | Amount of Accounting Risk of Loss |
| Notes receivable, net of allowance for doubtful collections | \$ 12,634            | \$ 12,634              | \$ -                              |
| Cash and cash equivalents                                   | 213,037              | 213,037                | -                                 |
| Funds invested with the Free Will Baptist Foundation        | 38,177               | 38,177                 | -                                 |
| Short-term liquid investments                               | 1,497,482            | 650,231                | 847,251                           |
| Corporate bonds   | 5,984,812            | -                      | 5,984,812                         |
| Mutual funds  | 5,388,402            | -                      | 5,388,402                         |
| Common stocks   | 18,178,280           | -                      | 18,178,280                        |
| U.S. Treasury notes and bills                               | 7,175,399            | 7,175,399              | -                                 |
| Foreign Equities  | 724,987              | -                      | 724,987                           |
|   | <u>\$ 39,213,210</u> | <u>\$ 8,089,478</u>    | <u>\$ 31,123,732</u>              |

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

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

|  | Account<br>Balance  | 2008<br>Amount<br>Insured/<br>Secured | Amount of<br>Accounting<br>Risk of Loss |
|--|---------------------|---------------------------------------|---|
| Notes receivable, net of allowance<br>for doubtful collections | \$ 11,670           | \$ 11,670                             | \$ -                                    |
| Cash and cash equivalents                                      | 187,979             | 187,979                               | -                                       |
| Funds invested with the Free Will<br>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>                     |

**8. RELATED PARTY TRANSACTIONS**

The Board had \$38,177 and \$58,473 invested with the Free Will Baptist Foundation, Inc. at December 31, 2009 and 2008, respectively.

**9. FAIR VALUE MEASUREMENTS**

The Board's investments are reported at fair value in the accompanying statement of net assets available for benefits.

|                        | Fair Value Measurements at December 31, 2009 Using                             |   |  |             |
|------------------------|--|---|--|-------------|
|                        | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>Fair Value | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |             |
| Mutual Funds           | \$ 5,388,402   | \$ 5,388,402  | \$ -   | \$ -        |
| Common Stocks          | 18,178,281   | 18,178,281  | -  | -           |
| U.S. Government Issues | 7,175,399  | -   | 7,175,399  | -           |
| Corporate Bonds        | 5,984,811  | -   | 5,984,811  | -           |
| Foreign Equities       | 724,987  | 724,987   | -  | -           |
|                        | <u>\$37,451,880</u>  | <u>\$24,291,670</u>                                       | <u>\$13,160,210</u>                                | <u>\$ -</u> |

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008**

**9. FAIR VALUE MEASUREMENTS - CONTINUED**

The Board's investments are reported at fair value in the accompanying statement of net assets available for benefits.

|                        | Fair Value Measurements at December 31, 2008 Using                             |   |  |             |
|------------------------|--|---|--|-------------|
|                        | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>Fair Value | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |             |
| Mutual Funds           | \$ 3,447,725   | \$ 3,447,725  | \$ -   | \$ -        |
| Common Stocks          | 15,488,649   | 15,488,649  | -  | -           |
| U.S. Government Issues | 7,411,564  | -   | 7,411,564  | -           |
| Corporate Bonds        | 3,965,146  | -   | 3,965,146  | -           |
| Foreign Equities       | 426,635  | 426,635   | -  | -           |
|                        | <u>\$30,739,719</u>  | <u>\$19,363,009</u>                                       | <u>\$11,376,710</u>                                | <u>\$ -</u> |

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted process for identical assets, and Level 3 inputs have the lowest priority. The Board uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through March 11, 2010 which is the date the financial statements were available to be issued.



**Board of Retirement and Insurance  
Proposed Budget for 2011**

|                                    | 2009<br>Budget   | 2009<br>Actual      | 2010<br>Budget   | 2011<br>Proposed |
|------------------------------------|------------------|---------------------|------------------|------------------|
| <b>INCOME</b>                      |                  |                     |                  |                  |
| Service Fees                       | \$468,400        | \$305,057.20        | \$383,000        | \$383,128        |
| Insurance Administrative Fees      | 800              | 2,406.08            | 1,200            | 1,200            |
| The Together Way                   | 72,000           | 72,199.83           | 72,000           | 75,000           |
| Other State Gifts                  | 500              | 724.69              | 500              | 700              |
| Rest of the Family Offering        | 1,500            | 2,147.38            | 1,200            | 1,500            |
| Interest Income                    | 1,500            | 1,365.48            | 2,000            | 1,500            |
| Miscellaneous Income               | 300              | 1.00                | 100              | 100              |
| <b>TOTAL</b>                       | <b>\$545,000</b> | <b>\$383,901.66</b> | <b>\$460,000</b> | <b>\$463,128</b> |
| <b>EXPENSES</b>                    |                  |                     |                  |                  |
| Salaries                           | \$149,776        | \$118,359.60        | \$121,360        | \$126,630        |
| Employee Benefits                  | 71,417           | 51,946.80           | 54,471           | 57,942           |
| Housing                            | 31,200           | 31,200.00           | 31,200           | 31,200           |
| Travel/Promotion                   | 50,000           | 37,493.81           | 45,000           | 44,000           |
| Auto Maintenance                   | 10,000           | 4,174.42            | 5,000            | 5,000            |
| Future Purchases/Auto              | 12,000           | 12,000.00           | 12,000           | 12,000           |
| Hardware/Software Future Purchases | 12,000           | 12,000.00           | 12,000           | 12,000           |
| Plant Fund                         | 35,000           | 23,836.91           | 30,000           | 30,000           |
| Office Expense                     | 45,000           | 38,798.47           | 42,000           | 42,000           |
| Equipment Lease                    | 0                | 0.00                | 0                | 5,000            |
| Equipment                          | 10,000           | 1,575.00            | 5,000            | 5,000            |
| Education/Training                 | 15,000           | 10,071.70           | 10,000           | 12,000           |
| Publications                       | 35,000           | 18,069.32           | 30,000           | 30,000           |
| Board Expense                      | 25,000           | 11,137.77           | 20,000           | 14,500           |
| Legal                              | 15,000           | 9,512.00            | 15,000           | 12,000           |
| Auditing                           | 15,000           | 13,350.00           | 15,000           | 15,000           |
| Offsite Backup Storage             | 2,400            | 150.00              | 2,400            | 1,000            |
| Website Hosting/Maintenance        | 5,000            | 7,774.72            | 5,000            | 2,000            |
| Software Maintenance               | 2,500            | 2,634.00            | 2,500            | 4,000            |
| Depreciation Expense               |                  | 31,288.60           |                  |                  |
| Miscellaneous                      | 3,707            | 1,353.57            | 2,069            | 1,856            |
| <b>TOTAL</b>                       | <b>\$545,000</b> | <b>\$436,726.69</b> | <b>\$460,000</b> | <b>\$463,128</b> |

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

|  | 2009       | 2010       | 2011       |
|--|------------|------------|------------|
| <b>Director: Ray Lewis</b>             |            |            |            |
| Salary                                 | 41,383.40  | 42,835.07  | 44,315.77  |
| Housing/Utilities                      | 31,200.00  | 31,200.00  | 31,200.00  |
| Social Security/Medicare               | 13,111.29  | 13,373.51  | 13,640.98  |
| Christmas Check                        | 1,647.97   | 1,680.93   | 1,714.55   |
| Retirement                             | 5,196.20   | 5,300.12   | 5,406.12   |
| Insurance                              | 8,308.66   | 9,139.53   | 10,053.48  |
| Note: Office Car Furnished             | 100,847.52 | 103,529.16 | 106,330.91 |
| <b>Total</b>                           |            |            |            |
| <b>Business Manager: John Brummitt</b> |            |            |            |
| Salary                                 | 43,447.87  | 44,316.83  | 46,532.67  |
| Social Security/Medicare               | 3,387.68   | 3,455.43   | 3,628.21   |
| Christmas Check                        | 835.54     | 852.25     | 894.86     |
| Retirement                             | 3,099.84   | 3,161.84   | 3,319.93   |
| Insurance                              | 6,964.96   | 7,661.46   | 8,427.60   |
| Note: Office Car Furnished             | 57,735.89  | 59,447.80  | 62,803.26  |
| <b>Total</b>                           |            |            |            |

## Free Will Baptist International Missions General Director's Report 2009

### Remembering the Past



Seventy-five years ago this July, the international outreach of modern Free Will Baptists began. Without fanfare, Laura Belle Barnard boarded the freighter, the *S.S. Potter*. The voyage took her to Bombay, India, and, eventually, to Kottagiri in the Nilgiris of Tamil Nadu. During the next 75 years, more than 360 Free Will Baptists from at least 24 states have responded to the call to take the gospel to the untold millions of un-

reached peoples around the world.

As Laura Belle sailed out of New York City, she read Ezra's account of the children of Israel's return from exile in Babylon. She saw a parallel in Ezra's experience and her own, and recorded these thoughts in her journal. In chapter eight, Ezra stood at the river Ahava. He had testified to King Artaxerxes that "The hand of our God is upon all them for good that seek him; but his power and his wrath is against all them that forsake him" (8:22b), and was now ashamed to ask for a military escort for their journey.

Laura Belle had traveled among Free Will Baptists claiming the promises of God, but now it was time to actually leave. . . alone. Ezra recorded, "So we fasted and besought our God for this: and he was entreated of us" (8:23). Laura Belle, and others who have responded to God's call, have emulated this example. They have fasted and prayed, and yes, God has answered our prayers. How abundantly He has answered!

Laura Belle could not have imagined the expansion of our international missions work throughout the last 75 years. When she left for India, we, as a people, had no mission work outside of North America. Now, we are working in nearly 20 countries around the world. Through our church planting efforts we have penetrated some of the darkest corners of the world. Outside of continental North America, Free Will Baptists are worshipping in 1,100 churches and mission works on five continents. Truly, the sun never sets on Free Will Baptist outreach.

This National Association provides each of us the opportunity to celebrate the commitment of God's people and the faithfulness of our God. As God wills, we will experience the joy of worshipping with representatives of our works around the world. It should be an unforgettable experience.

Later in Ezra 8, the entourage arrives in Jerusalem. Ezra states, "and the hand of our God was upon us, . . . And we came to Jerusalem" (8:31b-32). Until the Lord calls us to His New Jerusalem, we are determined to continue to press into the darkness, trusting that the hand of our God is still upon us.

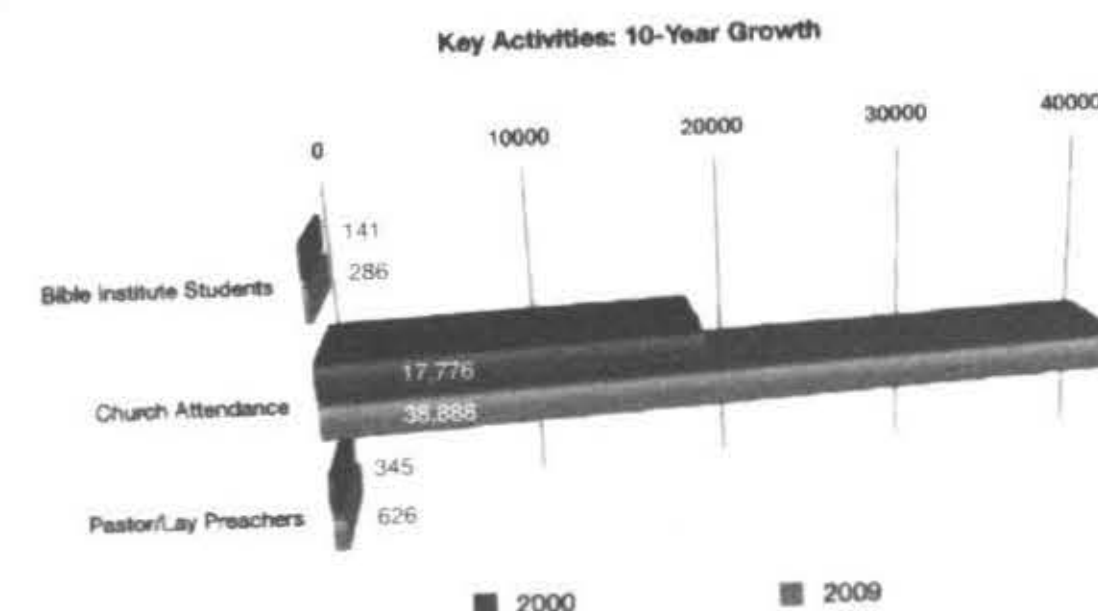
### Reviewing the Present

During the last 75 years, we have experienced the whole gamut of human emotion. Times of joy and sorrow, victory and defeat. Times of plenty and times of need. In many ways, the last few years have been particularly challenging. Just as we began transi-

tioning into a new funding system, the onset of the worst economic environment in our Mission's history led to a significant loss in net assets over the last two years.

A recession Stateside (income down) and loss of the value of the dollar against world currencies (expenses up) have provided particularly challenging circumstances. A lack of clarity concerning the new system has also contributed to the situation.

Yet, as we look back through our 75-year history, we can clearly see that He has provided and the work around the world has grown. In just the last 10 years, we have seen increases in the number of men, women, and children who have accepted Christ as Savior, and those who have taken another step of faith by training for Christian service.



Free Will Baptists began this Mission in the Great Depression. God was faithful then, and He will be faithful yet! He has worked through countless thousands of Free Will Baptist men and women who have made it possible for missionaries to take the gospel to the regions beyond. People, like those in these 100 churches who, even in economic difficulty, gave more than \$10,000 to International Missions.

|                            |               |    |              |
|----------------------------|---------------|----|--------------|
| Donelson FWB Church        | Nashville     | TN | \$130,516.88 |
| Unity FWB Church           | Greenville    | NC | \$76,326.54  |
| Limestone FWB Church       | Limestone     | TN | \$65,256.16  |
| Horse Branch FWB Church    | Turbeville    | SC | \$63,708.95  |
| Cofer's Chapel FWB Church  | Nashville     | TN | \$56,021.88  |
| Fourth FWB Church          | Saint Louis   | MO | \$50,702.00  |
| First FWB Church           | O'Fallon      | MO | \$47,547.87  |
| First FWB Church           | Russellville  | AR | \$44,924.96  |
| Ina FWB Church             | Ina           | IL | \$42,871.00  |
| Cross Timbers FWB Church   | Nashville     | TN | \$42,698.34  |
| Parker's Chapel FWB Church | Greenville    | NC | \$41,115.00  |
| First FWB Church           | Albany        | GA | \$35,363.48  |
| Good Springs FWB Church    | Pleasant View | TN | \$33,687.28  |
| Sherwood Forest FWB Church | New Bern      | NC | \$31,018.77  |
| Macedonia FWB Church       | Purdy         | MO | \$30,430.00  |
| Bethany FWB Church         | Broken Arrow  | OK | \$30,065.13  |
| Westside FWB Church        | Johnsonville  | SC | \$29,733.82  |
| Peace FWB Church           | Florence      | SC | \$29,709.84  |



|                                |                |    |             |
|--------------------------------|----------------|----|-------------|
| Bethel FWB Church              | Kinston        | NC | \$28,583.41 |
| First FWB Church               | Washington     | NC | \$26,658.00 |
| Bethany FWB Church             | Timmonsville   | SC | \$25,838.00 |
| First FWB Church               | Beaufort       | NC | \$25,722.26 |
| Central FWB Church             | Royal Oak      | MI | \$24,603.42 |
| Winfield First FWB Church      | Winfield       | AL | \$24,580.55 |
| Piney Grove FWB Church         | Guin           | AL | \$23,901.03 |
| Grace FWB Church               | Lake City      | SC | \$23,540.83 |
| Fellowship FWB Church          | Kingsport      | TN | \$23,471.02 |
| Zephyr Hills FWB Church        | Asheville      | NC | \$22,144.96 |
| New Hope FWB Church            | Joelton        | TN | \$22,129.68 |
| First FWB Church N Little Rock | N Little Rock  | AR | \$22,093.06 |
| First FWB Church               | Pocahontas     | AR | \$21,908.39 |
| Blue Point FWB Church          | Cisne          | IL | \$21,169.26 |
| First FWB Church               | Star City      | AR | \$20,928.54 |
| Tupelo FWB Church              | Tupelo         | MS | \$19,979.04 |
| Temple FWB Church              | Winterville    | NC | \$18,570.65 |
| Calvary Fellowship FWB Church  | Fenton         | MO | \$18,113.86 |
| Garner FWB Church              | Garner         | NC | \$18,000.85 |
| Peace FWB Church               | Wilson         | NC | \$18,000.00 |
| Union Grove FWB Church         | Atkins         | AR | \$17,773.81 |
| Union Chapel FWB Church        | Chocowinity    | NC | \$17,525.00 |
| Lebanon FWB Church             | Effingham      | SC | \$17,281.34 |
| Townsend FWB Church            | Townsend       | DE | \$16,712.49 |
| Hannon FWB Church              | Liberal        | MO | \$16,490.25 |
| Cavanaugh FWB Church           | Fort Smith     | AR | \$16,239.54 |
| Hillsboro FWB Church           | Hillsboro      | OH | \$16,204.53 |
| Harmony FWB Church             | Fresno         | CA | \$16,046.35 |
| Allen Chapel FWB Church        | Batesville     | AR | \$15,932.09 |
| First FWB Church               | Florence       | SC | \$15,602.66 |
| Sand Hill FWB Church           | Coward         | SC | \$14,936.15 |
| Tippetts Chapel FWB Church     | Clayton        | NC | \$14,569.74 |
| New Liberty FWB Church         | Bankston       | AL | \$14,312.08 |
| Red Bay FWB Church             | Red Bay        | AL | \$14,268.50 |
| Homerville FWB Church          | Homerville     | GA | \$14,134.06 |
| Faith FWB Church               | Goldsboro      | NC | \$14,080.44 |
| First FWB Church               | Mountain Grove | MO | \$13,991.94 |
| West Calvary FWB Church        | Smithfield     | NC | \$13,815.96 |
| Meadowbrook FWB Church         | Black Mountain | NC | \$13,500.92 |
| Heads FWB Church               | Cedar Hill     | TN | \$13,412.00 |
| Black River FWB Church         | Andrews        | SC | \$13,057.98 |
| Oak Grove FWB Church           | Greeneville    | TN | \$13,056.28 |
| Mt Olive FWB Church            | Guin           | AL | \$13,012.96 |
| Harmony FWB Church             | Ada            | OK | \$13,006.00 |
| Fellowship FWB Church          | Park Hills     | MO | \$12,943.84 |
| Grifton FWB Church             | Grifton        | NC | \$12,793.61 |
| First FWB Church               | Northport      | AL | \$12,562.45 |

|                                |               |    |             |
|--------------------------------|---------------|----|-------------|
| Mullins-Marion FWB Church      | Mullins       | SC | \$12,517.14 |
| Mt Harmony FWB Church          | Vernon        | AL | \$12,429.89 |
| First Bible FWB Church         | New Castle    | IN | \$12,420.28 |
| New Lebanon FWB Church         | Tishomingo    | MS | \$12,255.00 |
| Phillip's Chapel FWB Church    | Northport     | AL | \$12,177.55 |
| Verdella FWB Church            | Liberal       | MO | \$12,097.48 |
| Gospel Light FWB Church        | Bonne Terre   | MO | \$12,000.00 |
| Grace Baptist Church           | Dickson       | TN | \$12,000.00 |
| Bethlehem FWB Church           | Ashland City  | TN | \$11,922.50 |
| Philadelphia FWB Church        | Folkston      | GA | \$11,911.51 |
| Liberty FWB Church             | Marion        | NC | \$11,730.00 |
| First FWB Church               | Farmington    | MO | \$11,679.81 |
| Liberty FWB Church             | Lawley        | AL | \$11,620.96 |
| Northridge FWB Church          | Dayton        | OH | \$11,400.00 |
| Hilltop FWB Church             | Fuquay Varina | NC | \$11,295.00 |
| Mt. Zion FWB Church            | Pell City     | AL | \$11,273.04 |
| First FWB Church               | Gastonia      | NC | \$11,020.00 |
| Colquitt FWB Church            | Colquitt      | GA | \$10,958.69 |
| Freedom Way FWB Church         | Swansboro     | NC | \$10,923.55 |
| Midlands FWB Church            | West Columbia | SC | \$10,898.00 |
| North Warren FWB Church        | Warren        | MI | \$10,641.48 |
| Ebenezer FWB Church            | Glennville    | GA | \$10,500.16 |
| Cooper FWB Church              | Detroit       | AL | \$10,482.76 |
| First FWB Church               | Darlington    | SC | \$10,439.00 |
| First FWB Church               | Tuckerman     | AR | \$10,411.85 |
| Stoney Point FWB Church        | Vanleer       | TN | \$10,325.79 |
| Cedar Springs FWB Church       | Jakin         | GA | \$10,307.51 |
| New Hope FWB Church            | Ina           | IL | \$10,288.64 |
| First FWB Church               | Springfield   | OH | \$10,264.84 |
| New Life Fellowship FWB Church | Statesboro    | GA | \$10,220.82 |
| First FWB Church               | De Soto       | MO | \$10,180.00 |
| First FWB Church               | Vernon        | AL | \$10,139.98 |
| Evergreen FWB Church           | Erwin         | TN | \$10,120.00 |
| Trinity FWB Church             | Greenville    | NC | \$10,056.29 |

Although the list above may not include churches who gave through state plans, state plans contributed to the top 10 states who together gave more than \$5.4 million to share the gospel throughout the nations.

|                |                |
|----------------|----------------|
| Tennessee      | \$1,439,493.95 |
| North Carolina | \$856,496.40   |
| Oklahoma       | \$658,487.33   |
| Missouri       | \$604,466.20   |
| Arkansas       | \$525,063.37   |
| South Carolina | \$503,453.90   |
| Alabama        | \$454,156.11   |



|          |              |
|----------|--------------|
| Georgia  | \$324,622.05 |
| Illinois | \$265,016.52 |
| Ohio     | \$211,955.35 |

We celebrate and gratefully acknowledge the 104 churches who gave at least \$1,000 to the World Missions Offering in 2009.

|                                  |                |    |             |
|----------------------------------|----------------|----|-------------|
| Zephyr Hills FWB Church          | Asheville      | NC | \$16,641.44 |
| Unity FWB Church                 | Greenville     | NC | \$12,726.50 |
| First FWB Church                 | Pocahontas     | AR | \$12,133.40 |
| Peace FWB Church                 | Florence       | SC | \$11,000.00 |
| Piney Grove FWB Church           | Guin           | AL | \$10,000.00 |
| Tupelo FWB Church                | Tupelo         | MS | \$9,600.00  |
| Freedom Way FWB Church           | Swansboro      | NC | \$8,000.00  |
| Davis FWB Church                 | Davis          | NC | \$7,447.70  |
| Ina FWB Church                   | Ina            | IL | \$7,040.00  |
| Ryanwood Fellowship FWB Church   | Vero Beach     | FL | \$5,550.00  |
| First FWB Church                 | Gastonia       | NC | \$5,520.00  |
| Allen Chapel FWB Church          | Batesville     | AR | \$5,000.00  |
| Peace FWB Church                 | Wilson         | NC | \$5,000.00  |
| Bethany FWB Church               | Broken Arrow   | OK | \$5,000.00  |
| Cornerstone FWB Church           | Crab Orchard   | WV | \$5,000.00  |
| Cofer's Chapel FWB Church        | Nashville      | TN | \$4,518.85  |
| New Hope FWB Church              | Joelton        | TN | \$4,351.46  |
| Second FWB Church                | Ashland        | KY | \$4,284.13  |
| Good Springs FWB Church          | Pleasant View  | TN | \$4,209.27  |
| Winfield First FWB Church        | Winfield       | AL | \$4,055.00  |
| Macedonia FWB Church             | Purdy          | MO | \$4,000.00  |
| Bethlehem FWB Church             | Ashland City   | TN | \$3,947.42  |
| First FWB Church                 | Dickson        | TN | \$3,454.70  |
| First FWB Church                 | Mountain Grove | MO | \$3,338.09  |
| Calvary Fellowship FWB Church    | Fenton         | MO | \$3,263.90  |
| First FWB Church                 | Fayette        | AL | \$3,148.41  |
| Hartville FWB Church             | Hartville      | MO | \$3,126.00  |
| Philadelphia FWB Church          | Folkston       | GA | \$3,030.07  |
| First FWB Church                 | Blakely        | GA | \$3,016.00  |
| West Calvary FWB Church          | Smithfield     | NC | \$3,000.00  |
| First FWB Church                 | Fort Gibson    | OK | \$3,000.00  |
| Central FWB Church               | Huntington     | WV | \$3,000.00  |
| Prospect Freewill Baptist Church | Dunn           | NC | \$3,000.00  |
| Heritage FWB Church              | Columbus       | OH | \$2,928.87  |
| Nolan F.W.B. Church              | Williamson     | WV | \$2,615.00  |
| Sciotodale FWB Church            | Portsmouth     | OH | \$2,562.76  |
| Blue Point FWB Church            | Cisne          | IL | \$2,561.04  |
| Trinity FWB Church               | La Grange      | NC | \$2,500.00  |
| First FWB Church                 | Beaufort       | NC | \$2,465.00  |
| Ebenezer FWB Church              | Miami          | FL | \$2,461.50  |

|                                |                |    |            |
|--------------------------------|----------------|----|------------|
| First FWB Church               | Wellington     | KS | \$2,326.00 |
| Community FWB Church           | Pocola         | OK | \$2,310.00 |
| Jerome FWB Church              | Jerome         | ID | \$2,255.50 |
| First FWB Church               | Weatherford    | TX | \$2,242.57 |
| Red Bay FWB Church             | Red Bay        | AL | \$2,201.00 |
| Bethany FWB Church             | Timmons ville  | SC | \$2,163.00 |
| First FWB Church               | Farmington     | MO | \$2,151.81 |
| Stacy FWB Church               | Stacy          | NC | \$2,105.00 |
| First FWB Church               | Albany         | GA | \$2,063.59 |
| Madison FWB Church             | Madison        | AL | \$2,000.00 |
| Union Ridge FWB Church         | Sulligent      | AL | \$2,000.00 |
| Central FWB Church             | Royal Oak      | MI | \$1,980.18 |
| First FWB Church               | Tuscaloosa     | AL | \$1,901.35 |
| Horse Branch FWB Church        | Turbeville     | SC | \$1,774.75 |
| Ebenezer FWB Church            | Glennville     | GA | \$1,758.72 |
| Grace FWB Church               | Louisa         | VA | \$1,696.56 |
| Center Point FWB Church        | Birmingham     | AL | \$1,676.60 |
| Brush Creek FWB Church         | Argillite      | KY | \$1,600.80 |
| Homerville FWB Church          | Homerville     | GA | \$1,574.49 |
| First FWB Church               | Northport      | AL | \$1,554.09 |
| Hazel Dell FWB Church          | Sesser         | IL | \$1,551.77 |
| First FWB Church               | Titusville     | FL | \$1,541.33 |
| Knight's Chapel FWB Church     | Cookeville     | TN | \$1,532.79 |
| Bethel FWB Church              | Kinston        | NC | \$1,500.00 |
| Pikeville FWB Church           | Pikeville      | KY | \$1,500.00 |
| Hendersonville FWB Church      | Hendersonville | TN | \$1,500.00 |
| Fairfield FWB Church           | Fairfield      | CA | \$1,454.84 |
| Community FWB Church           | West Jefferson | OH | \$1,453.63 |
| New Life Fellowship FWB Church | Statesboro     | GA | \$1,412.96 |
| Bay Springs FWB Church         | Eastman        | GA | \$1,377.20 |
| Pleasant Hill FWB Church       | Delaware       | OH | \$1,366.39 |
| Madison FWB Church             | Lucasville     | OH | \$1,345.00 |
| Trinity FWB Church             | Greenville     | NC | \$1,338.00 |
| New Hope First FWB Church      | Kent           | WA | \$1,335.54 |
| First FWB Church               | Greeneville    | TN | \$1,335.25 |
| Heritage FWB Church            | Springfield    | IL | \$1,311.19 |
| Porter FWB Church              | Wheelerburg    | OH | \$1,308.50 |
| First FWB Church               | Monett         | MO | \$1,262.71 |
| Harper Road FWB Church         | Joelton        | TN | \$1,256.58 |
| Sand Hill FWB Church           | Coward         | SC | \$1,241.00 |
| Cool Springs FWB Church        | Norman Park    | GA | \$1,225.00 |
| First FWB Church               | Vernon         | AL | \$1,200.76 |
| Fellowship FWB Church          | Kingsport      | TN | \$1,179.40 |
| Rescue FWB Church              | Whittington    | IL | \$1,155.00 |
| Cleveland FWB Church           | Cleveland      | OH | \$1,144.58 |
| Eastside FWB Church            | Florence       | SC | \$1,126.05 |
| East Nashville FWB Church      | Nashville      | TN | \$1,113.36 |

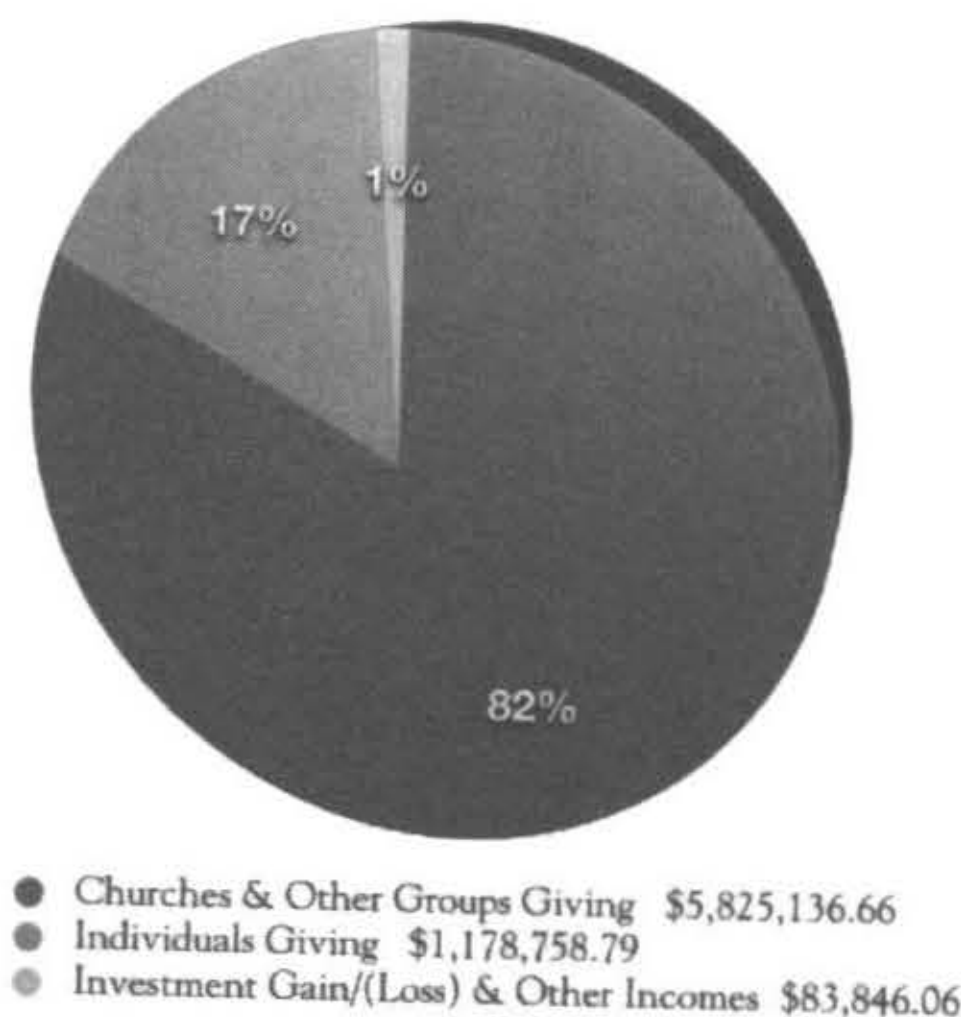


|                            |             |    |            |
|----------------------------|-------------|----|------------|
| Enoree First FWB Church    | Enoree      | SC | \$1,080.54 |
| Sylvan Park FWB Church     | Nashville   | TN | \$1,055.45 |
| Two Rivers FWB Church      | Clarksville | TN | \$1,049.00 |
| First FWB Church           | Brunswick   | GA | \$1,045.67 |
| Calvary FWB Church         | Salem       | IL | \$1,031.07 |
| First FWB Church           | Ypsilanti   | MI | \$1,009.52 |
| First FWB Church           | Dothan      | AL | \$1,000.00 |
| Belk FWB Church            | Belk        | AL | \$1,000.00 |
| Independence FWB Church    | Van Buren   | AR | \$1,000.00 |
| First FWB Church           | Wichita     | KS | \$1,000.00 |
| South Fremont FWB Church   | Springfield | MO | \$1,000.00 |
| Poplar Hill FWB Church     | Hemingway   | SC | \$1,000.00 |
| Loyal Chapel FWB Church    | Columbia    | TN | \$1,000.00 |
| Thomaston Community Church | Thomaston   | TX | \$1,000.00 |
| Gray Branch FWB Church     | Deep Run    | NC | \$1,000.00 |
| Rocky Pass FWB Church      | Marion      | NC | \$1,000.00 |
| Old Mt. Zion Mission       | Springdale  | AR | \$1,000.00 |

\*This list may not include churches whose WMO gifts were sent through state plans.

The pie chart below demonstrates how important churches and individuals are to the support of the Mission.

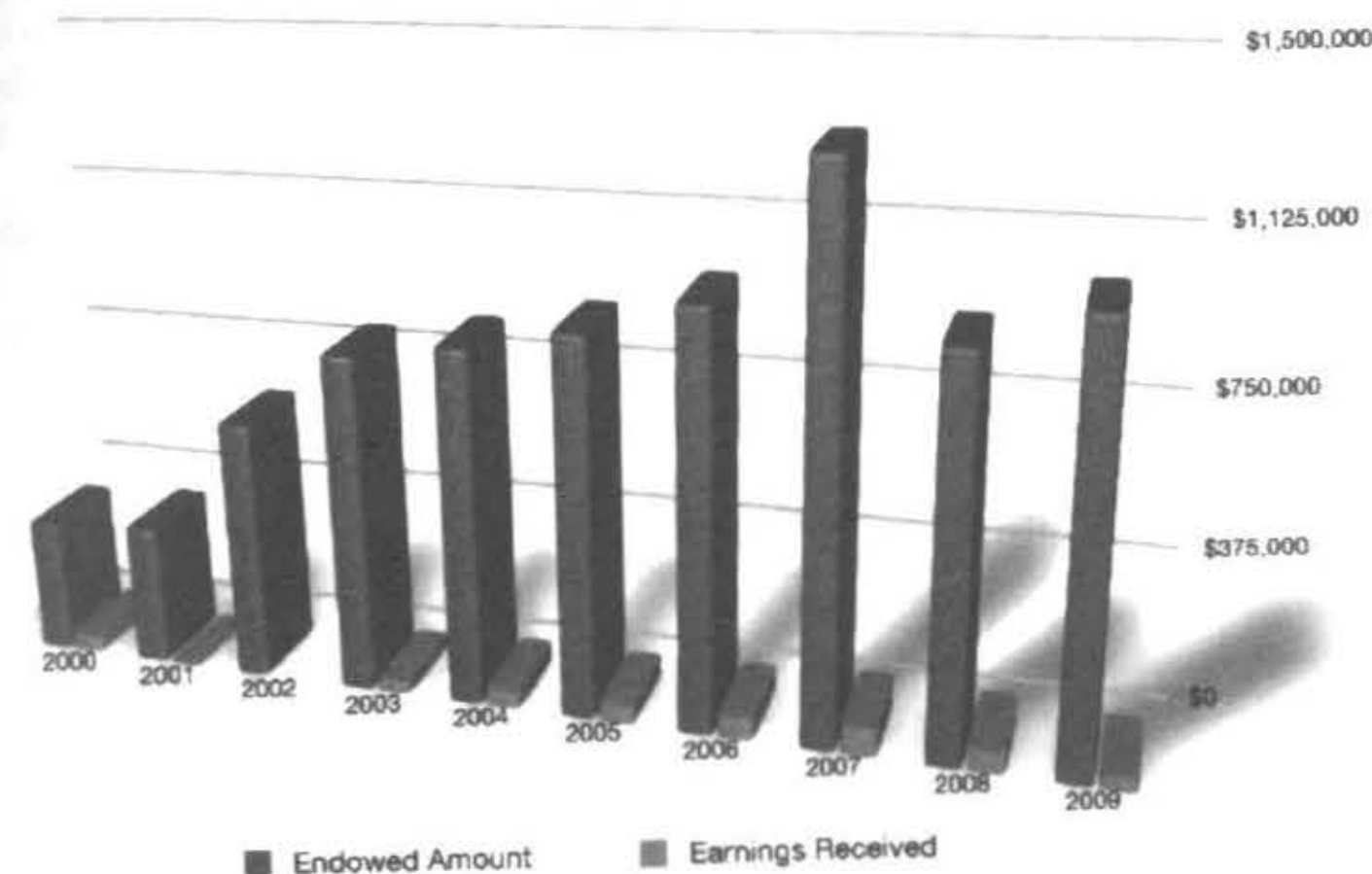
2009 Giving/Income Sources



We believe our Free Will Baptist people will continue to respond. To God be the glory; great things He has done!

We are thankful that our endowments are growing again. As we look to the future they will prove integral to the health and maintenance of Free Will Baptists' ability to expand our efforts into new countries.

Endowments at Foundation to the benefit of International Missions



### Recognizing our Staff and Missionaries

No doubt, 2009 was an extremely difficult year. We experienced the worst economy of our lifetime. Budgets had to be cut, initiatives postponed, and belts tightened. We, as Free Will Baptists, can be very thankful for our missionaries and stateside staff. It is not always easy to maintain focus and intensity during times of stress. But, they have done precisely that. In the midst of these challenges, we continue to see breakthroughs around the world as souls are saved and churches are planted.

In 2009, the board interviewed two couples and one single person as preliminary candidates for career service. The board approved the seconded affiliate status of one couple and a single lady as ELIC teachers. One couple was approved for a six-month assignment in Aix-en-Provence, France, from January-June 2010.

We also said goodbye to two exemplary missionary couples: Mike and Cathy Corley and Eddie and LaRhonda Bowerman. Mike and Cathy entered missions as a second career and blazed the way for work in Russia and Central Asia for 11 years. Eddie and LaRhonda sought to evangelize the Kuna Indians in Panama. When access was denied, they pursued training teachers, preachers, and leaders for the Panamanian church. Critical illness forced them to return to the States and resign.

We experienced many stateside staff changes in 2009. In January, Kiley Hawkins moved from responsibilities as my assistant to development manager where his business interests are more fully used. After nine months of dual responsibilities in finan-

cial operations and assisting the general director, Cyndi Ludeman became my full-time assistant in October. Lori McCraney was hired as the full-time accounting clerk for financial operations. Deborah St. Lawrence was promoted to communications manager in April 2009. In December, Elizabeth Willhite concluded her stint in the communications department to complete her master's degree in elementary education.

Through all the changes and financial challenges, the missionary and stateside staff have worked hard to reduce budgets, economize, and pull together as a team to continue the work of the Great Commission.

### Reaching Farther Together

It would be easy to look at the past two years and become discouraged. But we must remain faithful, even as our Savior has been and is faithful to us. His call is still current, and it is to each one of us. As Free Will Baptists, we must *reach farther together*.

Until All Have Heard,

*James F. Fortines*

James Fortines  
General Director

### Board Meetings and Actions

*July 1, 2009—Email ballot*

Recommendation to accept the resignation of Mike and Cathy Corley effective 7/31/09 worded as follows: "the Board accepts the resignation of Mike and Cathy Corley with the highest commendations. They have been an example to our denomination of a couple willing to follow the leadership of the Lord in ways that were very uncomfortable. Their initial assignment occurred when they were in their 50s when they went to Russia, and then on to Central Asia. We are thankful for their commitment and obedience to the call of God to reach the unreached." *Carried.*

*July 24, 2009—Email ballot*

Recommendation to approve the proposed Memorandum of Understanding (MOU) between FWBIM and ELIC. *Carried.*

*September 23, 2009—Email ballot*

Recommendation to accept the resignation of Casey Jones for medical reasons. *Carried.*

*October 12, 2009—Email ballot*

Motion and second to agree to transfer the title to the Carandai church building to the Esperança Church in Barbacena, Brazil. *Carried.*

*October 20, 2009—Email ballot*

Motion and second to approve Norman and Bessie Richards to a six-month assignment in Aix-en-Provence, France, from January to June 2010. *Carried.*

*December 9-10, 2009—Semi-annual meeting, Antioch, Tennessee*

Motion and second to adopt the finance committee's recommendation to approve the 2010 operating budget of \$7.2 million. *Carried.*

Motion and second to adopt the finance committee's recommendation to approve the 2010 IMPact Projects budget of \$1,085,935. *Carried.*

Motion and second to remove from the table the adoption of the handbook revision and to adopt the changes section by section. *Carried.*

Motion and second to assign to the IMLT the task of foreclosing on the Korean property (13-2, Wangchang-3-ri, Kangha-myum, Yangpyung-kun, Kyonggi-do) with a view to sell the property at fair market value.

Motion and second to appoint Tim Keener as the regional director of Europe. *Carried.*

Motion and second to transfer ownership of the parsonage in Antonio Carlos, Brazil, from the Mission to the local FWB church there. *Carried.*

Motion and second to transfer ownership of the Mission-owned church property in Belo Horizonte, Brazil, from the Mission to the local FWB church there. *Carried.*

Motion and second to accept the resignation of Paige Autry. *Carried.*

Motion and second to accept the resignation of Cindy Hall. *Carried.*

Motion and second to approve the written partnership agreement (on file) with two regions of Union of Evangelical-Christian Baptists. *Carried.*

Motion and second to reassign the field of Russia from the European RD to the RD over Central Asia. *Carried.*

Motion and second to accept the committee's recommendation to grant affiliate status approval to Rachel Dennis who will be seconded to ELIC for a two-year term. *Carried.*

Motion and second to commend Neil Gilliland with all our hearts for the amazing work of ministry he has accomplished among us and that we know he will continue to perform. *Carried.*

*December 21, 2009—Email ballot*

Motion and second to accept the resignation of Eddie and LaRhonda Bowerman for medical reasons after a valiant attempt to remain in Panama. *Carried.*

*March 1, 2010—Email ballot*

Motion and second to accept the resignation of David and Annette Aycock from Brazil. This will be effective May 31, 2010. *Carried.*



Motion and second to accept the resignation of Andy and Andrea Moore from Brazil. This will be effective May 31, 2010. *Carried.*

March 9, 2010—Email ballot

Motion and second to accept, with honor, the resignation of Caleb Dement. *Carried.*

December 9-10, 2009—Semi-annual meeting, Antioch, Tennessee

The Board interviewed Heath and Joni H. Motion and second to accept the recommendation of the candidate committee to approve the Hubbards as career missionaries appointed to Spain. *Carried.*

The Board interviewed Jennifer S. Motion and second to accept the recommendation of the candidate committee to approve Jennifer as a career missionary appointed to Spain. *Carried.*

Motion and second to accept and approve Ledgel and Sharon Ferguson's resignation from FWBIM and service in France. *Carried.*

Motion and second to accept and approve Jim and Vicki Sturgill's retirement from FWBIM and service in Brazil. "The Board commends Jim and Vicki's 40 years of honorable service in Brazil. They have been an example of perseverance and endurance. We are thankful for their commitment and obedience to the call of God to reach the unreached." *Carried.*

Motion and second that the 2011 proposed framework budget be set at \$7,800,000. *Carried.*

Motion and second to terminate the benevolent Medicare health supplement program. *Carried.*

## Free Will Baptist International Missions

### 2011 Operational Budget Summary

| Category                           | 2009 Budget            | 2009 Actuals           | 2010 Proposed Budget   | 2011 Proposed Budget   |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Field Ministries & Projects        | \$ 1,620,649.99        | \$ 1,630,933.18        | \$ 1,931,147.67        | \$ 1,772,111.98        |
| Missionary Compensation & Benefits | \$ 4,258,579.31        | \$ 4,000,954.31        | \$ 4,005,415.80        | \$ 3,875,558.03        |
| Missionary Travel/Transportation   | \$ 766,967.00          | \$ 824,227.16          | \$ 555,443.72          | \$ 509,701.29          |
| Mobilization & Development         | \$ 380,653.50          | \$ 419,565.92          | \$ 901,175.16          | \$ 626,961.65          |
| Administration                     | \$ 1,157,186.54        | \$ 996,294.00          | \$ 1,100,816.65        | \$ 1,015,867.04        |
| <b>Grand Totals</b>                | <b>\$ 8,184,538.34</b> | <b>\$ 7,862,004.59</b> | <b>\$ 8,500,000.00</b> | <b>\$ 7,800,000.00</b> |

Free Will Baptist International Missions (FWBIM) is a 501(c)(3) organization. All funds are received through the Global Evangelism Fund (GEF) and Strategic Ministries Partnership (SMP).

### 2010 Operational Budget Breakout

| Functional Description              | 2010 Amt     | Functional Description         | 2010 Amt               |
|-------------------------------------|--------------|--------------------------------|------------------------|
| Missionary Salary                   | 1,234,057.24 | Miscellaneous Mailings         | 6,194.61               |
| Missionary COLA                     | 814,294.18   | Books and Subscriptions        | 2,954.35               |
| Missionary Housing - Field          | 781,764.19   | Together Way Campaign          | 2,191.94               |
| Missionary Housing - US             | 131,163.66   | Surveys                        | 190.60                 |
| Missionary Vacation Allowance       | 40,276.10    | Reentry                        | 1,908.03               |
| Missionary Social Security Taxes    | 280,613.65   | Seminary/Training Expense      | 14,009.34              |
| Missionary Fieldside Transportation | 261,390.50   | National Convention            | 35,452.21              |
| Missionary Auto Purchase            | 172,781.89   | Int'l Missions Month           | 5,718.10               |
| Missionary Insurance-Medical        | 501,477.25   | Impulse Video Magazine         | 42,885.74              |
| Missionary Deputational Expense     | 96,245.14    | One Magazine                   | 64,805.12              |
| Missionary Overseas Travel          | 178,738.24   | Board Expenses                 | 15,491.28              |
| Missionary Children's Schooling     | 76,193.67    | Board Overseas Travel          | 4,288.57               |
| Missionary Language/Cont Ed         | 124,273.35   | Honorariums                    | 1,429.52               |
| Missionary Furniture                | 66,377.60    | Office Travel Domestic         | 24,969.03              |
| Missionary College Expense          | 9,630.16     | Travel Insurance               | 821.50                 |
| Missionary Retirement               | 55,762.90    | Department Insurance           | 1,429.52               |
| Missionary Non US Taxes             | 79,052.72    | Candidate Expenses             | 7,147.62               |
| Missionary Special Projects         | 129,133.73   | Recruiting                     | 2,362.54               |
| Missionary Newsletters              | 59,573.06    | Employee Recognition           | 1,286.57               |
| Missionary Miscellaneous            | 40,855.82    | Strategic Planning Retreat     | 2,144.29               |
| Missionary Equipment                | 83,484.24    | Compassion/Relief              | 95.30                  |
| Missionary Meeting Places           | 67,888.12    | Cell Phone Usage               | 5,622.80               |
| Missionary Maintenance Mission Prop | 50,271.62    | Meals/Enter/Lodging Others     | 6,337.56               |
| Missionary Evangelism               | 222,815.26   | Orientation for New Missionary | 2,477.84               |
| Missionary National Workers         | 182,550.31   | Mission Community Development  | 9,577.82               |
| Missionary Other Supporting         | 221,299.96   | Advisory Council               | 7,624.13               |
| Missionary Overseas Shipping        | 16,916.04    | 2010 Celebration Accrual       | 36,412.85              |
| Missionary Dental & Optical         | 73,429.92    | Office Travel International    | 21,442.87              |
| Missionary Customs Charges          | 4,860.38     | Off-Site Storage               | 1,906.03               |
| Missionary COLA Equalization        | 49,173.69    | Professional Services          | 11,531.50              |
| Missionary Severance Accrual        | 8,863.05     | Office Expenses                | 1,667.78               |
| Missionary Health Supplement        | 37,968.18    | Auditing Expenses              | 11,436.20              |
| Missionary Other Insurance          | 16,297.52    | Rent - 5233 Mt View Rd         | 85,771.48              |
| Missionary Field Admin Expenses     | 1,429.52     | Software Expense               | 12,627.47              |
| Office Salary                       | 570,766.49   | Office/Computer Equipment      | 10,959.69              |
| Office Housing                      | 67,335.71    | Office Equip Maint             | 4,765.08               |
| Office Social Security              | 71,486.36    | Office Supplies                | 17,630.81              |
| Office Insurance                    | 121,409.42   | Other Expenses                 | 2,144.29               |
| Misc. Office Help                   | 31,095.04    | Bank Service Charges           | 762.41                 |
| Audio Visual                        | 7,385.88     | Depreciation Expense           | 67,981.53              |
| Film and Art                        | 238.25       | Credit Card Process Fees       | 1,906.03               |
| Video                               | 3,907.37     | Website                        | 14,295.25              |
| Promotional Materials               | 14,295.25    | Internet Service Provider      | 9,148.96               |
| Services and Dues                   | 6,671.12     | Video Conferencing Services    | 6,671.12               |
| Info Services Materials             | 361.21       | Missionary/Field Projects      | 219,193.79             |
| Telephone                           | 40,979.71    | Vehicle Fuel                   | 13,056.33              |
| Copier Expense                      | 6,671.12     | Vehicle Maintenance            | 3,812.07               |
| Regular Postage                     | 3,528.16     | Vehicle Repairs                | 2,382.54               |
| Return Postage                      | 22,872.40    | Vehicle Registration           | 571.81                 |
|                                     | 1,429.52     | Vehicle Insurance              | 9,053.66               |
|                                     |              | <b>Total</b>                   | <b>\$ 7,800,000.00</b> |

# Free Will Baptist International Missions Compensation Detail

|   | Approved 2009 | Proposed 2010 | Actual 2010   | Proposed 2011 |
|---|---------------|---------------|---------------|---------------|
| <b>General Director</b>                       |               |               |               |               |
| Salary  | 38,387        | 38,963        | 34,055        | 40,222        |
| Housing and Utilities                         | 27,810        | 28,227        | 27,000        | 28,792        |
| Social Security                               | 10,675        | 10,835        | 9,846         | 11,129        |
| Retirement                                    | 3,310         | 3,359         | 1,832         | 3,451         |
| Insurance                                     | 11,414        | 12,555        | 10,620        | 10,832        |
| Christmas Bonus                               | 1,273         | 1,292         | 1,174         | 1,327         |
| <b>Total Cost of Employment</b>               | <b>92,869</b> | <b>95,232</b> | <b>84,527</b> | <b>95,753</b> |
| <b>Deputy Director - Stateside Operations</b> |               |               |               |               |
| Salary  | 31,348        | 31,818        | 24,739        | 32,935        |
| Housing and Utilities                         | 28,000        | 28,420        | 30,000        | 28,988        |
| Social Security                               | 9,570         | 9,714         | 8,827         | 9,986         |
| Retirement                                    | 2,967         | 3,012         | 1,642         | 3,096         |
| Insurance                                     | 14,880        | 16,368        | 14,880        | 15,178        |
| Christmas Bonus                               | 1,141         | 1,158         | 1,053         | 1,191         |
| <b>Total Cost of Employment</b>               | <b>87,907</b> | <b>90,491</b> | <b>81,141</b> | <b>91,373</b> |
| <b>Deputy Director - Fieldside Operations</b> |               |               |               |               |
| Salary  | 31,348        | 35,364        | 32,707        | 37,643        |
| Housing and Utilities                         | 28,000        | 28,000        | 26,600        | 28,560        |
| Social Security                               | 9,570         | 10,218        | 9,564         | 10,676        |
| Retirement                                    | 2,967         | 3,168         | 1,779         | 3,310         |
| Insurance                                     | 14,880        | 10,800        | 10,140        | 10,343        |
| Christmas Bonus                               | 1,141         | 1,219         | 1,141         | 1,273         |
| <b>Total Cost of Employment</b>               | <b>87,907</b> | <b>88,769</b> | <b>81,930</b> | <b>91,805</b> |
| <b>Director of Financial Operations</b>       |               |               |               |               |
| Salary  | 52,500        | 53,288        | 48,422        | 54,833        |
| Housing and Utilities                         | -             | -             | -             | -             |
| Social Security                               | 8,365         | 8,491         | 7,716         | 8,737         |
| Retirement                                    | 2,625         | 2,664         | 1,453         | 2,742         |
| Insurance                                     | 14,880        | 16,368        | 14,880        | 15,178        |
| Christmas Bonus                               | 1,010         | 1,025         | 931           | 1,054         |
| <b>Total Cost of Employment</b>               | <b>79,380</b> | <b>81,836</b> | <b>73,402</b> | <b>82,544</b> |
| <b>Director of Development</b>                |               |               |               |               |
| Salary  | 37,654        | 38,219        | 33,422        | 38,983        |
| Housing and Utilities                         | 14,845        | 15,068        | 15,000        | 15,369        |
| Social Security                               | 8,466         | 8,593         | 7,809         | 8,765         |
| Retirement                                    | 2,625         | 2,664         | 1,453         | 2,718         |
| Insurance                                     | 14,880        | 16,368        | 14,880        | 15,178        |
| Christmas Bonus                               | 1,010         | 1,025         | 931           | 1,045         |
| <b>Total Cost of Employment</b>               | <b>79,480</b> | <b>81,937</b> | <b>73,495</b> | <b>82,057</b> |
| <b>Director of Member Care</b>                |               |               |               |               |
| Salary  | 52,500        | 53,288        | -             | -             |
| Housing and Utilities                         | -             | -             | -             | -             |
| Social Security                               | 8,365         | 8,491         | -             | -             |
| Retirement                                    | 2,625         | 2,664         | -             | -             |
| Insurance                                     | 5,707         | 6,278         | -             | -             |
| Christmas Bonus                               | 1,010         | 1,025         | -             | -             |
| <b>Total Cost of Employment</b>               | <b>70,207</b> | <b>71,745</b> | -             | -             |

## 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, 2009 and 2008, 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, 2009 and 2008, 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 2009 and 2008 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 28, 2010

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BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 AND 2008

| ASSETS                                       |                     |                     |
|--|---------------------|---------------------|
|  | 2009                | 2008                |
| Cash and cash equivalents                    | \$ 1,021,161        | \$ 1,327,918        |
| Investments in trusts                        | 1,054,923           | 1,647,555           |
| Investments                                  | 3,060               | 1,400               |
| Prepaid expenses                             | 108,605             | 9,330               |
| Receivables from employees and missionaries  | 358,322             | 336,205             |
| Note receivable                              | 54,108              | 60,090              |
| Property and equipment, net                  | 1,368,761           | 1,386,467           |
| Total assets                                 | <u>\$ 3,968,940</u> | <u>\$ 4,768,965</u> |
| LIABILITIES AND NET ASSETS                   |                     |                     |
| Accounts payable and accrued expenses        | \$ 386,209          | \$ 277,231          |
| Supplemental retirement insurance obligation | 532,144             | 545,523             |
| Notes payable                                | 333,817             | 415,076             |
| Accrued severance payable                    | 161,364             | 167,760             |
| Total liabilities                            | <u>1,413,534</u>    | <u>1,405,590</u>    |
| Net assets:                                  |                     |                     |
| Unrestricted                                 | 428,216             | 180,889             |
| Temporarily restricted                       | 2,100,949           | 3,156,245           |
| Permanently restricted                       | 26,241              | 26,241              |
| Total net assets                             | <u>2,555,406</u>    | <u>3,363,375</u>    |
| Total liabilities and net assets             | <u>\$ 3,968,940</u> | <u>\$ 4,768,965</u> |

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

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2009 AND 2008

|  | 2009                | 2008                |
|--|---------------------|---------------------|
| Unrestricted:                                  |                     |                     |
| Revenue:                                       | \$ 1,691,659        | \$ 1,708,223        |
| Contributions                                  | 59,066              | (265,815)           |
| Investment income (loss)                       | 22,887              | 22,043              |
| Other income                                   | -                   | (1,991)             |
| Loss on disposal of property and equipment     |                     |                     |
| Net assets released from restrictions:         | <u>6,467,028</u>    | <u>5,948,115</u>    |
| Restrictions satisfied by payments             | <u>8,240,640</u>    | <u>7,410,575</u>    |
| Total revenue                                  |                     |                     |
| Expenses:                                      | 1,467,741           | 1,719,960           |
| General fund                                   | 6,108,505           | 5,834,531           |
| Missionaries                                   | 417,067             | 185,502             |
| VISION campaign                                |                     |                     |
| Total expenses                                 | <u>7,993,313</u>    | <u>7,739,993</u>    |
| Increase (decrease) in unrestricted net assets | <u>247,327</u>      | <u>(329,418)</u>    |
| Temporarily restricted:                        |                     |                     |
| Revenue:                                       | 5,411,732           | 5,851,267           |
| Contributions                                  |                     |                     |
| Net assets released from restrictions          | <u>(6,467,028)</u>  | <u>(5,948,115)</u>  |
| Restrictions satisfied by payments             | <u>(1,055,296)</u>  | <u>(96,848)</u>     |
| Decrease in temporarily restricted net assets  | <u>(807,969)</u>    | <u>(426,266)</u>    |
| Total decrease in net assets                   | <u>3,363,375</u>    | <u>3,789,641</u>    |
| Net assets, beginning of year                  | <u>\$ 2,555,406</u> | <u>\$ 3,363,375</u> |
| Net assets, end of year                        |                     |                     |

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

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

|   | 2009         | 2008         |
|---|--------------|--------------|
| Cash flows from operating activities:   |              |              |
| Decrease in net assets  | \$ (807,969) | \$ (426,266) |
| Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities: |              |              |
| Depreciation  | 200,724      | 165,184      |
| Unrealized (gain) loss on investments   | (58,393)     | 265,815      |
| Loss on disposal of property and equipment  | 9,150        | 1,991        |
| (Increase) decrease in receivables from employees and missionaries                                      | (22,117)     | 4,231        |
| (Increase) decrease in prepaid expenses   | (99,275)     | 25,367       |
| Increase (decrease) in accounts payable and accrued expenses  | 108,978      | (11,552)     |
| Decrease in supplemental retirement insurance obligation  | (13,379)     | (14,243)     |
| (Decrease) increase in accrued severance payable  | (6,396)      | 8,034        |
| Net cash (used in) provided by operating activities   | (688,677)    | 18,541       |
| Cash flows from investing activities:   |              |              |
| Purchases of property and equipment   | (192,168)    | (420,645)    |
| Proceeds from sale of equipment   | -            | 36,300       |
| Purchases of investments  | (635)        | (25,167)     |
| Proceeds from sale of investments   | 650,000      | 534,867      |
| Collection on note receivable   | 5,982        | 5,982        |
| Net cash provided by investing activities   | 463,179      | 131,337      |
| Cash flows from financing activities:   |              |              |
| Proceeds from note payable  | -            | 175,000      |
| Payments on notes payable   | (81,259)     | (72,218)     |
| Net cash (used in) provided by financing activities   | (81,259)     | 102,782      |
| (Decrease) increase in cash and cash equivalents  | (306,757)    | 252,660      |
| Cash and cash equivalents, beginning of year  | 1,327,918    | 1,075,258    |
| Cash and cash equivalents, end of year  | \$ 1,021,161 | \$ 1,327,918 |
| SUPPLEMENTAL DISCLOSURES  |              |              |
| Interest paid during the year   | \$ 25,556    | \$ 23,364    |

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, 2009 AND 2008

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 2009 and 2008.



BOARD OF INTERNATIONAL MISSIONS OF THE  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

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

Cash and Cash Equivalents

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

Investments in Trusts

Investments in trusts are composed of five trusts established and maintained by the Free Will Baptist Foundation. The Foundation invests the two largest trusts in debt securities and preferred stock and values the trusts at fair market value. The remaining trusts are invested in government securities and valued at cost, which approximates fair market value.

Investments

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

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$2,000 and an estimated useful life of at least two years. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

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

BOARD OF INTERNATIONAL MISSIONS OF THE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

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:

|                            | 2009                | 2008                |
|----------------------------|---------------------|---------------------|
| Benevolent Health Trust    | \$ 809,267          | \$ 875,989          |
| Support Services Endowment | 163,080             | 157,371             |
| Foundation Trust           | 76,952              | 608,762             |
| St. Sebastian Trust        | 3,571               | 3,450               |
| Scholarship Endowment      | 2,053               | 1,983               |
|                            | <u>\$ 1,054,923</u> | <u>\$ 1,647,555</u> |

The total investment income (loss) was \$59,066 and (\$265,815) for 2009 and 2008, respectively.

The fair value of investments at December 31, 2009 is measured as follows:

Level 1 Inputs - Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date (e.g. prices derived from NYSE, NAADAQ or Chicago Board of Trade).

Level 2 Inputs - Fair values are based on inputs other than quoted price included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (e.g. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3 Inputs - Fair values are based on unobservable inputs used for valuing the asset or liability. Unobservable inputs are those that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

BOARD OF INTERNATIONAL MISSIONS OF THE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**NOTE 3 - INVESTMENTS IN TRUSTS (CONTINUED)**

All of the investments in trusts are mutual funds that are valued with Level 2 inputs.

**NOTE 4 - INVESTMENTS**

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2009 and 2008 consisted of equity securities. Unrealized gains (losses) were \$1,860 and (\$4,480) for 2009 and 2008, respectively. There were no realized gains or losses. The equity securities are valued with Level 1 inputs as more fully described in Note 3.

**NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES**

Included in receivables from missionaries and employees is \$350,749 and \$309,050 in 2009 and 2008, respectively in funds advanced to missionaries. When a missionary goes to the field they are given advance funds to establish their missionary work. These funds are normally netted with future expense reimbursements. Any funds still outstanding are due back from the missionary when the missionary resigns or retires.

**NOTE 6 - NOTE RECEIVABLE**

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

|  | 2009      | 2008      |
|--|-----------|-----------|
| 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. | \$ 54,108 | \$ 60,090 |

BOARD OF INTERNATIONAL MISSIONS OF THE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**NOTE 7 - PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

|                                | 2009               | 2008               |
|--------------------------------|--------------------|--------------------|
| Land                           | \$ 268,981         | \$ 268,981         |
| Buildings                      | 800,942            | 800,942            |
| Office furniture and equipment | 39,979             | 24,990             |
| Cameras and projectors         | 149,325            | 111,259            |
| Automobiles                    | 1,003,607          | 882,316            |
| Computer equipment             | 115,355            | 114,920            |
|                                | 2,378,189          | 2,201,408          |
| Less accumulated depreciation  | <u>(1,007,428)</u> | <u>(814,941)</u>   |
| Total                          | <u>\$1,368,761</u> | <u>\$1,386,467</u> |

Depreciation expense amounted to \$200,724 and \$165,164 for 2009 and 2008, respectively. Depreciation expense in the amount of \$75,263 and \$57,175 is included in the general fund expenses for 2009 and 2008, respectively, while the remainder is included in missionaries' expenses.

Losses on disposal of property and equipment totaled \$9,150 for 2009 which are included in missionaries' expenses on the consolidated statements of activities. Losses on disposal of property and equipment totaled \$1,991 for 2008 and are included in a separate line item under unrestricted revenue on the consolidated statements of activities.

**NOTE 8 - SUPPLEMENTAL RETIREMENT INSURANCE OBLIGATION**

Using a measurement date of December 31, the calculation of the accumulated benefit obligation of \$532,144 and \$545,523 for 2009 and 2008, respectively was based on a discount rate of 5.5%. The Organization is in the process of evaluating whether to continue the supplement. Accordingly, no employer contributions associated with this supplement were made in 2009 or 2008. Investments in the Benevolent Health Trust in the amount of \$809,267 and \$875,989 at December 31, 2009 and 2008, respectively have been designated, but not restricted, by the Organization to fund this liability.

**NOTE 9 - ACCRUED SEVERANCE PAYABLE**

The Organization provides a non-contractual, 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. The Organization discontinued this benefit on December 31, 2009 and, when cash flow allows, will begin pay out of these funds to all missionaries.



**BOARD OF INTERNATIONAL MISSIONS OF THE  
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YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 10 - NOTES PAYABLE**

Notes payable consist of the following as of December 31:

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| 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.   | \$ 46,729         | \$ 90,401         |
| 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 principal 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. | 10,000            | 31,500            |
| Note payable to Free Will Baptist Foundation for the Miharashidai property requiring monthly payments of principal and interest of \$1,390 with an interest rate of 6.9%. The note matures in March 2019.  | 112,048           | 120,600           |
| Note payable to Free Will Baptist Foundation for the Yahata property requiring monthly payments of principal and interest of \$1,477 with an interest rate of 6.0%. The note matures in August 2023.   | <u>165,040</u>    | <u>172,575</u>    |
|  | <u>\$ 333,817</u> | <u>\$ 415,076</u> |

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

Year ending December 31,

|            |                   |
|------------|-------------------|
| 2010       | \$ 73,935         |
| 2011       | 18,361            |
| 2012       | 19,595            |
| 2013       | 20,910            |
| 2014       | 22,316            |
| Thereafter | <u>178,700</u>    |
|            | <u>\$ 333,817</u> |

**BOARD OF INTERNATIONAL MISSIONS OF THE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008**

**NOTE 11 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

|                 | 2009                | 2008                |
|-----------------|---------------------|---------------------|
| Missionaries    | \$ 1,685,600        | \$ 2,362,373        |
| VISION campaign | 325,084             | 602,169             |
| Subsidiary      | <u>90,265</u>       | <u>191,703</u>      |
|                 | <u>\$ 2,100,949</u> | <u>\$ 3,156,245</u> |

These net assets are restricted due to donor restrictions.

Permanently restricted net assets are restricted to:

|                            | 2009             | 2008             |
|----------------------------|------------------|------------------|
| 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 - 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 13 - 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 up to 5% of gross salary for missionaries and administrative employees. Employees are allowed to contribute but are not required to contribute. Pension expenses amounted to \$66,480 and \$114,390 for 2009 and 2008 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  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**NOTE 14 - LEASE**

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$78,199 and \$89,576 for 2009 and 2008, 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:

| Year Ending December 31, | Amount |
|--------------------------|--------|
| 2010                     | \$ 933 |

**NOTE 15 - 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 16 - CONCENTRATIONS OF CREDIT RISK**

The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 with each financial institution. The Organization maintains cash balances that at times, may exceed federally insured limits.

BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2009 AND 2008

|   | 2009       | 2008       |
|---|------------|------------|
| General fund:                                 | \$ 590,952 | \$ 576,252 |
| Salaries                                      | 99,797     | 125,270    |
| Health insurance                              | 83,413     | 100,413    |
| Housing                                       | 78,199     | 89,576     |
| Office rent                                   | 74,429     | 57,176     |
| Depreciation                                  | 73,425     | 68,335     |
| Convention                                    | 67,724     | 80,480     |
| Employer payroll taxes                        | 53,424     | 57,964     |
| One publication                               | 35,832     | 41,113     |
| Legal and professional                        | 34,052     | 18,480     |
| Postage                                       | 34,002     | 24,753     |
| Telephone and internet                        | 31,038     | 36,478     |
| Department travel                             | 28,293     | 45,973     |
| Office supplies and equipment                 | 24,741     | 23,814     |
| WMO Ambassador travel                         | 23,118     | 28,523     |
| Department auto                               | 21,231     | 18,478     |
| WMO campaign                                  | 17,780     | 12,745     |
| Website                                       | 16,308     | 54,156     |
| Publicity and promotion                       | 11,335     | 7,887      |
| Fees and service charges                      | 10,759     | 15,050     |
| Board members                                 | 9,822      | 98,000     |
| WMO disbursements to missionaries             | 8,402      | 5,841      |
| Seminars, training and retreats               | 8,224      | 31,224     |
| Retirement                                    | 7,680      | 9,000      |
| WMO Ambassador honorariums                    | 7,490      | 6,988      |
| Video and audio visual                        | 7,023      | 9,967      |
| 2010 consultation                             | 6,604      | 27,773     |
| Impulse video magazine                        | 6,465      | 6,849      |
| COLA indexes                                  | 6,398      | 8,391      |
| Donor development                             | 6,032      | 8,313      |
| Funding system restructure                    | 5,473      | 4,822      |
| Staff recognition                             | 3,682      | 6,705      |
| Department insurance                          | 2,292      | 7,559      |
| Advisory council                              | 1,999      | 5,397      |
| Visitor meals, entertainment and lodging      | 1,976      | 9,553      |
| Recruiting and candidate                      | 878        | 6,413      |
| Everyone campaign                             | 808        | 2,222      |
| Other field ministry                          | 345        | 17,785     |
| WMO coin bank                                 | -          | 7,348      |
| WMO International Fellowship                  | -          | 2,089      |
| Together Way Program                          | -          | 19,050     |
| Ivory Coast Bible Institute                   | -          | 18,000     |
| India Bible Institute                         | -          | 10,000     |
| Russia Bible Institute                        | -          | 6,000      |
| Cuba Bible Institute                          | -          | -          |
| Total general fund before transfer            | 1,501,241  | 1,817,960  |
| Less internal transfer to missionary accounts | (33,500)   | (98,000)   |
| Total general fund                            | 1,467,741  | 1,719,960  |



BOARD OF INTERNATIONAL MISSIONS OF THE  
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CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

|                              | 2009         | 2008         |
|------------------------------|--------------|--------------|
| Missionaries' expenses:      |              |              |
| Subsidiary                   |              |              |
| Japan                        | \$ 1,078,299 | \$ 969,590   |
| France                       | 1,033,375    | 919,272      |
| Brazil                       | 962,330      | 962,601      |
| Spain                        | 575,947      | 556,944      |
| Panama                       | 475,408      | 623,729      |
| India                        | 344,390      | 302,075      |
| Uruguay                      | 340,082      | 349,059      |
| Student ministries           | 317,989      | 211,474      |
| Field operations             | 252,364      | 382,299      |
| Ivory Coast                  | 250,207      | -            |
| Other projects               | 196,578      | 379,076      |
| Bulgaria                     | 156,157      | 46,714       |
| Unreached people             | 63,237       | 69,179       |
| Russia                       | 62,640       | 66,985       |
| Missionary medical           | 48,364       | 51,555       |
|                              | (48,842)     | (56,021)     |
| Total missionaries' expenses | 6,108,505    | 5,834,531    |
| VISION campaign expenses:    |              |              |
| Project expenses             | 417,067      | 185,502      |
| Total functional expenses    | \$ 7,993,313 | \$ 7,739,993 |

Free Will Baptist Bible College

President's Report

## 2010 President's Report Free Will Baptist Bible College

### Graduating World Changers

For nearly 70 years, Free Will Baptist Bible College has graduated leaders for service to Christ, His Church, and His world. Carlisle Hanna has given his life in India as an evangelist and preacher of the gospel as well as a noted humanitarian. Jane Johnson has spent her professional career as an educator and is currently principal of a large elementary school. Bob Edwards is a bank vice president and serves as a faithful lay leader in a Free Will Baptist church. Fred Warner has invested his life as a pastor, full-time evangelist, and denominational leader. All of these credit Free Will Baptist Bible College with equipping them for their roles of leadership and service.

Every year FWBBC graduates more students just like these—students who are ready to meet the demands of a changing culture with God's never-changing gospel truth. Let me give you two recent examples.

### Arkansas Pastor

Ryan Johnston answered the call to preach and moved with his new bride Mandy to FWBBC at age 21 to follow God's leading. Embracing responsibilities of married student life and the arrival of a baby boy, Ryan was a faithful student and graduated in 2007 with a bachelor's degree in pastoral ministry. He now pastors First Free Will Baptist Church in Walnut Ridge, Arkansas, where God is blessing Ryan's effort with growth in the spiritual formation of the congregation as well as an increase in new believers.

Ryan said, "The education I received from FWBBC has been priceless! Each class, assignment, service, and friendship equipped me to serve Christ and His church. After completing my degree, I felt confident that I was prepared to minister in the 21st century. The biblical worldview offered by the college helped shape my Christian perception on ministry and relationships as well as my personal walk with Christ. The rich and fertile educational soil the Bible College offers strengthened my ministry roots, and will enable me to produce fruit for Christ for years to come. I highly recommend FWBBC for those seeking higher education and am honored to have studied at there."

### Professional Counselor

Amanda Dunlap came to FWBBC as an 18-year-old freshman and developed a desire to help hurting people through counseling ministry. She played basketball and volleyball, studied hard, grew spiritually, and met her husband Matthew at FWBBC. After her graduation in 2005, she went on to earn a master's degree in counseling and become a Licensed Professional Counselor and Mental Health Service Provider.

Amanda remarked, "The positive impact that FWBBC made on my life is being shown to me more each year. FWBBC gave me the knowledge and, most importantly, the support to pursue and achieve my goals, not only in furthering my education, but also personal goals in my spiritual journey. The relationships that were started, built, and grown from my time at FWBBC will be forever cherished. Healthy relationships, professionalism, and a high standard of ethics are elements crucial to my profession, and in each of these areas I gained much at FWBBC. I will be forever grateful for my time at FWBBC and the impact it made in my life."

These are a few examples of how FWBBC is changing the lives of students, educating them for leadership and service in the church and the world. We accomplish this through a unique commitment to spiritual formation and academic excellence in the context of a tight-knit Christian community of faith and learning. Very few colleges combine the features that are unique to FWBBC:

- An unparalleled emphasis on spiritual formation and character development.
- An emphasis on church ministry—for both ministers and laity—as well as serving as salt and light in various career fields.
- A fully accredited academic environment ranked in *U.S. News and World Report's America's Best Colleges*.
- An intimate residential community where students forge lifelong relationships with other students, as well as faculty and staff.
- Personal attention and opportunities for leadership and involvement that only a smaller campus can provide.

#### New Programs

Despite the challenges of a weak economy, the college continues to grow and change for the future. This year, we will begin two new programs: off-site Teacher Education programs and Varsity Golf.

With greater demand for highly qualified teachers, FWBBC will launch two off-site post-baccalaureate teacher licensure programs this summer, one at Pleasant View Christian School in Pleasant View, and another at Station Camp High School, across the street from the college's new campus site in Gallatin. These evening programs will allow college graduates the opportunity to receive teacher education that qualifies them for Tennessee state teacher licensure.

The college also announces its latest intercollegiate athletic offering: Varsity Golf. We have wanted to add more sports opportunities to our athletic program. Golf will allow more students to participate in intercollegiate sports. It is a natural fit right now, because it does not require additional facilities and there are a number of golf courses nearby that can service the program. We currently do not offer an individual sport, so this will be an important move for us.

#### New Directions

During its May 2010 meeting, the FWBBC Board of Trustees authorized the administration to launch a feasibility study regarding a name change for the college. Administrators have begun assembling the necessary data to develop a survey instrument. We are also interacting with two professional consulting firms—The A Group and Dickerson and Associates—to ensure a high quality feasibility study.

If the feasibility study indicates support for an institutional name change, results will be presented to delegates at the 2011 national convention, along with a proposed name change, and a motion to lay the change on the table for one year. Delegates to the 2012 national convention would then be asked to approve the change.

Board member Richard Hendrix resigned effective June 1, 2010, in order to continue serving as an adjunct faculty member at the college. Previous Board action now prohibits an individual from serving simultaneously as a board member and as a college employee. We are thankful for Dr. Hendrix's commitment to FWBBC.

#### Relocation

The global economic crisis has slowed the sale of our West End campus and plans to construct a campus on the 66-acre site in Gallatin. However, we have recently entered into talks with new buyers seriously interested in purchasing our current campus.

The silent phase of our capital campaign to pay off the Gallatin land and move toward relocation is going well. We have raised commitments for over half of our \$6 million campaign goal. More than \$2.1 million of this is in cash commitments, and more than \$1 million is in commitments of gifts-in-kind. We have received nearly \$400,000 in cash toward the capital campaign this fiscal year. God is blessing our efforts toward relocation. Even in this stalled economy, we have raised more than any fundraising effort in the college's history.

#### Finances

For the past two years, Free Will Baptist Bible College has struggled amidst the worst economy in the college's history. Even in the 2007-2008 academic year, before the worst set in, we were confronted with enrollment and income challenges shared by many smaller Bible colleges. Some of these colleges were hit so hard that, when the real recession set in during the fall of 2008, they were forced to close their doors that December.

Rubel Shelly, president of a small Christian college in Michigan, hit the nail on the head when he said the following in response to the closing of Cascade College, a Christian college in Oregon: "In the best of times and under normal circumstances, small Christian colleges live a hand-to-mouth existence. Endowment is limited or non-existent. The student pool is shrinking. The generation most interested in supporting Christian education as an outreach tool for the kingdom is dying off. As everyone knows, however, these are by no means the 'best of times,' and very little about the current economic climate can be called 'normal.' Not only Christian schools at various levels but a variety of other ministries as well may fail for the lack of funding."

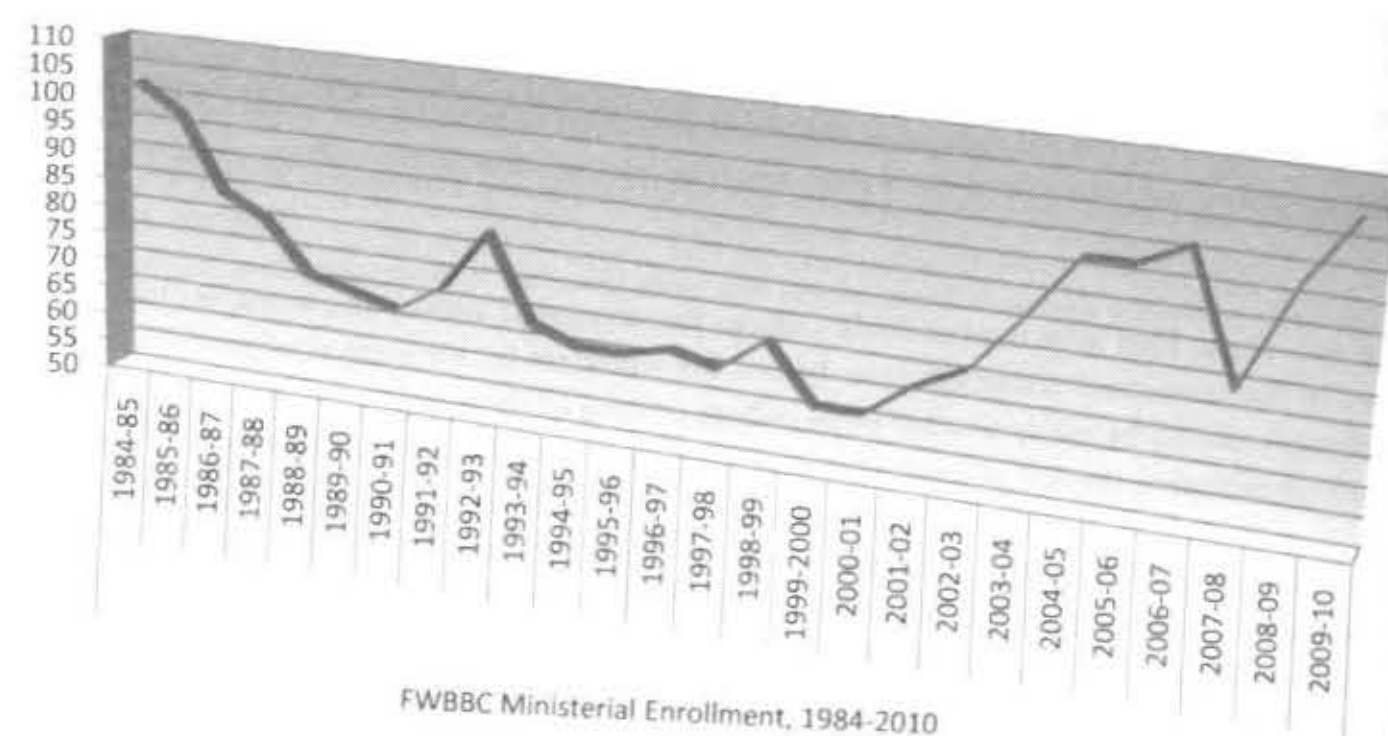
This past year has been disastrous for many organizations, large and small, that did not take bold steps to bring spending in line with revenue shortfalls. As painful as it was for our college family, we have taken the necessary steps to do just that.

It felt like *de ja vu* when I recently read Moody's *Annual Sector Outlook for U.S. Higher Education 2010*. That report said: "Higher education institutions have undertaken a variety of actions to respond to reduced resources. Budget savings have been pursued through means such as furloughs, suspending hiring, freezing salaries for at least a segment of employees, lowering or freezing retirement contributions, and eliminating discretionary expenses such as travel." That sounds exactly like FWBBC. It was tough, but the steps the college took enabled us to balance our cash budget. And that has caused our bankers to call us their poster child for taking the steps necessary for fiscal health in a broken economy. So, when compared to so many smaller Christian institutions that have experienced financial disaster the past couple of years, FWBBC has maintained strength.

The first quarter of our fiscal year seemed to give the impression that the we were coming out of the doldrums and might be able to give back some of the salary and benefits we had been forced to take away last January. For example, our fall enrollment was better than expected. Even though total headcount was down, the number of full-time students and credit hours registered for was up slightly. This caused our full-time equivalent number to be up 2.5 percent. This is better than the average enrollment increase for private colleges nationally, which was up only .8 percent from fall 2008 to fall 2009.



Most encouraging along these lines is the fact that we set a 26-year record in ministerial enrollment—a 13 percent increase over last year (see graph below). This is exciting, because it demonstrates the success of our online degree in ministry. But even our on-campus ministerial enrollment set a 24-year record.



These small victories we were celebrating, because of an enrollment that was not as bad as we had anticipated, gave us a glimmer of hope that we could reinstate the pay and benefits we had to cut last year. Unfortunately, as the fiscal year progressed, we have been pushed back into the reality of the current dismal financial climate. With other ministries—including some of our own Free Will Baptist ministries—beginning to report a downturn in donations in the last quarter of 2009, we began to watch this area closely. Sure enough, after Thanksgiving our giving began to slip, and, year-to-date, gifts are down by around \$100,000 (this amount reflects \$88,000 from two gifts that did not replicate from the previous year). This is in line with the front page of the "Local News" section in the February 14, 2010, *Tennessean* newspaper, which carried the headline "College donations plunge," and read in its first line: "Colleges around the country are reeling from the worst fundraising season most of them have ever seen."

These trends are in line with Moody's *Annual Sector Outlook for U.S. Higher Education 2010*. That report said, "Moody's is maintaining a negative outlook for the sector as we enter a period when more fundamental and cumulative risks of weakened student demand and donor support are likely to become evident" (p. 1).

With regard to enrollment and tuition, the report says that "tuition pricing and enrollment uncertainty are now a fundamental risk," especially for tuition-driven small private colleges (p. 2). "Traditionally, tuition setting and financial aid allocation had been a relatively routine process for most institutions, with a fairly predictable outcome in terms of net tuition and fee revenue, acceptances, and matriculation levels. As a result of economic

challenges affecting students and their families, however, many private colleges and universities revised their policies for the past cycle in order to ensure enrollment. Enrollment at public institutions increased as students chose what is often a lower-cost education option" (p. 2).

The main way that private colleges are coping with enrollment threats brought on by a strained economy is accepting a higher percentage of their applicants (their waiting list). The obvious difficulty for FWBBC is that we are an open-enrollment institution. This means that, unlike most private colleges, we cannot simply raise the percentage of applicants we accept and thus increase our freshman enrollment. So small, open-enrollment, private colleges are in a uniquely stressed position.

It is astounding that we have been able to garner the high level of support for relocation in this sort of economy. But these commitments, which come from only around 40 of our donors, extend out five years. Furthermore, two-thirds of our giving comes from Free Will Baptist churches, either in the form of designated or co-op giving. Our churches are in financial difficulty as church members lose jobs and tighten belts and the churches' offerings dip. This difficulty is passed on to Free Will Baptist ministries, including the college. On the bright side, we had a great call-a-thon, and we raised a great deal more than we raised last year. But that still will not be enough to make up for the shortfall we experienced.

Despite these difficulties, because of prudent financial management and the personnel cuts and salary decrease we initiated last year, it appears that we will have a balanced budget this year. We owe much of this sacrifice by our faculty and staff. I thank them not only for serving cheerfully in the midst of sizable salary cuts, but also for operating on narrow budgets in their departments.

We anticipate continued concerns economically, as many parents continue to hold back on the perceived luxury of sending their children halfway across the country to attend a costly private institution when they have nearly-free community college education close to home. However, we are committed to adding more resources in student recruitment and fundraising. Only by recruiting more students and bringing in more gifts can the college offset the losses brought on by current challenges of the global economic environment. Please pray for the college as we navigate these waters. Pray that God will raise up new financial supporters to shore up this vital ministry for the future and that He will send more students.

#### Campus Life

Despite these quantitative concerns, qualitatively campus life remains positive. The academic year was marked by an excellent spiritual atmosphere. Students logged in thousands of hours of Christian Service. Some students spent their spring break on a mission trip to Utah, assisting Free Will Baptist church planters. Pastoral students ministered on preaching tours in three states. The student body sponsored a number of spiritual enrichment activities, including a student-led revival.

The arts continue to play a vibrant role in FWBBC community life, with the Music and Drama Departments sponsoring ministry tours across the country and providing on-campus programs as diverse as Handel's *Messiah* and Rodgers and Hammerstein's *Oklahoma!* Our new athletic director, Gary Turner, brings a wealth of experience to his new post and is committed to making athletics a vital part of our spiritual and academic mission.



The college sponsored three major conferences this year: Missions Conference in October, The Forlines Lectures in February featuring renowned Old Testament scholar and preacher Walter Kaiser, and Bible Conference/Forumio in March.

The Bible Conference/Forumio broke new ground as we emphasized practical ministry training for pastors and youth leaders with a focus on youth and family ministry. Our theme revolved around why young people are leaving the church and how to reach a postmodern generation with the gospel. Guest speakers Dr. Mark Dever of Capitol Hill Baptist Church, Dr. Thom Rainer of LifeWay Christian Resources, and Joey Stewart of Reformed Youth Ministries were joined by Free Will Baptist speakers—home missionary Brian Williams, youth pastor Allen Pointer, and FWBBC Christian Education and Youth Ministry Coordinator Barry Raper. Attendance at this conference was much larger than any in recent memory.

The 2011 conference is shaping up to be just as interesting, with the theme *Preaching the Word, Renewing the Family*. Guest speakers Dr. Haddon Robinson (Gordon-Conwell Theological Seminary) and Dr. Voddie Baucham (Grace Family Baptist Church) will be joined by Free Will Baptist speakers such as youth pastor Curt Gwartney, FWBBC professor Dr. Garnett Reid, and others. We believe the Bible Conference/Forumio is a way for FWBBC to give back to the Free Will Baptist churches with a stellar conference featuring top biblical, theological, and ministry speakers dealing with important issues today's church leaders are facing.

#### Faculty Honors

Free Will Baptist Bible College is blessed with an outstanding faculty and staff who make it possible for the college to fulfill its mission of educating Christian servant-leaders. Faculty and staff distinguish themselves annually with scholarship, participation in professional societies and trade organizations, civic engagement, church leadership, and mission work. Among other faculty and staff honors this year:

- Dr. Darrell Holley's two newest books, *Traditional English Grammar* and *Traditional English Grammar Workbook*, designed as college textbooks for advanced grammar students, were published by Randall House.
- Dr. Garnett Reid's new book *Old Testament Survey, Part 1: Genesis-Esther* was published by the Evangelical Training Association, and a book review he wrote was published in the *Journal of the Evangelical Theological Society (JETS)*. Dr. Reid writes a regular column, "Intersect," in *ONE Magazine*.
- Dr. Kevin Hester published book reviews in *JETS* and the *Journal of Early Christian Studies*.
- Dr. James Stevens led numerous music clinics and workshops, participated in Pine Lake Music's Composer's Symposium, and published two choral compositions in *One-Rehearsal Wonders, Volume 3*, published by Shawnee Press.
- Mrs. Carol Reid, who serves as secretary of the Commission on Accreditation of the Association for Biblical Higher Education (ABHE) and is past president of the Foundation for the Advancement of Christian Libraries, published articles in *The Christian Librarian* and *Together with God*.
- Dr. Milton Fields was honored at the annual meeting of the ABHE for his years of distinguished service on the ABHE's Commission on Accreditation.
- President Matt Pinson presented a paper on Free Will Baptist theology at Beeson Divinity School to be published in a book by Baker Academic, discussed Arminianism on the Albert Mohler radio program, and published an article on predestination in *New Orleans Baptist Seminary's Journal for Baptist Theology and Ministry*. His book *Perspectives on Christian Worship* was listed in *Preaching* magazine's "The Year's Best" and "Ten Books Every Preacher Should Read in 2010."

#### Changes in the College Family

It was hard to say goodbye to Bert and Dianne Tippet. Not long after the big June 2009 celebration of the Tippetts and their service to Free Will Baptist Bible College for more than four decades, Mr. Tippet announced that he wanted to retire and spend more time with his family. He is still battling cancer. We are thankful to God for His servants and are praying for Mr. Tippet's recovery.

We are deeply grateful to the committed service that Loyce McVay has given to the college since 1965. She has done stellar work as Data Processing Coordinator and in other capacities, and has played an important role in the life of FWBBC. This year she is retiring from full-time service, but we are happy that she will still be working in the Business Office on a part-time basis.

We are excited to welcome Matthew and Anna McAfee (back) to our campus as professor/campus pastor and women's resident director. This gifted young couple's residence on campus will mutually reinforce their respective ministry roles, further enhancing the spiritual formation of our students.

Darla Trimble served us well as women's residence director for a year and felt the need to minister on base at Fort Campbell while her husband is serving as a chaplain in Afghanistan. Having Michael Oliver come from a pastorate into the position of men's residence director has been a blessing, and the men praise his combination of pastoral care and discipline in Goen Hall.

I have already mentioned Gary Turner, who brings 30 years of experience as a college-level coach, professor, athletic administrator, and admissions professional to his position as FWBBC's athletic director. We can see his commitment to the spiritual formation of our athletes shining through as he imbues the athletic department with the college's vision. The college family was also delighted when AnnaGee Harris took the position of drama director. Having been trained by outgoing director David Payne of Rising Image Productions, Miss Harris brings a wealth of skill and dedication to this position.

This year has witnessed changes in the Enrollment Services office. We were happy earlier this year to welcome Chris Talbot as an enrollment counselor. He is doing an excellent job interacting with prospective students and their parents. Jeff Caudill, who served admirably almost a decade in recruitment, retention, and financial aid, is moving into a church ministry position. Rusty Campbell has agreed to transition from Director of Adult Studies to Director of Enrollment Services. We are delighted that Mr. Campbell is willing to make this important career shift. He combines cutting edge technology with solid management and team building skills. His creative success in building the online program at FWBBC evidences the quality of leadership he brings to this new role.

Finally, it has been our joy to have two well-known missionaries on our campus this year. Clint and Lynette Morgan served as this year's missionaries-in-residence. They not only have helped enhance our missions program, but they also reached out to the entire student body and helped fan the flame of mission zeal on campus. I thank them for their service to FWBBC.

#### Thank You

I thank the Free Will Baptist denomination for its commitment to Free Will Baptist Bible College. I am humbled and honored by the opportunity to serve as president of this beloved institution at such a crucial time in its development. I highly value your prayers and support for me and the FWBBC family. Please continue to pray for us in this difficult moment as we plan for and work toward a bright future.



### Registration Report 2009-2010

#### ENROLLMENT: 334

##### States

|                  |    |                      |    |                      |     |
|------------------|----|----------------------|----|----------------------|-----|
| Alabama .....    | 12 | Kentucky .....       | 11 | Oregon .....         | 1   |
| Arkansas .....   | 15 | Maryland .....       | 1  | South Carolina ..... | 9   |
| California ..... | 2  | Massachusetts .....  | 1  | Tennessee .....      | 125 |
| Florida .....    | 7  | Michigan .....       | 22 | Texas .....          | 4   |
| Georgia .....    | 11 | Missouri .....       | 13 | Virginia .....       | 11  |
| Idaho .....      | 1  | Mississippi .....    | 8  | Washington .....     | 1   |
| Illinois .....   | 9  | North Carolina ..... | 25 | West Virginia .....  | 3   |
| Indiana .....    | 14 | Ohio .....           | 10 | International .....  | 14  |
| Kansas .....     | 1  | Oklahoma .....       | 3  |                      |     |

The student body represents 25 states (USA) and five other countries (Dominica, Kazakhstan, Korea, Mongolia, and Panama).

##### Classification

|                            |     |
|----------------------------|-----|
| Freshman .....             | 118 |
| Sophomore .....            | 90  |
| Junior .....               | 45  |
| Senior .....               | 57  |
| Non-Degree Part-Time ..... | 23  |
| Special .....              | 1   |

##### \*Vocational

|                                    |    |                        |    |                            |    |
|------------------------------------|----|------------------------|----|----------------------------|----|
| Pastoral .....                     | 34 | English .....          | 9  | Science/Nursing .....      | 13 |
| Youth Ministry/CE .....            | 19 | Exercise Science ..... | 4  | Teacher Education** .....  | 66 |
| Missions .....                     | 26 | History .....          | 4  | Undeclared .....           | 14 |
| Ministry Students (B.S./ASM) ..... | 51 | Music .....            | 9  | Non-Degree Part-Time ..... | 23 |
| Business .....                     | 34 | Psychology .....       | 28 |                            |    |

\*There are some pastoral students listed in other majors.

\*\*Teacher Education includes these areas: Bible, Biology, Early Childhood, Elementary, English, History, Music, and Physical Education.

##### Other Categories

|                                |     |                         |     |                            |     |
|--------------------------------|-----|-------------------------|-----|----------------------------|-----|
| Full-Time .....                | 243 | Male .....              | 187 | New .....                  | 69  |
| Part-Time .....                | 91  | Female .....            | 147 | Returning .....            | 17  |
|                                |     |                         |     | Continuing .....           | 188 |
| Dorm .....                     | 179 | Single .....            | 246 | Transfer .....             | 36  |
| Commuter .....                 | 79  | Married .....           | 88  | Non-Degree Part-Time ..... | 23  |
| ADP .....                      | 31  | Free Will Baptist ..... | 262 | Special .....              | 1   |
| Lifetime Learning/Online ..... | 45  | Other .....             | 72  |                            |     |

### Financial Aid Report 2009-2010

| Type of Aid  | Number of Recipients | Amount of Aid         |
|--|----------------------|-----------------------|
| Institutional Loans .....                          | 34                   | \$ 82,099.51          |
| College-Administered Scholarships .....            | 543                  | 891,659.90            |
| Federal Pell Grants .....                          | 143                  | 498,782.75            |
| Federal SEOG Grants .....                          | 28                   | 16,891.87             |
| Federal Work-Study .....                           | 8                    | 22,235.00             |
| Federal Stafford Loans (Subsidized) .....          | 202                  | 801,938.00            |
| Federal Stafford Loans (Unsubsidized) .....        | 194                  | 752,343.00            |
| Federal Plus Loans .....                           | 57                   | 526,691.00            |
| TSAA Grants .....                                  | 7                    | 25,293.00             |
| Tennessee HOPE Scholarship .....                   | 30                   | 128,500.00            |
| Tennessee Helping Heroes Grant .....               | 2                    | 4,000.00              |
| Tennessee GEAR UP TN Bridge Award .....            | 1                    | 750.00                |
| Federal ACG .....                                  | 9                    | 7,475.00              |
| Campus Workers .....                               | 73                   | 103,227.11            |
| Alternative Loans .....                            | 17                   | 182,147.00            |
| External Scholarships .....                        | 76                   | 134,401.44            |
| <b>TOTAL FINANCIAL AID ADMINISTERED, 2009-2010</b> |                      | <b>\$4,178,434.58</b> |

### Welch Library Report 2009-2010

#### Athena Collection Statistics

|                             |                |
|-----------------------------|----------------|
| Reference .....             | 4,701          |
| General Collection .....    | 55,866         |
| Curriculum Lab .....        | 1,824          |
| Audiovisuals .....          | 867            |
| Remainder .....             | 1,614          |
| Music Collection .....      | 763            |
| Ministry Lab .....          | 91             |
| E-books .....               | 24,177         |
| ERIC Microfiche .....       | 74,630         |
| Historical Collection ..... | 1,121          |
| <b>TOTAL ATHENA COUNT</b>   | <b>165,653</b> |

### Synopsis of Minutes for the Board of Trustees

#### December 9, 2009

The Board of Trustees received reports from each department. The 2008-2009 audit was accepted by unanimous vote. The Board approved the hiring of Matthew McAfee for fall 2010. Based on preparation for reaffirmation of SACS accreditation, the Board approved motions that no Board member can be a paid college employee and that the administration should formulate (1) recommendations regarding due process in the removal of a trustee, (2) a job description for the president, and (3) a Board manual. The Board changed the name of the Finance Committee to the Audit and Finance Committee. It voted to accept the resignation of Board Vice Chairman Bob Bass from the Board of Trustees and to extend thanks for his valuable service to the Board. The Board elected Richard Hendrix as Vice Chairman.

#### May 5 - 6, 2010

The Board of Trustees received reports from each department. The Board by unanimous vote authorized the administration to engage in a feasibility study to change the name of the college. The proposed budget for 2010-2011 was approved. The QEP peer-mentoring program presented by Provost Greg Kettelman was approved. The Board approved plans to update entrance requirements as presented by Provost Kettelman. The resignation of Richard Hendrix was accepted with regret and thanks for his service to the Board. The Investment and Endowment and Management Policy for FWBBC was approved.

### Salary Breakdowns

|   | 2008-2009 | 2009-2010 | 2010-2011 |
|---|-----------|-----------|-----------|
| <b>President*</b>                                   |           |           |           |
| Salary  | \$66,124  | \$64,154  | \$65,437  |
| Social Security                                     | 5,058     | 4,908     | 5,006     |
| Retirement**  | 8,239     | 8,629     | 10,052    |
| Medical Insurance                                   | 8,346     | 8,965     | 9,061     |
| Life Insurance                                      | 225       | 234       | 242       |
|   | \$87,992  | \$86,890  | \$89,798  |
| <b>Provost</b>                                      |           |           |           |
| Salary  | \$53,653  | \$52,055  | \$53,096  |
| Social Security                                     | 4,104     | 3,982     | 4,062     |
| Retirement**  | 6,685     | 7,001     | 8,156     |
| Medical Insurance***                                | 0         | 0         | 0         |
| Life Insurance                                      | 225       | 234       | 242       |
|   | \$64,667  | \$63,272  | \$65,556  |
| <b>Vice President for Institutional Advancement</b> |           |           |           |
| Salary  | \$47,803  | \$46,379  | \$47,307  |
| Social Security                                     | 3,657     | 3,548     | 3,619     |
| Retirement**  | 5,956     | 6,238     | 7,266     |
| Medical Insurance                                   | 6,513     | 6,275     | 6,338     |
| Life Insurance                                      | 225       | 234       | 242       |
|   | \$64,154  | \$62,674  | \$64,772  |
| <b>Vice President for Financial Affairs</b>         |           |           |           |
| Salary  | \$51,974  | \$50,426  | \$51,434  |
| Social Security                                     | 3,976     | 3,858     | 3,935     |
| Retirement**  | 6,476     | 6,782     | 7,901     |
| Medical Insurance***                                | 0         | 0         | 0         |
| Life Insurance                                      | 225       | 234       | 242       |
|   | \$62,651  | \$61,300  | \$63,512  |

\*Campus housing provided (with Social Security variation). Vehicle provided.  
 \*\*Represents legally required amount paid to pension plan to alleviate underfunded status. Pension currently frozen—no funds credited to employee accounts.  
 \*\*\*Voluntarily declined.



FREE WILL BAPTIST  
BIBLE COLLEGE

Financial Statements and  
Supplementary Information

May 31, 2009 and 2008  
(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

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

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

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

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2009 and 2008, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free Will Baptist Bible College as of May 31, 2009 and 2008, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Ernest R. Harper & Associates*

Brentwood, Tennessee  
July 16, 2009  
(except for note 8 - related to refinancing  
of long-term debt, as to which date is  
November 12, 2009)

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2009 and 2008

|  | Assets                            | 2009       | 2008      |
|--|-----------------------------------|------------|-----------|
| <b>Current assets:</b>   |                                   |            |           |
| Cash and cash equivalents  | \$                                | 505,252    | 1,385,550 |
| Investments in marketable securities, at market value  |                                   | 17,893     | 35,559    |
| Accounts receivable, net of allowance for doubtful accounts of \$90,000 in 2009 and \$45,000 in 2008 |                                   | 315,116    | 291,184   |
| Prepaid expenses   |                                   | 1,600      | 28,360    |
| <b>Total current assets</b>  |                                   | 839,861    | 1,740,653 |
| <b>Non current assets:</b>   |                                   |            |           |
| Cash and cash equivalents:   |                                   |            |           |
| Restricted for endowments  |                                   | 720,467    | 851,564   |
| Restricted for student loans   |                                   | 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   |
| <b>Total non current assets</b>  |                                   | 1,990,918  | 1,912,166 |
| <b>Property, plant and equipment:</b>  |                                   |            |           |
| Investment in property, plant and equipment  |                                   | 14,219,900 | 9,099,876 |
| Accumulated depreciation   |                                   | 4,369,817  | 4,124,886 |
| <b>Net property, plant and equipment</b>   |                                   | 9,850,083  | 4,974,990 |
| <b>Total assets</b>  | \$                                | 12,680,862 | 8,627,809 |
|  | <b>Liabilities and Net Assets</b> |            |           |
| <b>Current liabilities:</b>  |                                   |            |           |
| Accounts payable and accrued expenses  | \$                                | 120,165    | 239,708   |
| Current portion of long-term debt  |                                   | 8,663      | 7,768     |
| 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    |
| <b>Total current liabilities</b>   |                                   | 648,525    | 684,371   |
| <b>Other liabilities:</b>  |                                   |            |           |
| Long-term debt   |                                   | 3,613,518  | 1,404,280 |
| 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   |
| <b>Total liabilities</b>   |                                   | 5,948,797  | 2,289,928 |
| <b>Net assets:</b>   |                                   |            |           |
| Unrestricted funds   |                                   | 5,106,364  | 4,575,349 |
| Temporarily restricted funds   |                                   | 98,736     | 324,648   |
| Permanently restricted funds   |                                   | 1,526,965  | 1,437,884 |
| <b>Total net assets</b>  |                                   | 6,732,065  | 6,337,881 |
| <b>Total liabilities and net assets</b>  | \$                                | 12,680,862 | 8,627,809 |

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Activities and Changes in Net Assets

For the years ended May 31, 2009 and 2008

|   |              | 2009        |             |             | Total     | Total |
|---|--------------|-------------|-------------|-------------|-----------|-------|
|   | Unrestricted | Temporarily | Permanently | 2009        | 2008      |       |
|   | Funds        | Restricted  | Restricted  |             |           |       |
|   | Funds        | Funds       | Funds       |             |           |       |
| <b>Revenues:</b>  |              |             |             |             |           |       |
| Tuition and fees  | \$ 2,347,488 | -           | -           | 2,347,488   | 2,524,368 |       |
| Federal grants and contracts  | -            | 36,242      | -           | 36,242      | 40,446    |       |
| Private gifts   | 1,322,571    | 500,293     | 83,474      | 1,906,338   | 1,653,453 |       |
| Gifts in kind   | 1,805,320    | 62,500      | -           | 1,867,820   | -         |       |
| Investment income, including endowment income                                       | 36,178       | -           | 14,276      | 50,454      | 115,613   |       |
| Gain (loss) on investment transactions  | (23,791)     | -           | (212,149)   | (235,940)   | 24,962    |       |
| Revenues of auxiliary enterprises   | 1,010,112    | -           | -           | 1,010,112   | 984,549   |       |
| Other sources   | 30,610       | -           | (8,669)     | 21,941      | (11,370)  |       |
|   | 6,528,488    | 599,035     | (123,068)   | 7,004,455   | 5,332,021 |       |
| <b>Net assets released from restrictions</b>  | 668,951      | (668,951)   | -           | -           | -         |       |
| <b>Total revenues</b>   | 7,197,439    | (69,916)    | (123,068)   | 7,004,455   | 5,332,021 |       |
| <b>Expenditures:</b>  |              |             |             |             |           |       |
| <b>Educational and general:</b>   |              |             |             |             |           |       |
| Instruction   | 1,574,001    | -           | -           | 1,574,001   | 1,679,819 |       |
| Academic support  | 414,932      | -           | -           | 414,932     | 439,665   |       |
| Student services  | 614,839      | -           | -           | 614,839     | 650,891   |       |
| Institutional support   | 1,745,347    | -           | -           | 1,745,347   | 1,624,205 |       |
| Total educational and general expenditures  | 4,349,119    | -           | -           | 4,349,119   | 4,394,580 |       |
| <b>Auxiliary enterprises:</b>   |              |             |             |             |           |       |
| Dormitories   | 488,079      | -           | -           | 488,079     | 483,839   |       |
| Dining hall   | 460,062      | -           | -           | 460,062     | 481,879   |       |
| Bookstore   | 7,184        | -           | -           | 7,184       | 7,390     |       |
| Snack shop  | 8,936        | -           | -           | 8,936       | 8,109     |       |
| Total auxiliary enterprises expenditures  | 964,261      | -           | -           | 964,261     | 981,217   |       |
| <b>Total expenditures</b>   | 5,313,380    | -           | -           | 5,313,380   | 5,375,797 |       |
|   | 1,884,059    | (69,916)    | (123,068)   | 1,691,075   | (43,776)  |       |
| <b>Reclassification of net assets for cumulative losses from investment returns</b> | (56,153)     | (155,996)   | 212,149     | -           | -         |       |
| <b>Cumulative adjustment excess of pension liability over net assets</b>            | (1,296,891)  | -           | -           | (1,296,891) | -         |       |
| <b>Increase (decrease) in net assets</b>  | 531,015      | (225,912)   | 89,081      | 394,184     | (43,776)  |       |
| <b>Net assets:</b>  |              |             |             |             |           |       |
| Beginning of year as restated   | 4,575,349    | 324,648     | 1,437,884   | 6,337,881   | 6,381,657 |       |
| End of the year   | \$ 5,106,364 | 98,736      | 1,526,965   | 6,732,065   | 6,337,881 |       |

See accompanying notes to financial statements.



FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2009 and 2008

|   | 2009                  |                                    |                                    | Total<br>2009 | Total<br>2008 |
|---|-----------------------|------------------------------------|------------------------------------|---------------|---------------|
|   | Unrestricted<br>Funds | Temporarily<br>Restricted<br>Funds | Permanently<br>Restricted<br>Funds |               |               |
| <b>Cash flows from operating activities</b>                         |                       |                                    |                                    |               |               |
| 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<br>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<br>and for payroll           | (4,543,728)           | (361,351)                          | -                                  | (4,905,079)   | (5,105,052)   |
| Cash paid for federal grant funds<br>considered agency transactions | (411,503)             | -                                  | -                                  | (411,503)     | (317,526)     |
| Net operating activities cash flows                                 | 213,596               | (218,431)                          | -                                  | (4,835)       | 212,981       |
| <b>Cash flows from investing activities</b>                         |                       |                                    |                                    |               |               |
| Marketable securities purchased                                     | -                     | -                                  | -                                  | -             | (1,073)       |
| Proceeds from sale of marketable securities                         | 13,858                | -                                  | -                                  | 13,858        | 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                                 | (3,331,304)           | -                                  | (239,097)                          | (3,570,401)   | (334,212)     |
| <b>Cash flows from capital activities</b>                           |                       |                                    |                                    |               |               |
| Campaign pledges receivable collected                               | -                     | 75,000                             | -                                  | 75,000        | 7,500         |
| Gifts received for:   |                       |                                    |                                    |               |               |
| Endowments and student loans  | -                     | -                                  | 83,474                             | 83,474        | (51,290)      |
| Proposed new campus   | -                     | 75,824                             | -                                  | 75,824        | 49,523        |
| Other student loan transactions:                                    |                       |                                    |                                    |               |               |
| Interest income on student loans<br>and investment income           | -                     | -                                  | 14,276                             | 14,276        | 7,466         |
| Collection costs and other transactions                             | -                     | -                                  | 7,065                              | 7,065         | (2,419)       |
| Net capital activities cash flows                                   | -                     | 150,824                            | 104,815                            | 255,639       | 10,780        |
| <b>Cash flows from financing activities</b>                         |                       |                                    |                                    |               |               |
| 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)      |
| <b>Cash and cash equivalents</b>                                    |                       |                                    |                                    |               |               |
| Net 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     |
| <b>Supplemental disclosures:</b>                                    |                       |                                    |                                    |               |               |
| Interest paid   |                       |                                    | \$                                 | 99,556        | 89,801        |

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2009 and 2008

|  | 2009                  |                                    |                                    | Total<br>2009 | Total<br>2008 |
|--|-----------------------|------------------------------------|------------------------------------|---------------|---------------|
|  | Unrestricted<br>Funds | Temporarily<br>Restricted<br>Funds | Permanently<br>Restricted<br>Funds |               |               |
| <b>Cash and cash equivalents</b>   |                       |                                    |                                    |               |               |
| consist of the following:  |                       |                                    |                                    |               |               |
| Current assets   | \$ 505,252            | -                                  | -                                  | 505,252       | 1,385,550     |
| Non current assets:  |                       |                                    |                                    |               |               |
| Cash restricted for endowments   | -                     | -                                  | 720,467                            | 720,467       | 851,564       |
| Cash restricted for student loan   | -                     | -                                  | 285,879                            | 285,879       | 329,947       |
| <b>Total cash and cash equivalents</b>   | \$ 505,252            | -                                  | 1,006,346                          | 1,511,598     | 2,567,061     |
| <b>Reconciliation of increase in net assets to<br/>net operating activities cash flows</b> |                       |                                    |                                    |               |               |
| Increase (decrease) in net assets  | \$ 531,015            | (225,912)                          | 89,081                             | 394,184       | (43,776)      |
| Transactions considered to be capital additions:   |                       |                                    |                                    |               |               |
| Gifts for endowments and student loans   | -                     | -                                  | (83,474)                           | (83,474)      | 51,290        |
| Proposed new campus  | -                     | (150,824)                          | -                                  | (150,824)     | (97,523)      |
| Net other transactions from<br>student loan funds  | -                     | -                                  | (5,607)                            | (5,607)       | 33,449        |
| Depreciation and amortization  | 250,086               | -                                  | -                                  | 250,086       | 238,185       |
| Accretion of asset retirement obligation   | 13,586                | -                                  | -                                  | 13,586        | 12,727        |
| Excess pension liability   | 1,296,891             | -                                  | -                                  | 1,296,891     | -             |
| Interest added to note receivable  | (9,500)               | -                                  | -                                  | (9,500)       | -             |
| Reserve for loss related to collateral<br>on related party note receivable                 | 175,000               | -                                  | -                                  | 175,000       | -             |
| Campaign pledges receivable  | (169,300)             | -                                  | -                                  | (169,300)     | -             |
| Gifts in kind capitalized  | (1,862,500)           | -                                  | -                                  | (1,862,500)   | (93,062)      |
| Losses (gain) on investments   | 23,791                | -                                  | 212,149                            | 235,940       | (32,463)      |
| Reclassification of Endowment losses   | 56,153                | 155,996                            | (212,149)                          | -             | -             |
| (Increase) decrease in current assets:   |                       |                                    |                                    |               |               |
| Accounts receivable:   |                       |                                    |                                    |               |               |
| Student accounts   | (46,181)              | -                                  | -                                  | (46,181)      | (7,244)       |
| Employee and other   | 19,356                | -                                  | -                                  | 19,356        | (355)         |
| Bequest  | (25,420)              | -                                  | -                                  | (25,420)      | 161,179       |
| Federal student financial aid funds  | -                     | 2,309                              | -                                  | 2,309         | 60            |
| Accrued interest   | 40,104                | -                                  | -                                  | 40,104        | (11,930)      |
| Pledges receivable (note 5)  | (59,100)              | -                                  | -                                  | (59,100)      | (31,330)      |
| Less allowance for doubtful accounts   | 45,000                | -                                  | -                                  | 45,000        | -             |
| Prepaid expenses   | 26,760                | -                                  | -                                  | 26,760        | (14,966)      |
| Increase (decrease) in current liabilities:  |                       |                                    |                                    |               |               |
| Accounts payable and accrued expenses  | (119,544)             | -                                  | -                                  | (119,544)     | 19,133        |
| Student deposits and agency funds  | 24,456                | -                                  | -                                  | 24,456        | 39,280        |
| Accrued salaries   | (8,863)               | -                                  | -                                  | (8,863)       | 2,760         |
| Deferred revenues  | 11,806                | -                                  | -                                  | 11,806        | (12,433)      |
| <b>Net operating activities cash flows</b>   | \$ 213,596            | (218,431)                          | -                                  | (4,835)       | 212,981       |

See accompanying notes to financial statements.

## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements

For the years ended May 31, 2009 and 2008

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

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

##### Basis of Financial Statement Presentation

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

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

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

##### Unconditional Promises to Give - Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received. An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Promises to give are recognized after being discounted to the anticipated net present value of the future cash flows.

##### Contributions

Contributions (including promises to give) are recognized as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among net asset categories, such amounts are reflected as reclassifications in the statements of activities.

In kind contributions, when made, are recorded as contribution revenue and an offsetting expense or an asset if the contribution meets the requirements prescribed by accounting principles generally accepted in the United States of America. In kind contributions for business office services provided have been reflected in the financial statements as revenue and expense amounting to \$5,320 in 2009 and \$11,891 in 2008.

##### Cash and Cash Equivalents

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

##### Student Accounts Receivable

The College grants credit to its students by allowing tuition and fees to be paid under various payment options. The College does not require collateral for student accounts receivable. The College evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of the specific students, historical trends and other information available.

## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements, continued

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

##### Investments

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

##### Fair Value Measurements

Effective June 1, 2008, the College adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements", (SFAS 157) for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. The College has elected to defer application of SFAS 157 for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on a recurring basis until June 1, 2009. The adoption of SFAS 157 did not have a material effect on the College's 2009 financial statements.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 as assumptions market participants would use in pricing an asset or liability. For the year ended May 31, 2009, all the College's investments were valued using Level 1 inputs under SFAS 157.

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

##### Property, Plant and Equipment

Plant assets, consisting of land, buildings, other land improvements, equipment and furnishings, library books, and costs related to proposed new campus are stated at cost or estimated fair value at date of gift. Expenditures for acquisition of assets in excess of \$250 are capitalized as investment in plant.

Depreciable assets are depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 5 to 50 years. The current provision for depreciation is reported as an expenditure of the College.

##### Asset Retirement Obligations

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

##### Compensated Absences

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

##### Deferred Revenue

Deferred revenue consists of amounts billed prior to year end for services rendered after year end. These revenues pertain substantially to summer semester fees.

##### Scholarship Allowances / Tuition and Fees

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



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

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

#### Income Taxes

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

In July 2006, the Financial Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition.

In December 2008, FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises annual financial statements for fiscal years beginning after December 15, 2008. The College has elected this deferral and, accordingly, will be required to adopt FIN 48 in its 2010 annual financial statements. Prior to adoption of FIN 48, the College will continue to evaluate its uncertain tax positions and related income tax contingencies, if any, under Statement No. 5, "Accounting for Contingencies", which requires the College to accrue for losses it believes are probable and can be reasonably estimated. While management has not yet completed its analysis, it does not anticipate that the adoption of FIN 48 will have a material impact on its financial position or statement of activities.

#### Endowment Funds

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The College has adopted FSP FAS 117-1 for the year ended May 31, 2009. The Board of Trustees has determined that the majority of the College's permanently restricted net assets meet the definition of endowments funds under UPMIFA. Based on the College's interpretation of UPMIFA, the College has reviewed all of its endowment funds and has reclassified losses of permanently restricted funds amounting to \$37,476 to temporarily restricted funds as of May 31, 2008. Accordingly, opening net assets classifications for the year ended May 31, 2009, have been restated to reflect this reclassification.

#### 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.

#### Operation and Maintenance of Plant

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

#### Fund Raising Costs

For fiscal years ended May 31, 2009 and 2008, expenses totaling \$344,562 and \$302,682, respectively, were related to expenses associated with fund raising and are classified in the statements of activities under institutional support.

#### Financial Statement Presentation

Certain reclassifications may have been made to the amounts as reported in the prior year to conform to current year presentation. These reclassifications had no effect on reported net assets.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

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

#### Summarized Financial Information

The financial statements include certain prior year financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended May 31, 2008, from which the summarized information was derived.

### (2) Investments - Marketable Securities

Investment securities are stated at market value. The following table summarizes by type the relationship between carrying value and market value of the investment assets.

|  | Cost or Basis | Market Value | Excess of Market Over (Under) Cost | Unrealized Cumulative Gains | Unrealized Cumulative Losses |
|--|---------------|--------------|------------------------------------|-----------------------------|------------------------------|
| <b>Balance May 31, 2009</b>  |               |              |                                    |                             |                              |
| Permanently Restricted Funds:  |               |              |                                    |                             |                              |
| Common stock   | \$ 32,666     | 73,149       | 40,483                             | 40,483                      | -                            |
| Variable annuity contracts   | 171,151       | 164,727      | (6,424)                            | -                           | 6,424                        |
| Unrestricted Funds:  |               |              |                                    |                             |                              |
| Common stock   | 4,900         | 1,189        | (3,711)                            | -                           | 3,711                        |
| Variable annuity contracts   | 23,779        | 16,704       | (7,075)                            | -                           | 7,075                        |
|  | \$ 232,496    | 255,769      | 23,273                             | 40,483                      | 17,210                       |
| <b>Balance May 31, 2008</b>  | \$ 246,326    | 304,448      | 58,122                             | 68,082                      | 9,960                        |
|  |               |              | <b>2009</b>                        | <b>2008</b>                 |                              |
| <b>Current assets</b>  |               |              | \$ 17,893                          | 35,559                      |                              |
| <b>Non current assets:</b>   |               |              |                                    |                             |                              |
| Restricted for endowments  |               |              | 237,876                            | 268,889                     |                              |
|  |               |              | \$ 255,769                         | 304,448                     |                              |
| <b>Reconciliation of gain (loss) on investment transactions:</b>                               |               |              |                                    |                             |                              |
| Realized loss on funds held by Free Will Baptist Foundation                                    |               | \$ (200,840) | (7,720)                            |                             |                              |
| Realized gain on stock sales   |               | 251          | -                                  |                             |                              |
| Unrealized gain (loss) due to change in the cumulative change in market value pools            |               | (34,849)     | 32,682                             |                             |                              |
|  |               | \$ (235,940) | 24,962                             |                             |                              |
| Gain (loss) on investment transactions   |               |              |                                    |                             |                              |
| <b>The Free Will Baptist Foundation holds funds for the benefit of the College as follows:</b> |               |              |                                    |                             |                              |
| Endowments from which the College receives income  |               | \$ 762,040   | 1,127,949                          |                             |                              |
| Gifts to pass to the College at some future date   |               | \$ 417,691   | 598,672                            |                             |                              |

### (3) Endowments

The College's endowments consist of numerous individual funds established to benefit unrestricted operations and to provide scholarships to students who meet individual donor requirements. All endowment funds are donor-restricted funds. No funds have been designated by the Board of Trustees to function as endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (3) Endowments, continued

restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the individual fund to the extent directed by the fund donors. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is or will be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1> The duration and preservation of the fund;
- 2> The purposes of the donor-restricted endowment fund;
- 3> General economic conditions;
- 4> The possible effect of inflation and deflation;
- 5> The expected total return from income and the appreciation of investments;
- 6> Other resources of the College; and
- 7> The investment policies of the College.

#### Endowment net asset composition:

|  | 2009         | 2008      |
|--|--------------|-----------|
| Permanently restricted net assets            |              |           |
| Donor-restricted endowment funds             | \$ 1,024,532 | 932,907   |
| Temporarily restricted net assets:           |              |           |
| Accumulated funds available for distribution | -            | 155,996   |
| Unrestricted net assets                      |              |           |
| Net depreciation of endowment assets         | (56,153)     | -         |
|  | \$ 968,379   | 1,088,903 |

#### Portion of endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA

|  |              |         |
|--|--------------|---------|
|  | \$ 1,024,532 | 932,907 |
|--|--------------|---------|

|  | Unrestricted | Temporarily Restricted | Permanently Restricted | Total     |
|--|--------------|------------------------|------------------------|-----------|
| <b>Changes in endowment net assets:</b>  |              |                        |                        |           |
| <b>Endowment net assets - May 31, 2007</b>                                     | \$ -         | 56,273                 | 1,023,397              | 1,079,670 |
| Net asset reclassification based on change in law - available for distribution | -            | 37,476                 | (37,476)               | -         |
| Net assets after reclassification  | -            | 93,749                 | 985,921                | 1,079,670 |
| Investment return:   |              |                        |                        |           |
| Investment earnings  | -            | 37,514                 | -                      | 37,514    |
| Realized and unrealized gain   | -            | 28,333                 | -                      | 28,333    |
| Total investment return  | -            | 65,847                 | -                      | 65,847    |
| Donor contributions  | -            | -                      | 46,986                 | 46,986    |
| Donor redesignation of restriction   | -            | -                      | (100,000)              | (100,000) |
| Appropriation of net assets  | -            | (3,600)                | -                      | (3,600)   |
| <b>Endowment net assets - May 31, 2008</b>                                     | \$ -         | 155,996                | 932,907                | 1,088,903 |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (3) Endowments, continued

|  | Unrestricted | Temporarily Restricted | Permanently Restricted | Total     |
|--|--------------|------------------------|------------------------|-----------|
| <b>Endowment net assets - May 31, 2008 as carried from page 10</b> | \$ -         | 155,996                | 932,907                | 1,088,903 |
| Investment return:   |              |                        |                        |           |
| Investment earnings  | -            | -                      | (212,149)              | (212,149) |
| Realized and unrealized loss                                       | -            | -                      | (212,149)              | (212,149) |
| Total investment return  | -            | -                      | 91,625                 | 91,625    |
| Donor contributions  | -            | -                      | -                      | -         |
| Appropriation of net assets  | -            | -                      | -                      | -         |
| Net assets before reclassification of cumulative investment losses | -            | 155,996                | 812,383                | 968,379   |
| Net assets after reclassification of cumulative investment losses  | (56,153)     | (155,996)              | 212,149                | -         |
| <b>Endowment net assets - May 31, 2009</b>                         | \$ (56,153)  | -                      | 1,024,532              | 968,379   |

#### **Return Objectives and Risk Parameters**

The College has established investment and spending policies for the purpose of providing general guidelines for the prudent investment management of its endowment assets. To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

#### **Spending Policy**

The College's investment plan is to hold all investment instruments until such time as the deficit which was reclassified to unrestricted net assets is eliminated. At that time total returns will begin to be accumulated until sufficient funds are available for funding of scholarships and as a source of unrestricted funds revenues.

### (4) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection effects are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of May 31, 2009 and 2008 amounted to \$90,000 and \$45,000, respectively.

|   | 2009       | 2008    |
|---|------------|---------|
| Accounts receivable included in current assets is as follows: | \$         |         |
| Student accounts  | 171,392    | 125,211 |
| Employee and other  | 9,378      | 28,734  |
| Bequest   | 25,420     | -       |
| Federal student financial aid funds                           | 17,717     | 20,026  |
| Accrued interest  | 1,425      | 41,529  |
| Pledges receivable (note 5)                                   | 179,784    | 120,684 |
|   | 405,116    | 336,184 |
| Allowance for doubtful accounts                               | 90,000     | 45,000  |
|   | \$ 315,116 | 291,184 |



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (5) Pledges Receivable

Pledges receivable are recorded at estimated realizable value after an allowance for potential uncollectible pledges. Further, pledges receivable expected to be collected in years after the next fiscal year were discounted to their present values of future cash flows using an 6% interest factor.

|  | 2009       | 2008     |
|--|------------|----------|
| <b>The following summarizes pledges receivable:</b>                                |            |          |
| Post dated check books and bank draft agreements                                   | \$ 71,784  | 71,784   |
| Proposed future campus relocation  | 572,500    | 170,000  |
| Pledges for operations   | 46,800     | 60,000   |
|  | 691,084    | 301,784  |
| Less allowance for potential uncollectible pledges                                 | (148,000)  | (30,800) |
| Less discount for collection of future cash flows                                  | (61,000)   | (17,300) |
| Total pledges receivable   | \$ 482,084 | 253,684  |
| <b>Pledges are recorded in the statement of financial position as follows:</b>     |            |          |
| Pledges for unrestricted operations  | \$ 179,784 | 120,684  |
| Campaign pledges for future campus relocation                                      | 302,300    | 133,000  |
|  | \$ 482,084 | 253,684  |
| <b>Pledges are expected to be collected during years ended May 31, as follows:</b> |            |          |
| 2010 \$  | 179,784    |          |
| 2011   | 88,600     |          |
| 2012   | 56,700     |          |
| 2013   | 74,800     |          |
| 2014   | 53,800     |          |
| years thereafter   | 28,400     |          |
|  | \$ 482,084 |          |

### (6) 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 (see note 7)             | 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 of \$10,741 in 2009 and \$5,585 in 2008 | -            | 5,156     |
|  | 14,219,900   | 9,099,876 |
| Accumulated depreciation and amortization                              | 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    | -         |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (7) Capitalized Gifts in Kind

The following gifts in kind were capitalized in property, plant and equipment:

|   | 2009         | 2008   |
|---|--------------|--------|
| Potential relocation costs, including \$54,000 from a member of Board of Trustees | \$ -         | 71,250 |
| Construction of fire escape   | -            | 21,812 |
| Land for relocation of campus - value in excess of sale price                     | 1,800,000    | -      |
|   | \$ 1,800,000 | 93,062 |
| Gift of land valued by appraisal held for sale restricted for relocation          | \$ 62,500    | -      |

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

Notes payable:

#### Permanently Restricted Funds - Student Loan Funds

|  |           |        |
|--|-----------|--------|
| 5% unsecured demand notes payable to individuals | \$ 75,514 | 70,111 |
|--|-----------|--------|

#### Unrestricted Funds

##### Currently Due

|   |           |   |
|---|-----------|---|
| 5% unsecured demand notes payable to individual | \$ 50,000 | - |
|---|-----------|---|

##### Long Term Debt

|   |           |        |
|---|-----------|--------|
| 10.99% installment obligation, with monthly payments of \$787, including interest and principal, maturing September 2010, secured by a grand piano. | \$ 10,978 | 18,746 |
|---|-----------|--------|

Unsecured bank debt on the existing campus. The note bears interest at 1.25% above the LIBOR rate, which amounted to 4.0775% at May 31, 2008 and 1.6681% at May 31, 2009. The debt matured 06/01/09 and was refinanced.

Subsequent to the end of the 2009 fiscal year, the existing loan agreement was refinanced and its maturity extended until September 1, 2010. The refinanced debt requires payments of interest only at 3% above the LIBOR rate with a minimum rate of 4.5%. The loan agreement provides a maximum debt of \$4,850,000 including a line of credit for operations of \$500,000 (see note 15). The refinanced loan is secured by certain properties located on the West End Avenue campus, Nashville, Tennessee. The loan balance is as follows:

|  |              |           |
|--|--------------|-----------|
| Term loan relating to renovation costs on West End Avenue campus | 1,382,165    | -         |
| Term loan relating to purchase of property for relocation        | 2,108,743    | -         |
| Draws on construction line of credit for relocation              | 120,295      | -         |
|  | 3,622,181    | 1,412,048 |
| Less current portion of long-term debt                           | 8,663        | 7,768     |
| Long-term debt   | \$ 3,613,518 | 1,404,280 |

Principal maturities of unrestricted fund long-term debt are as follows: 2010 - \$8,663; and 2011 - \$3,613,518.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (9) Pension Plan and

#### Cumulative Adjustment for Excess Pension Liabilities

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

Effective September 1, 2008, the pension plan was frozen by action of the Board of Trustees during the December 2008 meeting and no additional deposits for future benefits have been made after that date.

The College implemented provisions of SFAS No. 158 - "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans" during the year ending May 31, 2009. SFAS No. 158 requires the College to recognize the cumulative effect of the under funded status of its pension plan as a liability in the statement of financial position and as a decrease to unrestricted net assets. As indicated below the required adjustment amounted \$1,296,891.

In compliance with the Pension Plan Act of 2007, during June 2008 the College began making deposits to the pension plan in order to eliminate the under funded status of the pension plan. These deposits amounted to \$263,000 during 2009 and are recognized as an expense in the statement of activities. The College is scheduled to make deposits of \$204,880 during 2010 fiscal year (and recognize these deposits as expenses) until the under funded status is eliminated. The amount of the annual deposits may vary depending on the performance of the plan assets as compared to financial markets.

The following table sets forth the plan's funded status and required disclosures.

|   | 2009           | 2008        |
|---|----------------|-------------|
| <b>Reconciliation of benefit obligations:</b> |                |             |
| Benefit obligation at beginning of year       | \$ 3,628,364   | 3,414,369   |
| Service cost                                  | 54,759         | 82,840      |
| Interest cost                                 | 270,843        | 256,949     |
| Participant contributions                     | -              | -           |
| Plan amendments                               | -              | -           |
| (Gain) loss due to actuarial experience       | (56,087)       | 41,151      |
| Gain due to changes in actuarial assumptions  | -              | -           |
| Curtailment gain                              | (332,230)      | -           |
| Benefits paid to plan participants            | (190,237)      | (166,945)   |
| Benefit obligation at end of year             | \$ 3,375,412   | 3,628,364   |
| <b>Reconciliation of asset value:</b>         |                |             |
| Plan assets at beginning of year              | \$ 2,446,301   | 2,572,911   |
| Actual return of plan assets                  | (483,565)      | (86,340)    |
| Employer contributions                        | 263,362        | 126,675     |
| Benefits paid to plan participants            | (190,237)      | (166,945)   |
| Plan assets at end of year                    | \$ 2,035,861   | 2,446,301   |
| <b>Reconciliation of funded status:</b>       |                |             |
| Funded status at end of year (liability)      | \$ (1,339,551) | (1,182,063) |
| Unrecognized net transition obligation asset  | -              | -           |
| Unrecognized prior service cost               | -              | -           |
| Unrecognized net loss                         | 1,296,891      | 1,057,594   |
| Amount included in accrued expense            | \$ (42,660)    | (124,469)   |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (9) Pension Plan, continued

#### Accumulated benefit obligation at end of year

\$ 3,375,412 3,268,755

#### Vested benefit obligation at end of year

\$ 3,313,170 3,218,967

#### Reconciliation of unrecognized net loss:

|   |              |           |
|---|--------------|-----------|
| Unrecognized loss at beginning of year              | \$ 1,057,594 | 745,403   |
| Amount of loss recognized during the year           | (56,622)     | (32,061)  |
| (Gain) loss due to actuarial experience             | (56,087)     | 41,151    |
| (Gain)/loss due to curtailment                      | (332,230)    | -         |
| (Gain) loss due to changes in actuarial assumptions | -            | -         |
| (Gain) loss due to assets                           | 684,236      | 303,101   |
| Unrecognized loss at end of year                    | \$ 1,296,891 | 1,057,594 |

#### Net periodic benefit cost:

|   |            |           |
|---|------------|-----------|
| Service cost at end of year                   | \$ 54,759  | 82,840    |
| Interest cost on projected benefit obligation | 270,843    | 256,949   |
| Expected return on plan assets                | (200,671)  | (216,761) |
| Amortization of transition obligation         | -          | -         |
| Amortization of prior service costs           | 56,622     | 32,061    |
| Amortization of net loss                      | \$ 181,553 | 155,089   |
| Net periodic benefit cost                     |            |           |

#### Expected Future Benefit Payments:

The expected benefit payments for the next ten fiscal years ended May 31, are: \$216,098 in 2010; \$232,715 in 2011; \$255,190 in 2012; \$255,547 in 2013; \$280,430 in 2014; and \$1,491,326 in years 2015 through 2019.

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

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

#### Assumptions used for determination of end of year obligations:

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

### (10) Concentration of Credit Risk

The College is the institution of higher education of the National Association of Free Will Baptists, Inc. and offers Bible based educational services to members of the denomination. The College extends credit in certain instances to students for educational costs and makes loans to students from its loan funds. The College also maintains certain accounts for sponsored groups, staff purchases, student telephone charges, etc. The College also has pledges receivable which are dispersed among numerous supporters of the College. These accounts are not collateralized and are subject to accounting risk of loss amounting to the outstanding balance at any point in time.

Further, the College has cash funds invested at banks and Free Will Baptist Foundation and has risk of accounting loss for funds amounting to approximately \$1,261,598 since the balance at certain financial institutions is greater than the FDIC insurable limit. The College also owns marketable securities which are subject to accounting risk of loss amounting to the recorded balance.



FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(11) Asset Retirement Obligation - Asbestos Removal

The College adopted Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), "Accounting for conditional Asset Retirement Obligations, an Interpretation of Statement of Financial Accounting Standards (SFAS) 143. The liability recorded, amounting to \$214,863 at May 31, 2009 and \$201,277 at May 31, 2008 relates to the future removal of asbestos from existing buildings.

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

| As and for the year ended May 31: | Charge to Expenditures | Liability Balance |
|-----------------------------------|------------------------|-------------------|
| 2010 \$                           | 14,503                 | 229,366           |
| 2011                              | 15,482                 | 244,848           |
| 2012                              | 16,527                 | 261,375           |
| 2013                              | 17,643                 | 279,018           |
| 2014                              | 18,834                 | 297,852           |

(12) Net Assets

Net assets of the College consist of the following as of May 31, 2009 and 2008:

|  | 2009         |                        |                        | Total 2009  | Total 2008 |
|--|--------------|------------------------|------------------------|-------------|------------|
|  | Unrestricted | Temporarily Restricted | Permanently Restricted |             |            |
| Operations   | \$ 6,459,408 | -                      | -                      | 6,459,408   | 4,575,349  |
| Excess pension liabilities                         | (1,296,891)  | -                      | -                      | (1,296,891) | -          |
| Cumulative endowment losses                        | (56,153)     | -                      | -                      | (56,153)    | -          |
| Unexpended funds restricted for:                   |              |                        |                        |             |            |
| Operating purposes                                 | -            | 31,971                 | -                      | 31,971      | 41,940     |
| Scholarships:                                      |              |                        |                        |             |            |
| Donor gifts  | -            | 66,765                 | -                      | 66,765      | 126,712    |
| Available for distributions from endowment returns | -            | -                      | -                      | -           | -          |
| Student loan funds                                 | -            | -                      | 502,433                | 502,433     | 155,996    |
| True endowment funds                               | -            | -                      | 149,348                | 149,348     | 504,977    |
| Scholarship endowment funds                        | -            | -                      | 875,184                | 875,184     | 137,687    |
| Total net assets                                   | \$ 5,106,364 | 98,736                 | 1,526,965              | 6,732,065   | 6,337,881  |

(13) Net Assets Released From Restrictions

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

|  |            |
|--|------------|
| Expenditures made for donor imposed restrictions:  |            |
| Private scholarships                               | \$ 134,290 |
| Federal Supplemental Educational Opportunity Grant | 19,760     |
| Federal Work Study Program                         | 16,482     |
| Other instructional and institutional              | 39,995     |
| Potential relocation                               | 458,424    |
| Net assets released from restrictions              | \$ 668,951 |

Certain federal grants to students amounting to \$411,503 and \$317,526 for 2009 and 2008, respectively, are not included in expenditures or net assets released from restrictions. Federal Pell and other similar grants are considered to be agency transactions in that the student payments are entitlements and the funds are not under the control of the College.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(14) Related Party Transactions

Notes Receivable

Subsequent to the end of the May 31, 2006 year, the College loaned \$200,000 to a long term friend of and donor to the College. At the 2006 Annual Convention of The National Association of Free Will Baptists, this person was nominated from the floor and elected to become a member of the College's Board of Trustees. Subsequent to the end of the 2009 fiscal year this person resigned his position as a Board member. This note matures December 31, 2009 and bears interest at 4.75%, which has been accrued through May 31, 2009 and added to the note receivable balance. The note is secured by deed of trust on real property - see below for loss reserve.

Reserve for Loss Related to Collateral on Note Receivable Related Party

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.

Executive Office of the National Association of Free Will Baptists

The denomination began a publication (One Magazine) during the year ended May 31, 2006 to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of the agencies and organizations. The College recognized \$45,180 in 2009 and \$49,020 in 2008 as their share of the funding requirement.

(15) Commitments and Contingencies

Revolving Credit Note

The College has an available revolving credit note with its primary lender of \$500,000 bearing interest at 3% above the LIBOR rate - with a minimum of 4.5% -, subject to annual review. No amounts were owed on this note as of May 31, 2009 or 2008. See note 8 for discussion of refinanced debt agreement.

Litigation

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

(16) Potential Relocation of Campus

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

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

The College purchased a 66 acre tract of land during August 2008 which is intended to serve as the site for the new campus. This site located in the Greater Nashville Tennessee Area will provide for the expansion of programs consistent with the College's strategic plans.

Sale of the existing campus property is an important component of the relocation project. The College has had discussions with numerous interested parties and received multiple offers. The College continues to aggressively market the existing campus.

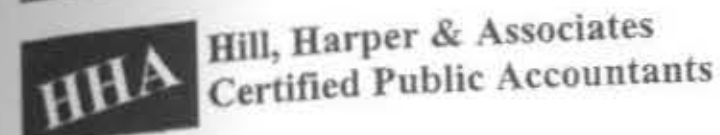
The College is continuing to obtain estimates of campus construction and related costs. The financial plan to complete the project is based on a planned capital fund raising campaign, written commitments from lenders and use of the proceeds derived from the sale of the existing campus.

The College has engaged in fundraising with a select group of potential donors and has received substantial commitments (see note 5 - of which \$572,500 has been recognized as pledges receivable) toward relocation.

FREE WILL BAPTIST  
BIBLE COLLEGE

Financial Statements and  
Supplementary Information

May 31, 2010 and 2009  
(With Independent Auditors' Report Thereon)



Independent Auditors' Report

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

Terry A. Hill  
(615) 417-7414  
Ernest R. Harper  
(615) 417-6358  
P O Box 680788  
Franklin, TN 37068

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2010 and 2009, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the 2009 financial statements and, in our report dated July 16, 2009 (except for note 8 - related to refinancing of long-term debt, as to which date was November 12, 2009) 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 Free Will Baptist Bible College as of May 31, 2010 and 2009, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hill, Harper & Associates*

Brentwood, Tennessee  
July 6, 2010



FREE WILL BAPTIST BIBLE COLLEGE

Statements of Financial Position

May 31, 2010 and 2009

|   | Assets                            | 2010                 | 2009              |
|---|-----------------------------------|----------------------|-------------------|
| <b>Current assets:</b>  |                                   |                      |                   |
| Cash and cash equivalents   |                                   | \$ 370,623           | 432,630           |
| Investments in marketable securities, at market value   |                                   | 125,474              | 90,515            |
| Accounts receivable, net of allowance for doubtful accounts of \$90,000 in 2010 and 2009              |                                   | 229,557              | 315,116           |
| Prepaid expenses  |                                   | 5,796                | 1,600             |
| <b>Total current assets</b>   |                                   | <u>731,450</u>       | <u>839,861</u>    |
| <b>Non current assets:</b>  |                                   |                      |                   |
| Cash and cash equivalents:  |                                   |                      |                   |
| Restricted for endowments   |                                   | 37,707               | 6,677             |
| Restricted for student loans  |                                   | 227,881              | 285,879           |
| Investments in marketable securities, at market value:  |                                   |                      |                   |
| Restricted for endowments   |                                   | 1,159,648            | 951,666           |
| Investment in land - gift in kind   |                                   | 62,500               | 62,500            |
| Long term pledge receivables  |                                   | 575,880              | 302,300           |
| Loans to students, less allowance for doubtful loans of \$55,000 in 2010 and \$65,000 in 2009         |                                   | 221,074              | 172,396           |
| Note receivable - related party, net of allowance for loss of \$219,000 in 2010 and \$175,000 in 2009 |                                   | -                    | 34,500            |
| <b>Total non current assets</b>   |                                   | <u>2,284,690</u>     | <u>1,815,918</u>  |
| <b>Property, plant and equipment:</b>   |                                   |                      |                   |
| Investment in property, plant and equipment   |                                   | 14,527,065           | 14,219,900        |
| Accumulated depreciation  |                                   | 4,608,474            | 4,369,817         |
| <b>Net property, plant and equipment</b>  |                                   | <u>9,918,591</u>     | <u>9,850,083</u>  |
| <b>Total assets</b>   |                                   | <u>\$ 12,934,731</u> | <u>12,505,862</u> |
|   | <b>Liabilities and Net Assets</b> |                      |                   |
| <b>Current liabilities:</b>   |                                   |                      |                   |
| Accounts payable and accrued expenses   |                                   | \$ 85,795            | 120,165           |
| Current portion of long-term debt   |                                   | 172,579              | 8,663             |
| Notes payable   |                                   | 140,584              | 125,514           |
| Student deposits and agency funds   |                                   | 232,565              | 196,914           |
| Accrued salaries  |                                   | 132,796              | 143,030           |
| Deferred revenues - summer school   |                                   | -                    | 54,239            |
| <b>Total current liabilities</b>  |                                   | <u>764,319</u>       | <u>648,525</u>    |
| <b>Other liabilities:</b>   |                                   |                      |                   |
| Long-term debt  |                                   | 3,436,873            | 3,613,518         |
| Excess pension liability over market value of plan assets   |                                   | 1,001,546            | 1,296,891         |
| Asset retirement obligation   |                                   | 229,366              | 214,863           |
| <b>Total liabilities</b>  |                                   | <u>5,432,104</u>     | <u>5,773,797</u>  |
| <b>Net assets:</b>  |                                   |                      |                   |
| Unrestricted funds  |                                   | 5,533,227            | 5,106,364         |
| Temporarily restricted funds  |                                   | 421,746              | 98,736            |
| Permanently restricted funds  |                                   | 1,547,654            | 1,526,965         |
| <b>Total net assets</b>   |                                   | <u>7,502,627</u>     | <u>6,732,065</u>  |
| <b>Total liabilities and net assets</b>   |                                   | <u>\$ 12,934,731</u> | <u>12,505,862</u> |

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Activities and Changes in Net Assets

For the years ended May 31, 2010 and 2009

|  | 2010                |                              |                              | Total 2010       | Total 2009         |
|--|---------------------|------------------------------|------------------------------|------------------|--------------------|
|  | Unrestricted Funds  | Temporarily Restricted Funds | Permanently Restricted Funds |                  |                    |
| <b>Revenues:</b>   |                     |                              |                              |                  |                    |
| Tuition and fees   | \$ 2,366,772        | -                            | -                            | 2,366,772        | 2,347,488          |
| Federal grants and contracts   | -                   | 33,568                       | -                            | 33,568           | 36,242             |
| Private gifts  | 1,111,496           | 655,849                      | 45,366                       | 1,812,711        | 1,906,338          |
| Gifts in kind  | -                   | -                            | -                            | -                | 1,867,820          |
| Income from investment transactions including endowment income and gain or loss transactions | 46,331              | 138,976                      | 5,520                        | 190,827          | (185,486)          |
| Revenues of auxiliary enterprises  | 1,012,053           | -                            | -                            | 1,012,053        | 1,010,112          |
| Other sources  | 27,863              | -                            | (30,197)                     | (2,334)          | 21,941             |
|  | <u>4,564,515</u>    | <u>828,393</u>               | <u>20,689</u>                | <u>5,413,597</u> | <u>7,004,455</u>   |
| <b>Net assets released from restrictions</b>   | <u>449,230</u>      | <u>(449,230)</u>             | <u>-</u>                     | <u>-</u>         | <u>-</u>           |
| <b>Total revenues</b>  | <u>5,013,745</u>    | <u>379,163</u>               | <u>20,689</u>                | <u>5,413,597</u> | <u>7,004,455</u>   |
| <b>Expenditures:</b>   |                     |                              |                              |                  |                    |
| <b>Educational and general:</b>  |                     |                              |                              |                  |                    |
| Instruction  | 1,465,541           | -                            | -                            | 1,465,541        | 1,574,001          |
| Academic support   | 373,879             | -                            | -                            | 373,879          | 414,932            |
| Student services   | 578,996             | -                            | -                            | 578,996          | 614,839            |
| Institutional support  | 1,621,384           | -                            | -                            | 1,621,384        | 1,745,347          |
| Total educational and general expenditures   | <u>4,039,800</u>    | <u>-</u>                     | <u>-</u>                     | <u>4,039,800</u> | <u>4,349,119</u>   |
| <b>Auxiliary enterprises:</b>  |                     |                              |                              |                  |                    |
| Dormitories  | 446,252             | -                            | -                            | 446,252          | 488,079            |
| Dining hall  | 436,137             | -                            | -                            | 436,137          | 460,062            |
| Bookstore  | 6,676               | -                            | -                            | 6,676            | 7,184              |
| Snack shop   | 9,515               | -                            | -                            | 9,515            | 8,936              |
| Total auxiliary enterprises expenditures   | <u>898,580</u>      | <u>-</u>                     | <u>-</u>                     | <u>898,580</u>   | <u>964,261</u>     |
| <b>Total expenditures</b>  | <u>4,938,380</u>    | <u>-</u>                     | <u>-</u>                     | <u>4,938,380</u> | <u>5,313,380</u>   |
|  | <u>75,365</u>       | <u>379,163</u>               | <u>20,689</u>                | <u>475,217</u>   | <u>1,691,075</u>   |
| <b>Reclassification of net assets for repayment of endowment losses allocated</b>            | <u>56,153</u>       | <u>(56,153)</u>              | <u>-</u>                     | <u>-</u>         | <u>-</u>           |
| <b>Cumulative adjustment - excess of pension liability over net assets</b>                   | <u>-</u>            | <u>-</u>                     | <u>-</u>                     | <u>-</u>         | <u>(1,296,891)</u> |
| <b>Decrease in excess pension liability</b>  | <u>295,345</u>      | <u>-</u>                     | <u>-</u>                     | <u>295,345</u>   | <u>-</u>           |
| <b>Increase in net assets</b>  | <u>426,863</u>      | <u>323,010</u>               | <u>20,689</u>                | <u>770,562</u>   | <u>394,184</u>     |
| <b>Net assets:</b>   |                     |                              |                              |                  |                    |
| Beginning of year  | <u>5,106,364</u>    | <u>98,736</u>                | <u>1,526,965</u>             | <u>6,732,065</u> | <u>6,337,881</u>   |
| End of the year  | <u>\$ 5,533,227</u> | <u>421,746</u>               | <u>1,547,654</u>             | <u>7,502,627</u> | <u>6,732,065</u>   |

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2010 and 2009

|  | 2010         |             |             | Total       | Total       |
|--|--------------|-------------|-------------|-------------|-------------|
|  | Unrestricted | Temporarily | Permanently | 2010        | 2009        |
|  | Funds        | Restricted  | Restricted  |             |             |
|  | Funds        | Funds       | Funds       |             |             |
| <b>Cash flows from operating activities</b>                      |              |             |             |             |             |
| Cash collected from students                                     | \$ 3,395,605 | -           | -           | 3,395,605   | 3,347,681   |
| Federal grants   | -            | 32,371      | -           | 32,371      | 38,551      |
| Federal grant funds considered to be agency fund transactions    | 499,144      | -           | -           | 499,144     | 411,503     |
| Private gifts and grants   | 1,158,075    | 100,307     | -           | 1,258,382   | 1,416,620   |
| Investment income  | 77,025       | (15,939)    | -           | 61,086      | 66,782      |
| Other revenues   | 27,863       | (56,153)    | -           | (28,290)    | 30,610      |
| Cash paid for scholarships, to vendors and for payroll           | (4,254,981)  | (449,230)   | -           | (4,704,211) | (4,905,079) |
| Cash paid for federal grant funds considered agency transactions | (499,144)    | -           | -           | (499,144)   | (411,503)   |
| Net operating activities cash flows                              | 403,587      | (388,644)   | -           | 14,943      | (4,835)     |
| <b>Cash flows from investing activities</b>                      |              |             |             |             |             |
| Marketable securities purchased                                  | -            | -           | (53,067)    | (53,067)    | -           |
| Proceeds from sale of marketable securities                      | -            | -           | -           | -           | 13,858      |
| Expended for plant assets  | (307,165)    | -           | -           | (307,165)   | (3,325,179) |
| Free Will Baptist Foundation losses                              | -            | -           | -           | -           | (201,119)   |
| Student notes receivable, net change                             | -            | -           | (38,678)    | (38,678)    | (57,961)    |
| Net investing activities cash flows                              | (307,165)    | -           | (91,745)    | (398,910)   | (3,570,401) |
| <b>Cash flows from capital activities</b>                        |              |             |             |             |             |
| Campaign pledges receivable collected                            | -            | 196,880     | -           | 196,880     | 75,000      |
| Gifts received for:  |              |             |             |             |             |
| Endowments and student loans                                     | -            | -           | 45,366      | 45,366      | 83,474      |
| Proposed new campus  | -            | 85,082      | -           | 85,082      | 75,824      |
| Other student loan transactions:                                 |              |             |             |             |             |
| Interest income on student loans and investment income           | -            | -           | 5,520       | 5,520       | 14,276      |
| Collection costs and other transactions                          | -            | -           | (38,527)    | (38,527)    | 7,065       |
| Net capital activities cash flows                                | -            | 281,962     | 12,359      | 294,321     | 255,639     |
| <b>Cash flows from financing activities</b>                      |              |             |             |             |             |
| Proceeds from notes payable advances                             | -            | -           | -           | -           | 2,470,295   |
| Repayment of debt  | (12,729)     | -           | -           | (12,729)    | (210,161)   |
| Interfund activities   | (145,700)    | 106,682     | 39,018      | -           | -           |
| Notes payable for student loans, net                             | -            | -           | 13,400      | 13,400      | 4,000       |
| Net financing activities cash flows                              | (158,429)    | 106,682     | 52,418      | 671         | 2,264,134   |
| <b>Cash and cash equivalents</b>                                 |              |             |             |             |             |
| Net decrease   | (62,007)     | -           | (26,968)    | (88,975)    | (1,055,463) |
| Beginning of year  | 432,630      | -           | 292,556     | 725,186     | 1,780,649   |
| End of year  | \$ 370,623   | -           | 265,588     | 636,211     | 725,186     |
| <b>Supplemental disclosures:</b>                                 |              |             |             |             |             |
| Interest paid  |              |             |             | \$ 158,670  | 99,556      |

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2010 and 2009

|  | 2010         |             |             | Total     | Total       |
|--|--------------|-------------|-------------|-----------|-------------|
|  | Unrestricted | Temporarily | Permanently | 2010      | 2009        |
|  | Funds        | Restricted  | Restricted  |           |             |
|  | Funds        | Funds       | Funds       |           |             |
| <b>Cash and cash equivalents consist of the following:</b>                             |              |             |             |           |             |
| Current assets   | \$ 370,623   | -           | -           | 370,623   | 432,630     |
| Non current assets:  |              |             |             |           |             |
| Cash restricted for endowments   | -            | -           | 37,707      | 37,707    | 6,677       |
| Cash restricted for student loan:  | -            | -           | 227,881     | 227,881   | 285,879     |
| Total cash and cash equivalents  | \$ 370,623   | -           | 265,588     | 636,211   | 725,186     |
| <b>Reconciliation of increase in net assets to net operating activities cash flows</b> |              |             |             |           |             |
| Increase in net assets   | \$ 426,863   | 323,010     | 20,689      | 770,562   | 394,184     |
| Transactions considered to be capital additions:                                       |              |             |             |           |             |
| Gifts for endowments and student loans   | -            | -           | (45,366)    | (45,366)  | (83,474)    |
| Proposed new campus  | -            | (555,542)   | -           | (555,542) | (320,124)   |
| Net other transactions from student loan funds   | -            | -           | 24,677      | 24,677    | (5,607)     |
| Depreciation and amortization  | 238,657      | -           | -           | 238,657   | 250,086     |
| Accretion of asset retirement obligation   | 14,503       | -           | -           | 14,503    | 13,586      |
| Excess pension liability change  | (295,345)    | -           | -           | (295,345) | 1,296,891   |
| Interest added to note receivable  | (9,500)      | -           | -           | (9,500)   | (9,500)     |
| Allowance for loss - related party note receivable                                     | 44,000       | -           | -           | 44,000    | 175,000     |
| Contributed annuity  | (19,000)     | -           | -           | (19,000)  | -           |
| Gifts in kind capitalized  | -            | -           | -           | -         | (1,862,500) |
| Losses (gain) on investments   | (15,959)     | (154,915)   | -           | (170,874) | 235,940     |
| (Increase) decrease in current assets:   |              |             |             |           |             |
| Accounts receivable:   |              |             |             |           |             |
| Student accounts   | 35,368       | -           | -           | 35,368    | (46,181)    |
| Employee and other   | (14,191)     | -           | -           | (14,191)  | 19,356      |
| Bequest  | 25,420       | -           | -           | 25,420    | (25,420)    |
| Federal student financial aid funds  | -            | (1,197)     | -           | (1,197)   | 2,309       |
| Accrued interest   | (30,041)     | -           | -           | (30,041)  | 40,104      |
| Pledges receivable (note 5)  | 70,200       | -           | -           | 70,200    | (59,100)    |
| Less allowance for doubtful accounts   | -            | -           | -           | -         | 45,000      |
| Prepaid expenses   | (4,196)      | -           | -           | (4,196)   | 26,760      |
| Increase (decrease) in current liabilities:  |              |             |             |           |             |
| Accounts payable / accrued expenses  | (34,370)     | -           | -           | (34,370)  | (119,544)   |
| Student deposits and agency funds  | 35,651       | -           | -           | 35,651    | 24,456      |
| Accrued salaries   | (10,234)     | -           | -           | (10,234)  | (8,863)     |
| Deferred revenues  | (54,239)     | -           | -           | (54,239)  | 11,806      |
| Net operating activities cash flows  | \$ 403,587   | (388,644)   | -           | 14,943    | (4,835)     |

See accompanying notes to financial statements.



## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements

May 31, 2010 and 2009

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

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

##### Basis of Financial Statement Presentation

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

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

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

##### Unconditional Promises to Give - Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received. An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. Promises to give are recognized after being discounted to the anticipated net present value of the future cash flows.

##### Contributions

Contributions (including promises to give) are recognized as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among net asset categories, such amounts are reflected as reclassifications in the statements of activities.

In kind contributions, when made, are recorded as contribution revenue and an offsetting expense or an asset if the contribution meets the requirements prescribed by accounting principles generally accepted in the United States of America. In kind contributions for business office services provided have been reflected in the financial statements as revenue and expense amounting to \$ -0- in 2010 and \$5,320 in 2009.

##### Cash and Cash Equivalents

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

##### Student Accounts Receivable

The College grants credit to its students by allowing tuition and fees to be paid under various payment options. The College does not require collateral for student accounts receivable. The College evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of the specific students, historical trends and other information available.

## FREE WILL BAPTIST BIBLE COLLEGE

### Notes to Financial Statements, continued

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

##### Investments

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

##### Fair Value Measurements

The College has adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements", (SFAS 157) for all financial instruments that are required to be reported at fair value and all nonfinancial assets and liabilities that are recognized or disclosed at fair value on a recurring basis. The adoption of SFAS 157 did not have a material effect on the College's financial statements.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under SFAS 157 as assumptions market participants would use in pricing an asset or liability. For the year ended May 31, 2010 and 2009, all the College's investments were valued using Level 1 inputs under SFAS 157.

The carrying value of cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. The carrying values of liabilities are not materially different from the estimated fair values of these instruments.

##### Property, Plant and Equipment

Plant assets, consisting of land, buildings, other land improvements, equipment and furnishings, library books, and costs related to proposed new campus are stated at cost or estimated fair value at date of gift. Expenditures for acquisition of assets in excess of \$250 are capitalized as investment in plant.

Depreciable assets are depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 5 to 50 years. The current provision for depreciation is reported as an expenditure of the College.

##### Asset Retirement Obligations

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

##### Compensated Absences

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

##### Deferred Revenue

Deferred revenue for the prior year consisted of summer school revenues billed prior to year end for services rendered after year end. The College changed its method of billing summer school revenues in 2010 whereby the billing was not rendered until June of the following fiscal year, accordingly the College had no deferred revenues in the current year.

##### Scholarship Allowances / Tuition and Fees

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



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

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

#### Income Taxes

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

In July 2006, the Financial Standards Board (FASB) issued Interpretation No 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement No 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the statement of position, interest and penalties, accounting in interim periods, disclosure and transition.

The College continues to evaluate its uncertain tax positions and related income tax contingencies, if any, under Statement No. 5, "Accounting for Contingencies", which requires the College to accrue for losses it believes are probable and can be reasonably estimated. Management has determined that the College has no activities that would lead to income tax liabilities, further all activities generating revenue are in furtherance of the College's tax exempt purpose.

#### Endowment Funds

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enhanced Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FAS 117-1). FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FAS 117-1 also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The College adopted FAS 117-1 for the year ended May 31, 2009. The Board of Trustees has determined that the majority of the College's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

#### 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.

#### Operation and Maintenance of Plant

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

#### Fund Raising Costs

For fiscal years ended May 31, 2010 and 2009, expenses totaling \$289,419 and \$344,562, respectively, were related to expenses associated with fund raising and are classified in the statements of activities under institutional support.

#### Financial Statement Presentation

Certain reclassifications have been made to the amounts as reported in the prior year to conform to current year presentation. These reclassifications had no effect on reported net assets.

#### Summarized Financial Information

The financial statements include certain prior year financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended May 31, 2009, from which the summarized information was derived.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (2) Investments - Marketable Securities

Investment securities are stated at market value. The following table summarizes by type the relationship between carrying value and market value of the investment assets.

|   | Cost or Basis | Market Value | Excess of Market Over (Under) Cost | Unrealized Cumulative Gains | Unrealized Cumulative Losses |
|---|---------------|--------------|------------------------------------|-----------------------------|------------------------------|
| Balance May 31, 2009  | \$ 1,099,050  | 1,020,102    | (78,948)                           |                             |                              |
| Balance May 31, 2010  |               |              |                                    |                             |                              |
| Permanently Restricted Funds:   |               |              |                                    |                             |                              |
| Common stock  | \$ 32,666     | 75,507       | 42,841                             | 42,841                      | -                            |
| Mutual funds  | 168,943       | 181,312      | 12,369                             | 12,369                      | -                            |
| FWB Foundation invested   | 874,782       | 902,829      | 28,047                             | 28,047                      | -                            |
| Unrestricted Funds:   |               |              |                                    |                             |                              |
| Common stock  | 4,900         | 1,570        | (3,330)                            | -                           | 3,330                        |
| Annuity contract  | 19,000        | 19,000       | -                                  | -                           | -                            |
| Mutual funds  | 15,228        | 18,175       | 2,947                              | 2,947                       | -                            |
| FWB Foundation invested   | 77,677        | 86,729       | 9,052                              | 9,052                       | -                            |
|   | \$ 1,193,196  | 1,285,122    | 91,926                             | 95,256                      | 3,330                        |
|   |               |              | 2010                               | 2009                        |                              |
| Current assets  |               |              | \$ 125,474                         | 90,515                      |                              |
| Non current assets:   |               |              |                                    |                             |                              |
| Restricted for endowments   |               |              | 1,159,648                          | 951,666                     |                              |
|   |               |              | \$ 1,285,122                       | 1,042,181                   |                              |
| Reconciliation of income (loss) from investment activities:                             |               |              |                                    |                             |                              |
| Interest income and endowment income  |               |              | \$ 19,953                          | 49,952                      |                              |
| Realized gain on stock sales  |               |              | -                                  | 251                         |                              |
| Unrealized gain (loss) due to change in the cumulative change in market value pools     |               |              | 170,874                            | (235,689)                   |                              |
|   |               |              | \$ 190,827                         | (185,486)                   |                              |
| The Free Will Baptist Foundation holds funds for the benefit of the College as follows: |               |              |                                    |                             |                              |
| Endowments from which the College receives income                                       |               |              | \$ 888,800                         | 762,000                     |                              |
| Gifts to pass to the College at some future date  |               |              | \$ 441,500                         | 418,700                     |                              |

### (3) Endowments

The College's endowments consist of numerous individual funds established to benefit unrestricted operations and to provide scholarships to students who meet individual donor requirements. All endowment funds are donor-restricted funds. No funds have been designated by the Board of Trustees to function as endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the individual fund to the extent directed by the fund donors. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is or will be classified as temporarily restricted net assets until those amounts are appropriated for



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (3) Endowments, continued

expenditure by the College in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1> The duration and preservation of the fund;
- 2> The purposes of the donor-restricted endowment fund;
- 3> General economic conditions;
- 4> The possible effect of inflation and deflation;
- 5> The expected total return from income and the appreciation of investments;
- 6> Other resources of the College; and
- 7> The investment policies of the College.

#### Endowment net asset composition:

|  | 2010                | 2009             |
|--|---------------------|------------------|
| Permanently restricted net assets            |                     |                  |
| Donor-restricted endowment funds             | \$ 1,068,467        | 1,024,532        |
| Temporarily restricted net assets:           |                     |                  |
| Accumulated funds available for distribution | 82,822              | -                |
| Unrestricted net assets                      |                     |                  |
| Net depreciation of endowment assets         | -                   | (56,153)         |
|  | <u>\$ 1,151,289</u> | <u>968,379</u>   |
|  | <u>\$ 1,151,289</u> | <u>1,024,532</u> |

#### Portion of endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA

|  | Unrestricted       | Temporarily Restricted | Permanently Restricted | Total          |
|--|--------------------|------------------------|------------------------|----------------|
| Changes in endowment net assets:                                   |                    |                        |                        |                |
| Endowment net assets - May 31, 2008                                | \$ -               | 155,996                | 932,907                | 1,088,903      |
| Investment return:   |                    |                        |                        |                |
| Investment earnings  | -                  | -                      | -                      | -              |
| Realized and unrealized loss                                       | -                  | -                      | (212,149)              | (212,149)      |
| Total investment return  | -                  | -                      | (212,149)              | (212,149)      |
| Donor contributions  | -                  | -                      | 91,625                 | 91,625         |
| Appropriation of net assets  | -                  | -                      | -                      | -              |
| Net assets before reclassification of cumulative investment losses | -                  | 155,996                | 812,383                | 968,379        |
| Reclassification of cumulative investment losses                   | (56,153)           | (155,996)              | 212,149                | -              |
| Endowment net assets - May 31, 2009                                | <u>\$ (56,153)</u> | <u>-</u>               | <u>1,024,532</u>       | <u>968,379</u> |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (3) Endowments, continued

|   | Unrestricted | Temporarily Restricted | Permanently Restricted | Total            |
|---|--------------|------------------------|------------------------|------------------|
| Endowment net assets - May 31, 2009 as carried from page 10                   | \$ (56,153)  | -                      | 1,024,532              | 968,379          |
| Investment return:  |              |                        |                        |                  |
| Income from endowment assets including earnings and gain or loss transactions | 12,195       | 138,975                | -                      | 151,170          |
| Allocation to repay unrestricted  | 56,153       | (56,153)               | -                      | -                |
| Total investment return   | 68,348       | 82,822                 | -                      | 151,170          |
| Donor contributions   | -            | -                      | 43,935                 | 43,935           |
| Appropriation of net assets   | (12,195)     | -                      | -                      | (12,195)         |
| Endowment net assets - May 31, 2010   | <u>\$ -</u>  | <u>82,822</u>          | <u>1,068,467</u>       | <u>1,151,289</u> |

#### Return Objectives and Risk Parameters

The College has established investment and spending policies for the purpose of providing general guidelines for the prudent investment management of its endowment assets. To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

#### Spending Policy

The College's investment plan was to hold all investment earnings until such time as the deficit which was reclassified to unrestricted net assets was eliminated, which was accomplished this year. At that time total returns will begin to be accumulated until sufficient funds are available for funding of scholarships.

### (4) 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 efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of May 31, 2010 and 2009 amounted to \$90,000.

|   | 2010              | 2009           |
|---|-------------------|----------------|
| Accounts receivable included in current assets is as follows: |                   |                |
| Student accounts  | \$ 136,024        | 171,392        |
| Employee and other  | 23,569            | 9,378          |
| Bequest   | -                 | 25,420         |
| Federal student financial aid funds                           | 18,914            | 17,717         |
| Accrued interest  | 31,466            | 1,425          |
| Pledges receivable (note 5)                                   | 109,584           | 179,784        |
|   | <u>319,557</u>    | <u>405,116</u> |
| Allowance for doubtful accounts                               | 90,000            | 90,000         |
|   | <u>\$ 229,557</u> | <u>315,116</u> |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (5) **Pledges Receivable**

Pledges receivable are recorded at estimated realizable value after an allowance for potential uncollectible pledges. Further, pledges receivable expected to be collected in years after the next fiscal year were discounted to their present values of future cash flows using an 6% interest factor.

#### The following summarizes pledges receivable:

|  | 2010       | 2009      |
|--|------------|-----------|
| Post dated check books and bank draft agreements   | \$ 76,884  | 71,784    |
| Proposed future campus relocation                  | 858,180    | 572,500   |
| Pledges for operations                             | 44,400     | 46,800    |
|  | 979,464    | 691,084   |
| Less allowance for potential uncollectible pledges | (218,900)  | (148,000) |
| Less discount for collection of future cash flows  | (75,100)   | (61,000)  |
| Total pledges receivable                           | \$ 685,464 | 482,084   |

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

|   |            |         |
|---|------------|---------|
| Pledges for unrestricted operations           | \$ 109,584 | 179,784 |
| Campaign pledges for future campus relocation | 575,880    | 302,300 |
|   | \$ 685,464 | 482,084 |

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

|                  |            |
|------------------|------------|
| 2011             | \$ 267,000 |
| 2012             | 140,300    |
| 2013             | 127,800    |
| 2014             | 80,800     |
| 2015             | 37,098     |
| years thereafter | 32,466     |
|                  | \$ 685,464 |

### (6) **Property, Plant and Equipment**

Components of property, plant and equipment are as follows:

|  | 2010         | 2009       |
|--|--------------|------------|
| Land   | \$ 496,871   | 496,871    |
| Proposed campus architectural and other costs                          | 1,177,375    | 959,657    |
| Proposed campus land, including gifts in kind (see note 7)             | 4,829,148    | 4,829,148  |
| Buildings  | 5,164,720    | 5,152,404  |
| Equipment  | 2,050,378    | 2,005,763  |
| Library books  | 794,135      | 776,057    |
|  | 14,512,627   | 14,219,900 |
| Loan costs net of amortization of \$14,438 in 2010 and \$ -0 - in 2009 | 14,438       | -          |
|  | 14,527,065   | 14,219,900 |
| Accumulated depreciation and amortization                              | 4,608,474    | 4,369,817  |
| Net investment in plant  | \$ 9,918,591 | 9,850,083  |
| Depreciation and amortization charged to expenditures                  | \$ 238,657   | 250,086    |
| Interest capitalized as proposed campus costs                          | \$ 95,766    | 53,320     |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (7) **Capitalized Gifts in Kind**

The following gifts in kind were capitalized:

|  | 2010 | 2009      |
|--|------|-----------|
| Land for relocation of campus - value in excess of sale price - as property, plant and equipment | \$ - | 1,800,000 |
| Gift of land, valued by appraisal, held for sale restricted for relocation                       | \$ - | 62,500    |
|  | 2010 | 2009      |

### (8) **Notes Payable and Long-Term Debt**

#### Notes payable:

**Permanently Restricted Funds - Student Loan Funds**  
5% unsecured demand notes payable to individuals

|           |        |
|-----------|--------|
| \$ 90,584 | 75,514 |
|-----------|--------|

#### **Unrestricted Funds**

##### Currently Due

5% unsecured demand notes payable to individual

|            |         |
|------------|---------|
| 50,000     | 50,000  |
| \$ 140,584 | 125,514 |

#### Notes Payable

#### Long Term Debt

10.99% installment obligation, with monthly payments of \$787, including interest and principal, maturing September 2010, secured by a grand piano.

|      |        |
|------|--------|
| \$ - | 10,978 |
|------|--------|

In December 2009, the existing loan agreement was refinanced and its maturity extended until September 1, 2010. The refinanced debt required payments of interest only at 3% above the LIBOR rate with a minimum rate of 4.5%.

N/A see below

On May 27, 2010, the above described loan agreements were refinanced with Pinnacle National Bank. The term loans are subject to call on October 27, 2015 and will require a balloon payment of \$3,030,749 or renewal and extension of the maturity date. The loans require interest payments at 5% until October 2010 at which time monthly payments of \$26,749, including principal and interest at 6.75%, commence. Both lines of credit, one operations and the other for construction, bear interest at 5% and mature September 1, 2010.

These loans are secured by the land acquired for potential relocation in Gallatin, Tennessee and certain properties included in the existing campus in Nashville, Tennessee.

as follows N/A

These loans relate to the following needs:

|   |           |           |
|---|-----------|-----------|
| Term loan relating to renovation costs on West End Avenue campus    | 1,380,414 | 1,382,165 |
| Term loan relating to purchase of property for relocation           | 2,108,743 | 2,108,743 |
| Line of credit for operations up to \$500,000                       | -         | -         |
| Draws on construction line of credit for relocation up to \$600,000 | 120,295   | 120,295   |
|   | 3,609,452 | 3,622,181 |
|   | 172,579   | 8,663     |

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

|              |           |
|--------------|-----------|
| \$ 3,436,873 | 3,613,518 |
|--------------|-----------|

#### Long-term debt

Principal maturities of unrestricted fund long-term debt are as follows: 2011 - \$172,579; 2012 - \$83,133; 2013 - \$89,140; 2014 - \$95,581; 2015 - \$102,488; and 2016 - 3,066,531.



# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (9) Pension Plan and

#### Cumulative Adjustment for Excess Pension Liabilities

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

Effective September 1, 2008, the pension plan was frozen by action of the Board of Trustees during the December 2008 meeting and no additional deposits for future benefits have been made after that date.

The College implemented provisions of SFAS No. 158 - "Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans" during the year ending May 31, 2009. SFAS No. 158 requires the College to recognize the cumulative effect of the under funded status of its pension plan as a liability in the statement of financial position and as a decrease to unrestricted net assets. As indicated below the required adjustment amounted \$1,296,891 at May 31, 2009. The effect of transactions during the year ended May 31, 2010 reduced this liability to \$1,001,546.

In compliance with the Pension Plan Act of 2007, during June 2008 the College began making deposits to the pension plan in order to eliminate the under funded status of the pension plan. These deposits amounted to \$207,900 in 2010 and \$263,362 in 2009, these deposits are recognized as an expense in the statements of activities. The College is scheduled to make deposits of \$308,000 during 2011 fiscal year (which will be recognized as an expense) and additional annual deposits until the under funded status is eliminated. The amount of the annual deposits may vary depending on the performance of the plan assets.

The following table sets forth the plan's funded status and required disclosures.

#### Reconciliation of benefit obligations:

|  | 2010         | 2009      |
|--|--------------|-----------|
| Benefit obligation at beginning of year      | \$ 3,375,412 | 3,628,364 |
| Service cost                                 | -            | 54,759    |
| Interest cost                                | 252,523      | 270,843   |
| Plan amendments                              | -            | -         |
| (Gain) loss due to actuarial experience      | (104,456)    | (56,087)  |
| Gain due to changes in actuarial assumptions | -            | -         |
| Curtailment gain                             | -            | (332,230) |
| Benefits paid to plan participants           | (205,303)    | (190,237) |
| Benefit obligation at end of year            | \$ 3,318,176 | 3,375,412 |

#### Reconciliation of asset value:

|                                    |              |           |
|------------------------------------|--------------|-----------|
| Plan assets at beginning of year   | \$ 2,035,861 | 2,446,301 |
| Actual return of plan assets       | 292,720      | (483,565) |
| Employer contributions             | 207,900      | 263,362   |
| Benefits paid to plan participants | (205,303)    | (190,237) |
| Plan assets at end of year         | \$ 2,331,178 | 2,035,861 |

#### Reconciliation of funded status:

|  |              |             |
|--|--------------|-------------|
| Funded status at end of year (liability)     | \$ (986,998) | (1,339,551) |
| Unrecognized net transition obligation asset | -            | -           |
| Unrecognized prior service cost              | -            | -           |
| Unrecognized net loss                        | 1,001,546    | 1,296,891   |
| Amount included in accrued expense           | \$ 14,548    | (42,660)    |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (9) Pension Plan, continued

#### Accumulated benefit obligation at end of year

|  | 2010         | 2009      |
|--|--------------|-----------|
|  | \$ 3,318,176 | 3,375,412 |
|  | \$ 3,362,386 | 3,313,170 |

#### Vested benefit obligation at end of year

#### Reconciliation of unfunded status of pension plan:

|  |              |           |
|--|--------------|-----------|
| Unfunded status of pension plan at beginning of year | \$ 1,296,891 | 1,057,594 |
| Amount of loss recognized during the year            | (71,433)     | (56,622)  |
| (Gain) loss due to actuarial experience              | (104,456)    | (56,087)  |
| (Gain)/loss due to curtailment                       | -            | (332,230) |
| (Gain) loss due to changes in actuarial assumptions  | (119,456)    | 684,236   |
| (Gain) loss due to assets                            | \$ 1,001,546 | 1,296,891 |
| Unfunded status of pension plan at end of year       |              |           |

#### Net periodic benefit cost:

|   |            |           |
|---|------------|-----------|
| Service cost at end of year                   | \$ -       | 54,759    |
| Interest cost on projected benefit obligation | 252,523    | 270,843   |
| Expected return on plan assets                | (173,264)  | (200,671) |
| Amortization of transition obligation         | -          | -         |
| Amortization of prior service costs           | 71,433     | 56,622    |
| Amortization of net loss                      | \$ 150,692 | 181,553   |
| Net periodic benefit cost                     |            |           |

#### Expected Future Benefit Payments:

The expected benefit payments for the next ten fiscal years ended May 31, are: \$224,641 in 2011; \$246,595 in 2012; \$249,050 in 2013; \$265,758 in 2014; \$276,958 in 2015; and \$1,458,963 in years 2016 through 2020.

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

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

#### Assumptions used for determination of end of year obligations:

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

### (10) Concentration of Credit Risk

The College is the institution of higher education of the National Association of Free Will Baptists, Inc. and offers Bible based educational services to members of the denomination. The College extends credit in certain instances to students for educational costs and makes loans to students from its loan funds. The College also maintains certain accounts for sponsored groups, staff purchases, etc. The College also has pledges receivable which are dispersed among numerous supporters of the College. These accounts are not collateralized and are subject to accounting risk of loss amounting to the outstanding balances.

The College also has the following instruments which are subject to risk of accounting loss which approximates:

|   |            |
|---|------------|
| Cash funds in banks in excess of the FDIC insurable limit | \$ 210,000 |
| Funds invested with Free Will Baptist Foundation          | 1,163,000  |
| Marketable securities                                     | 296,000    |

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (11) Asset Retirement Obligation - Asbestos Removal

The College adopted Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), "Accounting for conditional Asset Retirement Obligations, an Interpretation of Statement of Financial Accounting Standards (SFAS) 143. The liability recorded, amounting to \$229,366 at May 31, 2010 and \$214,863 at May 31, 2009 relates to the future removal of asbestos from existing buildings.

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

|                                   |         | Charge to<br>Expenditures | Liability<br>Balance |
|-----------------------------------|---------|---------------------------|----------------------|
| As and for the year ended May 31: |         |                           |                      |
|                                   | 2011 \$ | 15,482                    | 244,848              |
|                                   | 2012    | 16,527                    | 261,375              |
|                                   | 2013    | 17,643                    | 279,018              |
|                                   | 2014    | 18,834                    | 297,852              |
|                                   | 2015    | 20,105                    | 317,957              |

### (12) Net Assets

Net assets of the College consist of the following as of May 31, 2010 and 2009.

|                                  | 2010         |                           |                           | Total<br>2010 | Total<br>2009 |
|----------------------------------|--------------|---------------------------|---------------------------|---------------|---------------|
|                                  | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted |               |               |
| Operations                       | \$ 6,534,773 | -                         | -                         | 6,534,773     | 6,459,408     |
| Excess pension liabilities       | (1,001,546)  | -                         | -                         | (1,001,546)   | (1,296,891)   |
| Cumulative endowment losses      | -            | -                         | -                         | -             | (56,153)      |
| Unexpended funds restricted for: |              |                           |                           |               |               |
| Operating purposes               | -            | 21,661                    | -                         | 21,661        | 31,971        |
| Scholarships:                    |              |                           |                           |               |               |
| Donor gifts                      | -            | 89,383                    | -                         | 89,383        | 66,765        |
| Available for distributions      |              |                           |                           |               |               |
| from endowment returns           | -            | 82,822                    | -                         | 82,822        | -             |
| Potential relocation             | -            | 227,880                   | -                         | 227,880       | -             |
| Student loan funds               | -            | -                         | 479,187                   | 479,187       | 502,433       |
| True endowment funds             | -            | -                         | 149,623                   | 149,623       | 149,348       |
| Scholarship endowment funds      | -            | -                         | 918,844                   | 918,844       | 875,184       |
| Total net assets                 | \$ 5,533,227 | 421,746                   | 1,547,654                 | 7,502,627     | 6,732,065     |

### (13) Net Assets Released From Restrictions

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

|  |            |
|--|------------|
| Expenditures made for donor imposed restrictions:  |            |
| Private scholarships                               | \$ 71,589  |
| Federal Supplemental Educational Opportunity Grant | 16,892     |
| Federal Work Study Program                         | 16,676     |
| Other instructional and institutional              | 16,412     |
| Potential relocation                               | 327,661    |
| Net assets released from restrictions              | \$ 449,230 |

Certain federal grants to students amounting to \$499,144 and \$411,503 for 2010 and 2009, respectively, are not included in expenditures or net assets released from restrictions. Federal Pell and other similar grants are considered to be agency transactions in that the student payments are entitlements and the funds are not under the control of the College.

# FREE WILL BAPTIST BIBLE COLLEGE

## Notes to Financial Statements, continued

### (14) Related Party Transactions

#### Notes Receivable

Subsequent to the end of the May 31, 2006 year, the College loaned \$200,000 to a long term friend of and donor to the College. At the 2006 Annual Convention of The National Association of Free Will Baptists, this person was nominated from the floor and elected to become a member of the College's Board of Trustees. Subsequent to the end of the 2009 fiscal year this person resigned his position as a Board member.

The note matured December 31, 2009, and was extended during May 2010 to be repaid December 31, 2011. The note bears interest at 4.75%, which has been accrued through May 31, 2010 and 2009, and added to the note receivable balance. The note was in technical default at the date the extension was completed.

Management determined at May 31, 2009 that the value of real estate which secures this note receivable had been impaired. Based on available documentation, a reserve for loss amounting to \$175,000 had been recognized in the financial statements as an expense at May 31, 2009. Further, effective May 31, 2010 the remaining balance of the note receivable amounting to \$44,000 has been charged to expense resulting in a net balance after reserves and allowances of \$-0-.

#### Executive Office of the National Association of Free Will Baptists

The denomination began a publication (One Magazine) during the year ended May 31, 2006 to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of the agencies and organizations. The College recognized \$45,318 in 2010 and \$45,180 in 2009 as their share of the funding requirement.

### (15) Commitments and Contingencies

#### Litigation

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

#### Estate Bequests

The College, in the normal course of operations, is the beneficiary of estate bequests. These bequests are recognized as revenues in the period the amount can be determined, either by notices from the estate or receipt of the bequest, whichever comes first.

### (16) Potential Relocation of Campus

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

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

The College purchased a 66 acre tract of land during August 2008 which is intended to serve as the site for the new campus. This site located in the Greater Nashville Tennessee Area will provide for the expansion of programs consistent with the College's strategic plans.

Sale of the existing campus property is an important component of the relocation project. The College has had discussions with numerous interested parties and received multiple offers. The College continues to aggressively market the existing campus.

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

The College has engaged in fundraising with a select group of potential donors and has received substantial commitments (see note 5 - of which \$858,180 has been recognized as pledges receivable) toward relocation.



(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)  
MANAGEMENT SUMMARY OF MAY 31, 2010, FINANCIAL INFORMATION

**Unrestricted Funds Revenues and Expenditures**

Unrestricted Funds Revenues for the year ending May 31, 2010, totaled \$5,013,745. Unrestricted Funds Expenditures were \$4,938,380, providing a \$75,365 increase in net assets (or, surplus).

**Unrestricted Giving**

Gifts to the unrestricted fund amounted to \$1,111,496. Of that amount, \$1,053,868 was general fund unrestricted gifts, \$30,254 FWB Foundation income, \$19,000 stocks and bonds gifts, \$7,408 estate gifts, \$401 library gifts, and \$565 miscellaneous gifts. These gifts were instrumental in subsidizing the college operation.

**General Fund Giving Supports Average Full-Time Student \$4,320 in Tuition Costs**

Because of general fund gifts of \$1,053,868, students in the 2009-10 academic year were subsidized \$144 for each semester hour taken. In other words, if no gifts had been received, the tuition cost per semester hour for attending FWBBC would have been \$567 instead of the actual price of \$423, a subsidy of \$4,320 for a student enrolled for 30 hours during the academic year.

**FWBBC Scholarships Further Reduce Average Cost of Tuition**

A record \$916,817 was awarded in the form of institutional scholarships. As a result, the overall average 2009-2010 net tuition cost was decreased by \$125 per semester hour, lowering the "list" price of \$423 to an average of \$298. By way of comparison, the 2008-2009 net tuition cost was, on average, \$297.

**Previous Year Bank Difficulties Move College to Change Audit Process**

Last fiscal year, completion of the May 31, 2009 audit was delayed. That delay was brought on by the merging of one of the college's two primary banks, complicated by the overall credit, real estate and bank upheaval. While not directly related, the college nonetheless decided to change its audit timing to accelerate the audit's completion. This was accomplished by starting the audit prior to the end of the fiscal year, to update financial information available.

**Fiscal Year-End Change Consideration**

Much time was spent with various groups to consider altering our fiscal year-end. Those groups included the NAFWB Executive Committee, the FWBBC Board of Trustees, and our audit firm. Several year-end alternatives were considered, including an April 30, June 30, and July 31 ending date. All were problematic. The April 30 date would necessitate closing the books before the academic year was finished, while the June 30 and July 31 dates would have caused FWBBC to report with year-old financials at the NAFWB annual meetings, plus require the audit to be performed concurrently with the beginning of the school year. As a result, the decision was made to continue with a May 31 fiscal year-end, since the inability to present an audit last year was directly tied to the merging bank's failure to process loan renewal documents in a timely manner.

(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)  
MANAGEMENT SUMMARY OF MAY 31, 2010, FINANCIAL INFORMATION (continued)

**Pension Plan Underfunded Liability Status Improves**

Under current accounting rules, the underfunded status of FWBBC's pension plan fund was required to be recorded as a liability May 31, 2009, resulting in a \$1,296,891 reduction in net assets. This liability was decreased to \$1,001,546 as of May 31, 2010, which resulted in an increase to net assets of \$295,345.

**Pension Plan Remains Frozen to Accelerate Recovery of Pension Assets**

The deteriorating stock market 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 second year of a scheduled seven-year recovery plan. Should the stock market continue to regain its value during this period, the amount paid and timeframe for the recovery may be lessened.

**Reserve for Loss-Note Receivable to Related Party**

In 2006, the college loaned \$200,000 to a long-term friend and donor to the college, in conjunction with a collaborative land investment. This note has been extended and now matures December 31, 2011 with an interest rate of 4.75%. Interest has accrued since May 2009, and been added to the note balance. The note is secured by collateral of deed of trust.

Management has taken the conservative approach by increasing the allowance for loss to cover the loan balance. When the loan is repaid, payment will be accounted for as income in future audits.

**Cash Flow Statement**

The combined cash flows of the College's operating, investing, capital and financing activities report cash and cash equivalents decreased \$62,007 in Unrestricted Funds and \$26,968 in Permanently Restricted Funds for a cumulative cash decrease of \$88,975.

**Cash and Cash Equivalents**

Total cash on hand decreased from the previous fiscal year. Last year's total was \$725,186 against this year's \$636,211, which consists of \$370,623 in unrestricted current assets, \$37,707 in endowments, and \$227,881 in student loan funds.

**Notes Payable and Long-Term Debt**

Notes payable to individuals for use toward student loans amounts to \$90,584.

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

Long-Term Debt amounts to \$3,436,873, of which \$2,108,743 is for the purchase of the Gallatin property, \$120,295 for Architectural and Engineering, and \$1,380,414 for the renovation of several campus buildings and the purchase of West End Avenue property.

(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)  
MANAGEMENT SUMMARY OF MAY 31, 2010, FINANCIAL INFORMATION (continued)

**Loan Repayment Schedule Established With Pinnacle Bank**

In order to begin lowering its debt, FWBBC requested and received from Pinnacle Bank a 20-year loan repayment schedule beginning November, 2010. Monthly principal and interest payments are \$26,749 with a locked-in interest rate of 6.75% for the first 5 years, and no penalty for early payoff. See Note 8 in the audited financial statements for further details.

**Operational Line of Credit**

The college's \$500,000 operational line of credit has no outstanding balance at May 31, 2010 and 2009.

**Asset to Debt Ratio**

Total assets amount to \$12,934,731. Long-term liabilities total \$4,438,419, giving a 2.91 to 1 asset to debt ratio. Adding all other liabilities brings the total to \$5,432,104, and gives a 2.38 to 1 asset to debt ratio.

**Relocation Update and Gift Report Summary**

FWBBC's relocation has moved forward with the August 2008 purchase of 66 acres of prime land in the Gallatin, Tennessee area. The land 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 necessary to fund new campus construction. The college property continues to have interested parties, and is in confidential communication with a new prospective buyer at the time of printing.

While no public campaign has been launched, a few donors have already pledged or given. As of May 31 pledges recorded total \$1,055,060. Cash received to date totals \$665,283 which includes both payment on pledges and outright cash gifts. A balance of \$858,180 remains in unpaid pledges to be collected in the next few years. The silent phase of the relocation initiative currently amounts to more than \$2.1 million in cash commitments.

**FREE WILL BAPTIST BIBLE COLLEGE**  
Budgets for the years ending May 2010-2012

|   | Budget<br>May 31, 2010 | Audit<br>May 31, 2010 | Proposed<br>Budget<br>May 31, 2011 | Strategic<br>Budget<br>May 31, 2012 |
|---|------------------------|-----------------------|------------------------------------|-------------------------------------|
| <b>Revenues</b>   |                        |                       |                                    |                                     |
| Tuition and fees  | 2,448,000              | 2,366,772             | 2,679,350                          | 3,066,500                           |
| Private Gifts:  |                        |                       |                                    |                                     |
| Together Way/Unrestricted General Fund                          | 1,300,000              | 1,111,496             | 1,150,000                          | 1,230,000                           |
| Estate, grant, stock, special gift, and<br>miscellaneous income | 397,500                | 27,863                | 514,000                            | 480,000                             |
| Gifts in kind   | 10,000                 | 46,331                | 10,000                             | 46,500                              |
| Investment and endowment income                                 | 1,001,925              | 1,012,053             | 1,039,805                          | 1,179,475                           |
| Sales and services of auxiliary enterprises                     |                        |                       |                                    |                                     |
| Other sources:  |                        |                       |                                    |                                     |
| Net assets released from restrictions                           | 300,000                | 449,230               | 300,000                            | 300,000                             |
| <b>Total Revenues</b>   | <b>5,457,425</b>       | <b>5,013,745</b>      | <b>5,693,155</b>                   | <b>6,302,475</b>                    |
| <b>Expenditures</b>   |                        |                       |                                    |                                     |
| Educational and general:  |                        |                       |                                    |                                     |
| Instructional   | 1,598,278              | 1,465,541             | 1,779,465                          | 1,896,988                           |
| Academic Support  | 400,605                | 373,879               | 457,504                            | 492,311                             |
| Student Services  | 585,056                | 578,996               | 718,416                            | 759,263                             |
| Institutional Support   | 1,944,758              | 1,621,384             | 1,710,009                          | 1,985,899                           |
| <b>Total educational and general expenditures</b>               | <b>4,528,697</b>       | <b>4,039,800</b>      | <b>4,665,394</b>                   | <b>5,134,461</b>                    |
| Auxiliary enterprises:  |                        |                       |                                    |                                     |
| Expenditures  | 928,728                | 898,580               | 1,027,761                          | 1,168,014                           |
| <b>Total Expenditures</b>                                       | <b>5,457,425</b>       | <b>4,938,380</b>      | <b>5,693,155</b>                   | <b>6,302,475</b>                    |





## Executive Director's Report

### Introduction

Out of my back window I watched a field sparrow darting in and out of the birdhouse. It is a train caboose that my father-in-law made for our kids many years ago, which has been refurbished once, but the birds do not seem to care as each year it serves as a nest for a new mom. What still amazes me is the size of the bird in comparison with the hole in the birdhouse. It seems to be quite a feat in physics as the sparrow zips in and out carrying twigs and bedding for her home. I am sure the bird enjoys the rewards of the space on the backside of the tiny opening. That small hole leads to a whole new area of protection for her family. Rewards are often hidden from our sight, until we explore the open door that leads to a whole new area for us.



Small windows of opportunity may not be the verbiage or tweets used by the sparrow, but as I think of Randall House's opportunities, I am convinced we too get small openings that lead to whole new ministry outlook. This year God has pulled back a small opening in the vortex of His kingdom happenings and allowed us to begin making a nest for families that will serve many generations. This window opened, because we pursued the direction God is working rather than ask God to work on our priorities. Such windows that are scripturally based like Deuteronomy Six are bigger than denominations. While scripture has no expiration dates, the moments created by divine help often depends on us walking through such doors knowing we may not get a second chance.

Many examples come to mind of businesses, churches, and people missing opportunities they wish they could go back and do again. *"Opportunity is often missed, because we are broadcasting when we should be tuning in."*<sup>1</sup> When I worked in television, the famous example was how the director of programming for ABC (the network) was reviewing a script for a family sitcom that he said would never do well. That show picked up by NBC is one that we probably all have seen with our family and laughed at "The Cosby Show." According to TV Guide, The Cosby Show "was TV's biggest hit in the 1980s, and almost single-handedly revived the sitcom genre and NBC's ratings fortunes."<sup>2</sup> The show went on to be one of three to receive a number one rating from Nielson for five consecutive seasons. None of us would want to be the program director at ABC who turned down The Cosby Show.

Other people and businesses have missed many windows of opportunities. Failures are hard to find in research for obvious reasons, either no one wants to talk about them or they are no longer around to talk about them. Gary Kildall, the software genius who created the first operating system for PCs in the seventies but chose to go flying instead of pitch it to executives of IBM allowing Bill Gates to get the contract instead.

Secular businesses do not own exclusive rights to missed opportunities. Churches have missed land acquisitions for new beginnings, pastoral selections, and chances to deal with key issues that have stagnated their growth. Denominational publishing houses have missed signing budding authors, failed to offer relevant studies, and not moved quick enough into the digital world. The gap has grown between the Thomas Nelsons and denominational publishers in recent years because many of the denominational publishers miss window after window of opportunity to make a difference for the kingdom. I wonder if God is ever saddened that the publishers with principles miss His open doors?

Paul admonishes us to "Redeem the time" which means to buy up our time, make the most of our time, the strategic time and special opportunities. The biblical word for this is *kairos*. It appears in specific and contextual forms throughout scripture. *Kairos* is kin to *chronos* or time itself. *Kairos* is a divine moment that God allows us to participate in His epic story of mankind in ways that significantly change events and people. If I could paraphrase by insertion, Esther was placed in the king's court for such a *Kairos* as this and Ecclesiastes reminds us there is *Kairos* for everything. I believe every human being has purpose and is equipped by God to fulfill that mission. If every person has a purpose, then every organization has a purpose.

"*Kairos* (*kairos*), even though the Greek meanings are complex and culturally dependent, refers to the right time, opportune time, or seasonable time. It cannot be measured. It is the perfect time, the qualitative time, the perfect moment, the 'now.' *Kairos* brings transcending value to *kronos* time. *Kairos* is the right moment of opportunity which requires proactivity to achieve success. It is significant and decisive. These moments transcend *kronos*, stirring emotions and realities to cause decisive action. It is not an understatement to say that *kairos* moments alter destiny. To miscalculate *kronos* is inconvenient. To miscalculate *kairos* is lamentable."<sup>3</sup>

Randall House representing the Free Will Baptist denomination has been granted a window of opportunity (a *kairos*) to be the leader in spiritual formation (discipleship model from birth to adult). This *kairos* has been birthed out of the emphasis we are placing on the ancient principle and path of D6 – Deuteronomy Six. This *kairos* grew exponentially by not having a conference exclusively for Free Will Baptists or with only Free Will Baptists on the platform. We invited in the body of Christ to explore what God would have us do together. We protected the moment by not overly commercializing the programming of the conference and this resulted in Randall House being positioned as a leader for others to listen to in this movement. With the success of the conference, Free Will Baptists are out front leading the way in all things D6. This new emphasis on an ancient passage has made churches pause and ask what are they doing with the linear moments they have with families and specifically children. They now wrestle with the questions of how their church will help parents connect to their kids by connecting the church and home.

We fight Satan in a war for our souls and we fight him for our kids. When we win, there is still carnage and pain. Abraham Lincoln in his final words of the Gettysburg Address talked about *Kairos* type moments when he said, "It is rather for us to be here dedicated to the great task remaining before us – that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion – that we here highly resolve that these dead shall not have died in vain – that this nation, under God, shall have a new birth of freedom – and that government of the people, by the people, for the people, shall not perish from the earth."<sup>4</sup> Winston Churchill in a speech to the British House of Commons that was said to turn the tide of the war challenged, "Let us therefore brace ourselves to our duties, and so bear ourselves that, if the British Empire and its Commonwealth last for a thousand years, men will still say, 'This was their finest hour.'"<sup>5</sup>

I would like to think Randall House is tuning in and not just broadcasting or publishing. We are seizing God's moments for helping churches and families. I think this is our finest hour and that Randall House was placed here for such a *Kairos* as Deuteronomy Six.



### D6 Conference

Dale Carnegie once said, "You can make more friends in two months by becoming interested in other people than you can in two years by trying to get other people interested in you." Think about this statement from an organization that requires sales to sustain itself. It is about more than customer service, it shouts do something more than serve yourself.



It could be argued that if we hired a salesperson and put them on the road to call upon churches he or she could not gain the credibility or an interested audience that the D6 Conference generated for Randall House. The financial loss from the first year of this conference is well below what we would have paid a salary and travel expense of any salesperson. Just about everyday, we get a new order from the follow up on the conference or a related web order traceable back to the event. Never before in the history of Randall House, have we experienced the flurry of interest in our curriculum. We actually ran out of samples two times.

The D6 Conference accomplished more than what most might see on the surface. People readily see the teaching from the main platform or the precon labs along with the sales of books on site. A closer look from within reveals the strategic reasons we tackled such an enormous event. We gained validity and credibility. It is about churches equipping homes so that parents connect with their kids. The validity produces outside sales, an absolute necessity to survive in today's climate. Gaining credibility attracts a higher caliber of authors and further enhancing the sales of our doctrinal published. The success of this event has put Randall House at the center of the discussion for spiritual formation models.

We are being watched and studied right now by other publishers who want to figure out how we gained so much ground so quickly. They want to know why we have not let any employees go in this economy, and why we can attract 1600 people to a first year event when other longstanding conferences are declining.

Thank you for supporting this event in the face of great adversity. The D6 Conference is one facet of our Kairos. WE are tracking about 40% ahead of last year in registrations.

#### D6 Purpose

For the last four years, we have filtered most everything we do through D6 or Deuteronomy Six. When an organization is tasked with a divine opportunity, means we will have to say "no" to other good opportunities. We are finding that people are just beginning to understand what we have been saying for the last three to five years. We must say it many times and many ways before we get saturation of message.

D6 has made it to Norway and we have designed a logo for their use. It is the fifth (fem) book of Moses (M) the sixth chapter (6).

The D6 filter will drive our book division, our feature curriculum, our training, and our main conference each year. I do not see this focus changing anytime soon. The body of Christ is looking for the next trend or era of church growth and I believe we are positioned to help usher in the D6 principle.



#### Survey Data

**Extensive Survey** – Randall House just completed what could be the most extensive survey related to how our churches engage culture, worship, and use of Bible translations. We will be able to use data from this survey for several years, but the primary purpose was to determine the habits of our FWB people as to what translation they use including if they would support Randall House if offered other translations in the D6 Curriculum along with the KJV.

#### Product Growth and Development

**Access Downloadable Bible Studies** has hit the stride in production that really works. We have nearly 70 studies completed and ready. We are not pleased with the platform of vital source. We have very little dollars invested and are going to walk away from this platform. We are designing our own in the recognition that we cannot protect digital property once released.

**D6 Curriculum** continues to grow with more new accounts and increased sample requests. The board voted that RHP will remain a KJV publisher and, in order to meet the needs of more Free Will Baptists, RHP will also offer two additional conservative translations. RHP curriculum will be available in King James Version, English Standard Version and New King James Version. Initially, this will only impact children's curriculum essential kits. Bible Teacher and Bible Scholar will not change.

**Elements Kids Worship** continues to prove there is a need for digital content done well. Subscriptions for it have already paid for the program and writing.

**Seven Wonders** is our future children's midweek program. This will be the Free Will Baptist alternative to Southern Baptist's Awana. "7 Wonders" takes a child through the essentials of their faith and how to defend it. This should release within twelve weeks.

**Splink** resource, the free weekly parenting connectors for children have grown over three hundred percent. It is rare to find an audience that someone does not subscribe to Splink no matter where we travel. This loss leader has paid significant dividends in introducing other products to families. Thousands benefit from this free resource every Tuesday.

**607** is the program for churches to have one special service dedicated to generational discipleship. Once a month the church who adopts this program will have a service dedicated to helping the home find anchor points in their faith connecting parents with kids, grandparents to grandchildren. It is the application of how church connects to homes in applicable and measurable ways. This program will be released in the next twelve months.

**Book Division** promises some of the best titles ever. All titles that roll out were selected 18-24 months before the release date. This year (2010) we will roll out 16 titles, 15 of which are all written by Free Will Baptist authors (note Book Division Report in Appendix). 2011 has what could be the best year of releases with the largest press run potential. We have acquired some authors that we desired to publish including Dr. Garnett Reid, Mark Holman, Dr. Brian Haynes, and a second title from Rob Reinow award winning author whose *Visionary Parenting* book we published this past year just won small publishers book of the year award.

#### Refining What We Do

Because we do not live in a vacuum and because society interests change, we too must meet their ever-evolving needs with a never changing content of the gospel. While the content does not change, how we deliver, and how we say it will change just like sermons. From flannel graph, to faxing, to texting, to blogging and twittering; who knows what will be the next medium of transferring God's message of hope?

For our means of delivery to change, means an organization must be open to explore the new facets of communication and technology. For this type of exploration, demands personnel who are ready to embrace and adapt to the changing climate. If we are not ready to change our methods, then we must be ready to die. This means our leadership must step up again and continue to position Randall House for the next five to ten years.

We are transitioning leadership among the states and churches. In recent years great men like Jack Richey, Dave Joslin, Herbert Waid, and others have retired and the newer leaders have assumed their roles. The challenge comes with matching such leaders with rising pastors transitioning in the churches. Randall House and other denominational agencies must try to minister to all churches even though not all churches will allow this. There is coming up another generation that will take us even higher than we ever dreamed, and we must minister to them and the pastors who are close to retirement. Pastors are our priority, churches are our charge, and parents are our passion because children are the objects of Christ's care. While organizations are always changing, some transition points are more difficult than others. I believe we are almost past a most difficult one in our movement. I am encouraged and believe the younger leaders will honor the older ones and the older ones are ready to allow the younger ones more discretion.



## Summary

I believe Randall House grew up this year and this resulted in many being very proud and others being uncertain. These emotions are typical transitional characteristics. I am reflective and yet ready to embrace our Kairos. We have a window and transitions within our denomination and within our organization. We are getting ready to embrace what God has in store for us. We desire to be obedient by managing the organization entrusted to us. D6 is here to stay and will change the future generations God's way. We must not miss this window; our Kairos is looking into our eyes asking if we will grasp this divine moment in time. Let's continue to teach the ancient principles of God' path for families – Deuteronomy Six!

Imagining Great Things,



Ron Hunter Jr.  
Executive Director & CEO



## Independent Auditors' Report

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

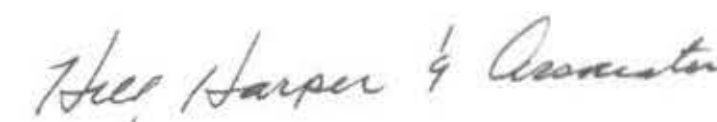
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Terry A. Hill  
(615) 417-7414  
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(615) 417-6358

We have audited the accompanying statement of financial position of the Randall House Publications of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2009 and the related statements of activities and changes in net assets, and cash flows for the year then 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 audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Randall House Publications of the National Association of Free Will Baptists, Inc. as of December 31, 2009, 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 16, 2010

<sup>1</sup> Author unknown attributed to be a common proverb

<sup>2</sup> "Cosby Show: TV Guide News". *TVGuide.com*. <http://www.tvguide.com/tvshows/cosby/news/100456>. Retrieved 2007-09-23.

<sup>3</sup> [http://docs.google.com/viewer?a=v&q=cache:G\\_GyaeYBasIj:www.whatifenterprises.com/whatif/whatiskairos.pdf+The+hour+which+is+the+God-given+moment+of+destiny+not+to+be+shrunk+from+but+seized+with+decisiveness,+the+floodtide+of+opportunity+and+demand+in+which+the+unseen+waters+of+the+future+surge+down+to+the+present&hl=en&gl=us&sig=AHIEtbTwP9vqx0RXCsbQDAo6JKFwKVnmoQ](http://docs.google.com/viewer?a=v&q=cache:G_GyaeYBasIj:www.whatifenterprises.com/whatif/whatiskairos.pdf+The+hour+which+is+the+God-given+moment+of+destiny+not+to+be+shrunk+from+but+seized+with+decisiveness,+the+floodtide+of+opportunity+and+demand+in+which+the+unseen+waters+of+the+future+surge+down+to+the+present&hl=en&gl=us&sig=AHIEtbTwP9vqx0RXCsbQDAo6JKFwKVnmoQ)

<sup>4</sup> Gettysburg Address - Abraham Lincoln - November 19, 1863

<sup>5</sup> [www.winstonchurchill.org](http://www.winstonchurchill.org)

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

**Statement of Financial Position**

December 31, 2009

| <u>Assets</u>   |                     |
|---|---------------------|
| <b>Current assets:</b>                                    |                     |
| Cash and cash equivalents:                                |                     |
| Cash and interest bearing deposits                        | \$ 73,714           |
| Cash invested with the Free Will Baptist Foundation       | 269,232             |
| <b>Total cash and cash equivalents</b>                    | <b>342,946</b>      |
| Accounts receivable:                                      |                     |
| Trade, net of allowance for doubtful accounts of \$10,000 | 83,732              |
| Employees and other                                       | 1,292               |
| <b>Total receivables</b>                                  | <b>85,024</b>       |
| Inventory   | 453,750             |
| Deferred charges and prepaid expenses                     | 125,207             |
| <b>Total current assets</b>                               | <b>1,006,927</b>    |
| <b>Property, plant and equipment, at cost:</b>            |                     |
| Land  | 110,341             |
| Building  | 944,539             |
| Printing service equipment                                | 1,194,138           |
| Office and administrative equipment                       | 284,441             |
| Automobiles and trucks                                    | 101,391             |
|   | 2,634,850           |
| Less accumulated depreciation and amortization            | 1,766,147           |
| <b>Net property, plant and equipment</b>                  | <b>868,703</b>      |
|   | <b>\$ 1,875,630</b> |
| <b>Liabilities and Net Assets</b>                         |                     |
| <b>Current liabilities:</b>                               |                     |
| Accounts payable  | \$ 131,696          |
| Current portion of long term debt                         | 96,221              |
| Deferred revenues   | 24,058              |
| Accrued expenses  | 74,457              |
| <b>Total current liabilities</b>                          | <b>326,432</b>      |
| <b>Long term debt</b>                                     | <b>241,649</b>      |
| <b>Total liabilities</b>                                  | <b>568,081</b>      |
| <b>Unrestricted net assets</b>                            | <b>1,307,549</b>    |
|   | <b>\$ 1,875,630</b> |
| <b>Commitments</b>  |                     |

See accompanying notes to financial statements.

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

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

For the year ended December 31, 2009

|  | <u>Sales</u> | <u>Cost of Sales</u> |              |
|--|--------------|----------------------|--------------|
| <b>Revenues:</b>   |              |                      |              |
| <b>Gross profit:</b>   |              |                      |              |
| RHP product lines (including curriculum)                                   | \$ 2,941,150 | 1,669,837            | 1,271,313    |
| RHP books  | 242,086      | 177,715              | 64,371       |
| D6 conference and off site sales   | 403,705      | 487,089              | (83,384)     |
| Printing sales   | 299,091      | 168,058              | 131,033      |
| Third party sales  | 109,596      | 72,789               | 36,807       |
| FWBBC bookstore and snack shop   | 83,502       | 92,382               | (8,880)      |
|  | \$ 4,079,130 | 2,667,870            | 1,411,260    |
| <b>Gross profit</b>  |              |                      |              |
| <b>Other operating revenues:</b>   |              |                      | 146,133      |
| Freight and handling   |              |                      | 27,640       |
| Commissions  |              |                      | 9,425        |
| Interest income  |              |                      | 3,808        |
| Other  |              |                      | 1,598,266    |
| <b>Total revenues</b>  |              |                      |              |
| <b>Expenses:</b>   |              |                      |              |
| <b>Selling, general and administrative:</b>                                |              |                      | 336,394      |
| Administrative / Accounting, net of expenses allocated to Youth department |              |                      | 559,703      |
| Sales / Marketing  |              |                      | 319,330      |
| Distribution center  |              |                      | 95,996       |
| IT division  |              |                      | 126,802      |
| Plant maintenance  |              |                      | 113,780      |
| General  |              |                      | 33,639       |
| One Magazine   |              |                      | 71,736       |
| Depreciation   |              |                      | 19,579       |
| Interest expense, including finance charges                                |              |                      | 1,676,959    |
| <b>Total selling, general and administrative expenses</b>                  |              |                      | (78,693)     |
| <b>Decrease in net assets from operations</b>                              |              |                      | (1,640)      |
| <b>Other income (expense):</b>   |              |                      | (12,000)     |
| Youth department   |              |                      | (13,640)     |
| Printing contributed to the denomination                                   |              |                      | (92,333)     |
| <b>Net other expenses</b>  |              |                      | 1,399,882    |
| <b>Decrease in net assets</b>  |              |                      |              |
| <b>Net assets, beginning of year</b>                                       |              |                      | \$ 1,307,549 |
| <b>Net assets, end of year</b>   |              |                      |              |

See accompanying notes to financial statements.



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

**Statement of Cash Flows**

For the year ended December 31, 2009

**Cash Flows from Operating Activities**

|  |                |
|--|----------------|
| Decrease in net assets   | \$ (92,333)    |
| Adjustments to reconcile decrease in net assets to net operating activities: |                |
| Depreciation and amortization  | 145,892        |
| (Increase) decrease in:  |                |
| Receivables  | 71,807         |
| Inventories  | (14,270)       |
| Deferred charges and prepaid expenses  | 9,779          |
| Increase (decrease) in:  |                |
| Accounts payable   | 1,235          |
| Deferred revenues  | 1,794          |
| Accrued expenses   | 4,550          |
| <b>Net operating activities</b>  | <b>128,454</b> |

**Cash Flows from Investing Activities**

|   |                  |
|---|------------------|
| Purchase of property, plant and equipment | (217,374)        |
| <b>Net investing activities</b>           | <b>(217,374)</b> |

**Cash Flows from Financing Activities**

|   |                   |
|---|-------------------|
| Acquisition of debt from Free Will Baptist Foundation | 400,000           |
| Repayments of long term debt                          | (275,058)         |
| <b>Net financing activities</b>                       | <b>124,942</b>    |
| <b>Increase in cash and cash equivalents</b>          | <b>36,022</b>     |
| Cash at beginning of year                             | 306,925           |
| <b>Cash at end of year</b>                            | <b>\$ 342,947</b> |

**Cash and cash equivalents, as reported on the balance sheet, as follows:**

|   |                   |
|---|-------------------|
| Cash and interest bearing deposits                  | \$ 73,714         |
| Cash invested with the Free Will Baptist Foundation | 269,232           |
|   | <b>\$ 342,946</b> |

**Supplemental disclosures:**

|               |           |
|---------------|-----------|
| Interest paid | \$ 19,579 |
|---------------|-----------|

See accompanying notes to financial statements.

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

**Notes to Financial Statements**

For the year ended December 31, 2009

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.

**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, 2009 amounted to \$10,000. Changes in the valuation account have not been material to the financial statements.

**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 recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$500 are capitalized and depreciated over their usable lives on 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.

**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.

**Income Taxes**

Randall House is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts.

The Financial Standards Board (FASB) issued Interpretation No 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with Statement No 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification of the statement of position, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that Randall House has no activities which will lead to income taxes being levied.

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

Notes to Financial Statements, continued

(1) **Summary of Significant Accounting Policies, continued**

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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 \$70,963.

**Subsequent Events**

Subsequent events were evaluated through April 16, 2010 which is the issue date of these financial statements.

(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 \$269,232, respectively, are subject to risk of accounting loss. Cash held in local bank are insured to FDIC limits. Management does not anticipate nonperformance by the financial institutions.

(3) **Inventory**

Inventory consists of the following:

|  |    |         |         |
|--|----|---------|---------|
| Finished curriculum                    |    | \$      | 173,981 |
| Work in progress                       |    |         | 99,754  |
| Printing raw materials                 |    |         | 62,319  |
| Hymnals (see note 5)                   |    |         | 34,307  |
| Warehoused other books and merchandise | \$ | 180,389 |         |
| Less allowance for loss                |    | 97,000  | 83,389  |
|  |    | \$      | 453,750 |

(4) **Long - Term Debt**

4.5% monthly installment obligation payable to Free Will Baptist Foundation with monthly payments of \$9,121 including interest and principal, with final payment due April 2013. Note is secured by equipment.

|                                   |    |         |
|-----------------------------------|----|---------|
|                                   | \$ | 337,870 |
| Current portion of long-term debt |    | 96,221  |
|                                   | \$ | 241,649 |

Maturities of long-term debt is as follows:

|    | 2010   | 2011    | 2012    | 2013   | Total   |
|----|--------|---------|---------|--------|---------|
| \$ | 96,221 | 100,641 | 105,265 | 35,743 | 337,870 |

Randall House has 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, 2009.

**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:

|   |    |         |         |
|---|----|---------|---------|
| Revenue from conferences and related services |    | \$      | 211,130 |
| Expenditures:                                 |    |         |         |
| Conferences and related services              | \$ | 154,757 |         |
| Expenses for facility use and other services  |    | 13,500  |         |
| General and administrative expenses           |    | 44,513  | 212,770 |
| Excess of revenues over expenses              |    | \$      | (1,640) |

(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 \$54,117. 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 \$18,088. Further, Randall House had a liability relating to these payments of \$948.

**Free Will Baptist Bible College**

Randall House operates Free Will Baptist Bible College's bookstore, campus store and snack shop.

**Results of operations are as follows:**

|   |    |         |
|---|----|---------|
| Revenues  | \$ | 83,502  |
| Operating expenses, including merchandise purchased, salaries and other operating costs |    | 92,382  |
| Loss from operations  | \$ | (8,880) |

**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 \$33,639 as their share of the funding requirement. Further, Randall House prints and provides mailing services for One Magazine, and reported revenues of \$239,351 for these services.

**Free Will Baptist Foundation**

Randall House maintains interest bearing accounts with Free Will Baptist Foundation amounting to \$269,232. Further, Randall House has indebtedness to Free Will Baptist Foundation amounting to \$337,870.



|                                       | 2011<br>BUDGET     | 2010<br>BUDGET     | 2009<br>BUDGET     | 2009<br>ACTUAL     |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Income</b>                         |                    |                    |                    |                    |
| RHP Product Lines                     | \$3,331,000        | \$3,809,600        | \$3,969,600        | \$3,508,907        |
| RHP Books                             | \$223,000          | \$381,500          | \$347,000          | \$242,086          |
| Event/ Off Site Sales                 | \$605,000          | \$315,000          | \$20,000           | \$403,705          |
| Third Party Sales (Non RHP)           | \$105,000          | \$125,000          | \$175,000          | \$109,596          |
| Other Revenue                         | \$489,000          | \$562,100          | \$496,350          | \$458,455          |
| Commission Income                     | \$31,000           | \$37,600           | \$37,950           | \$27,640           |
| FWBBC Bookstore Sales                 | \$85,500           | \$104,000          | \$111,000          | \$83,502           |
| Wholesale Discounts                   | \$0                | -\$680,000         | -\$730,000         | -\$567,757         |
| <b>Total Revenue</b>                  | <b>\$4,869,500</b> | <b>\$4,654,800</b> | <b>\$4,426,900</b> | <b>\$4,266,134</b> |
| COS - RHP Product Lines               | \$70,000           | \$67,700           | \$44,500           | \$31,950           |
| COS - RHP Books                       | \$93,750           | \$120,450          | \$140,750          | \$51,498           |
| COS - Events/ Off Site                | \$507,500          | \$310,000          | \$10,000           | \$487,089          |
| COS - 3rd Party Sales (Non RHP)       | \$65,000           | \$79,100           | \$99,000           | \$82,790           |
| COS - Other                           | \$7,500            | \$7,500            | \$12,000           | -\$21,243          |
| <b>Total Cost of Goods Sold</b>       | <b>\$743,750</b>   | <b>\$584,750</b>   | <b>\$306,250</b>   | <b>\$612,084</b>   |
| Printing Production                   | \$1,112,600        | \$1,094,100        | \$1,124,000        | \$1,080,163        |
| Editorial                             | \$514,000          | \$476,000          | \$532,500          | \$446,836          |
| Depreciation Printing Equipment       | \$60,000           | \$60,000           | \$60,000           | \$74,156           |
| Administrative/Accounting             | \$341,000          | \$386,000          | \$386,000          | \$349,806          |
| Sales/Marketing                       | \$671,000          | \$606,000          | \$588,000          | \$559,703          |
| Design                                | \$332,000          | \$327,000          | \$315,750          | \$300,937          |
| RHP Book Division                     | \$85,100           | \$86,200           | \$77,500           | \$61,311           |
| Distribution Center                   | \$322,200          | \$350,200          | \$313,450          | \$319,330          |
| IT Division                           | \$60,200           | \$73,700           | \$115,000          | \$95,996           |
| Plant Maintenance                     | \$130,800          | \$142,300          | \$138,400          | \$113,302          |
| FWBBC Bookstore                       | \$99,050           | \$99,550           | \$103,600          | \$92,382           |
| General                               | \$221,000          | \$201,500          | \$196,000          | \$205,096          |
| <b>Total Departmental Expense</b>     | <b>\$3,948,950</b> | <b>\$3,902,550</b> | <b>\$3,950,200</b> | <b>\$3,699,016</b> |
| <b>Youth Department</b>               |                    |                    |                    |                    |
| Youth Revenues                        | \$229,500          | \$199,500          | \$194,500          | \$211,130          |
| Youth Department Expenses             | -\$241,750         | -\$196,780         | -\$185,250         | -\$212,770         |
|                                       | -\$12,250          | \$2,720            | \$9,250            | -\$1,640           |
| <b>Denominational Ministries</b>      |                    |                    |                    |                    |
| Revenues Denom. Ministries            | \$0                | \$10,000           | \$20,000           | \$0                |
| Denominational Ministries Expenses    | -\$65,000          | -\$60,000          | -\$99,300          | -\$45,639          |
|                                       | -\$65,000          | -\$50,000          | -\$79,300          | -\$45,639          |
| <b>Total Expense</b>                  | <b>\$4,769,950</b> | <b>\$4,534,580</b> | <b>\$4,326,500</b> | <b>\$4,358,379</b> |
| <b>Projected Profit (Loss)</b>        | <b>\$99,550</b>    | <b>\$120,220</b>   | <b>\$100,400</b>   | <b>-\$92,245</b>   |
| <b>Income</b>                         |                    |                    |                    |                    |
| 300.03 - Dated Studies/ SS-Curriculum | \$3,250,000        | \$3,700,000        | \$3,840,000        | \$3,459,525        |
| 300.15 - Children's Church Sales      | \$40,000           | \$500              | \$500              | \$13,134           |
| 300.18 - Online Non Dated Studies-(A) |                    | \$50,000           | \$75,000           | \$0                |
| 300.24 - Church Supplies              | \$20,000           | \$29,100           | \$34,100           | \$21,067           |
| 300.27 - RHP/D6 T-Shirts/Merchandise  | \$6,000            | \$10,000           | \$0                | \$0                |
| 300.30 - Competition Materials        | \$15,000           | \$20,000           | \$20,000           | \$15,181           |
| <b>Total 300 - RHP Product Lines</b>  | <b>\$3,331,000</b> | <b>\$3,809,600</b> | <b>\$3,969,600</b> | <b>\$3,508,907</b> |
| 303.03 - Pastoral/Church Leadership   | \$35,000           | \$0                | \$0                | \$18,407           |
| 303.06 - Family/Parenting             | \$35,000           | \$0                | \$0                | \$0                |
| 303.09 - Drama/Plays                  | \$5,000            | \$0                | \$0                | \$0                |
| 303.12 - Missions                     | \$5,000            | \$0                | \$0                | \$0                |
| 303.15 - Small Group Studies          | \$5,000            | \$0                | \$0                | \$0                |
| 303.18 - Biblical Studies             | \$20,000           | \$0                | \$0                | \$0                |
| 303.21 - Theology/Doctrine            | \$20,000           | \$0                | \$0                | \$0                |
| 303.24 - Bibles                       | \$5,000            | \$0                | \$0                | \$0                |
| 303.27 - Christian Living             | \$25,000           | \$0                | \$0                | \$0                |
| 303.30 - Fiction                      | \$5,000            | \$0                | \$0                | \$0                |
| 303.33 - Children                     | \$5,000            | \$0                | \$0                | \$0                |
| 303.36 - International Languages      | \$500              | \$500              | \$1,000            | \$311              |

|  | 2011<br>BUDGET     | 2010<br>BUDGET     | 2009<br>BUDGET     | 2009<br>ACTUAL     |
|--|--------------------|--------------------|--------------------|--------------------|
| 303.39 - Rejoice FWB Hymnal Sales                    | \$25,000           | \$75,000           | \$80,000           | \$46,072           |
| 303.42 - Rejoice Worship Hymnal Sales                | \$20,000           | \$0                | \$0                | \$65,091           |
| 303.45 - Lightning Source                            | \$7,500            | \$6,000            | \$6,000            | \$5,706            |
| 303.48 - Tracts                                      | \$5,000            | \$0                | \$0                | \$0                |
| 303.51 - (Sales History)                             | \$0                | \$300,000          | \$260,000          | \$106,499          |
| <b>Total 303 - RHP Books</b>                         | <b>\$223,000</b>   | <b>\$381,500</b>   | <b>\$347,000</b>   | <b>\$242,086</b>   |
| 305.03 - D6 Conference Registration                  | \$450,000          | \$300,000          | \$0                | \$291,153          |
| 305.06 - D6 Conference Sponsorship                   | \$45,000           | \$0                | \$0                | \$27,391           |
| 305.09 - D6 Conference Sales                         | \$85,000           | \$0                | \$0                | \$79,343           |
| 305.15 - National Sales                              | \$15,000           | \$15,000           | \$20,000           | \$5,817            |
| 305.21 - Misc. Event Sales                           | \$5,000            | \$0                | \$0                | \$0                |
| 305 - Event/ Off Site Sales - Other                  | \$5,000            | \$0                | \$0                | \$0                |
| <b>Total 305 - Event/ Off Site Sales</b>             | <b>\$605,000</b>   | <b>\$315,000</b>   | <b>\$20,000</b>    | <b>\$403,705</b>   |
| 307.03 - Curriculum (Dated)                          | \$25,000           | \$35,000           | \$40,000           | \$25,643           |
| 307.06 - VBS   | \$30,000           | \$35,000           | \$40,000           | \$31,540           |
| 307.12 - Church Supplies                             | \$10,000           | \$14,000           | \$15,000           | \$9,653            |
| 307.15 - Bibles (Non RHP Imprint)                    | \$5,000            | \$10,000           | \$19,000           | \$4,935            |
| 307.18 - Books (Non RHP Imprint)                     | \$25,000           | \$25,000           | \$50,000           | \$26,487           |
| 307.21 - Music                                       | \$5,000            | \$5,000            | \$10,000           | \$4,705            |
| 307.24 - Miscellaneous                               | \$5,000            | \$1,000            | \$1,000            | \$6,633            |
| <b>Total 307 - Third Party Sales (Non RHP)</b>       | <b>\$105,000</b>   | <b>\$125,000</b>   | <b>\$175,000</b>   | <b>\$109,596</b>   |
| 308.03 - Printing Sales                              | \$325,000          | \$350,000          | \$295,000          | \$299,091          |
| 308.06 - Freight and Handling Income                 | \$150,000          | \$150,000          | \$140,000          | \$146,133          |
| 308.09 - Interest Income                             | \$10,000           | \$12,000           | \$12,000           | \$9,425            |
| 308.12 - Service Charges                             | \$3,000            | \$3,500            | \$3,000            | \$2,945            |
| 308.18 - In House Functions                          | \$1,000            | \$1,000            | \$750              | \$862              |
| 308 - Other Revenue - Other                          | \$0                | \$45,600           | \$45,600           | \$0                |
| <b>Total 308 - Other Revenue</b>                     | <b>\$489,000</b>   | <b>\$562,100</b>   | <b>\$496,350</b>   | <b>\$458,455</b>   |
| 309.03 - Bulletins                                   | \$30,000           | \$35,900           | \$32,200           | \$26,837           |
| 309.06 - Signs                                       | \$1,000            | \$1,000            | \$750              | \$803              |
| 309.09 - Furniture/Steeple/etc.                      | \$0                | \$700              | \$5,000            | \$0                |
| <b>Total 309 - Commission Income</b>                 | <b>\$31,000</b>    | <b>\$37,600</b>    | <b>\$37,950</b>    | <b>\$27,640</b>    |
| 320.40 - FWBBC - Textbooks                           | \$67,500           | \$85,000           | \$90,000           | \$67,743           |
| 320.42 - FWBBC - Snacks/School Supplies              | \$12,000           | \$13,000           | \$13,000           | \$13,314           |
| 320.44 - FWBBC - Apparel                             | \$1,000            | \$1,000            | \$3,000            | \$0                |
| 320.46 - FWBBC - Shorts                              | \$0                | \$500              | \$500              | \$48               |
| 320.48 - FWBBC - Bibles/Books/Gifts                  | \$5,000            | \$4,500            | \$4,500            | \$2,397            |
| <b>Total 320 - FWBBC Bookstore Sales</b>             | <b>\$85,500</b>    | <b>\$104,000</b>   | <b>\$111,000</b>   | <b>\$83,502</b>    |
| 321 - Wholesale Discounts                            | \$0                | -\$680,000         | -\$730,000         | -\$567,757         |
| <b>Total Income</b>                                  | <b>\$4,869,500</b> | <b>\$4,654,800</b> | <b>\$4,426,900</b> | <b>\$4,266,134</b> |
| <b>Cost of Goods Sold</b>                            |                    |                    |                    |                    |
| 310.03 - COS - Dated Studies/ SS-Cur                 | \$30,000           | \$50,000           | \$27,000           | \$29,484           |
| 310.15 - COS - Children's Church Sales               | \$20,000           | \$500              | \$500              | \$0                |
| 310.24 - COS - Church Supplies                       | \$9,500            | \$12,200           | \$9,500            | \$7,353            |
| 310.27 - COS - RHP/D6 T-shirt Merch.                 | \$3,000            | \$0                | \$0                | \$0                |
| 310.30 - COS - Competition Materials                 | \$7,500            | \$5,000            | \$7,500            | \$4,922            |
| 310 - COS - RHP Product Lines - Other                | \$0                | \$0                | \$0                | -\$9,809           |
| <b>Total 310 - Cost Of Goods - RHP Product Lines</b> | <b>\$70,000</b>    | <b>\$67,700</b>    | <b>\$44,500</b>    | <b>\$31,950</b>    |
| 313.03 - COS - Pastoral/Ch. Leadership               | \$15,000           | \$0                | \$0                | \$0                |
| 313.06 - COS - Family/Parenting                      | \$15,000           | \$0                | \$0                | \$0                |
| 313.09 - COS - Drama/Plays                           | \$2,500            | \$0                | \$0                | \$0                |
| 313.12 - COS - Missions                              | \$2,500            | \$0                | \$0                | \$0                |
| 313.15 - COS - Small Group Studies                   | \$2,500            | \$0                | \$0                | \$0                |
| 313.18 - COS - Biblical Studies                      | \$7,500            | \$0                | \$0                | \$0                |
| 313.21 - COS - Theology/Doctrine                     | \$7,500            | \$0                | \$0                | \$0                |
| 313.24 - COS - Bibles                                | \$2,500            | \$0                | \$0                | \$0                |
| 313.27 - COS - Christian Living                      | \$10,000           | \$0                | \$0                | \$0                |
| 313.30 - COS - Fiction                               | \$2,500            | \$0                | \$0                | \$0                |
| 313.33 - COS - Children                              | \$2,500            | \$0                | \$0                | \$0                |
| 313.36 - COS - International Language                | \$500              | \$200              | \$500              | \$0                |



|  | 2011<br>BUDGET     | 2010<br>BUDGET     | 2009<br>BUDGET     | 2009<br>ACTUAL     |
|--|--------------------|--------------------|--------------------|--------------------|
| 313.39 - COS - Rejoice FWB Hymnals                 | \$10,000           | \$40,000           | \$50,000           | \$18,558           |
| 313.42 - COS - Rejoice Workshop Hymnals            | \$7,500            | \$250              | \$250              | \$31,385           |
| 313.45 - COS - Lightning Source                    | \$3,750            |                    |                    | \$0                |
| 313.48 - COS - Tracts                              | \$2,000            |                    |                    | \$0                |
| 313.51 - COS - (Sales History)                     | \$0                | \$80,000           | \$90,000           | \$51,603           |
| 313 - COS - RHP Books - Other                      | \$0                |                    |                    | \$-50,047          |
| <b>Total 313 - COS - RHP Books</b>                 | <b>\$93,750</b>    | <b>\$120,450</b>   | <b>\$140,750</b>   | <b>\$51,498</b>    |
| 315.03 - COS - D6 Conf Registration                | \$445,000          | \$300,000          | \$0                | \$474              |
| 315.09 - COS - D6 Conf Sales                       | \$50,000           | \$0                | \$0                | \$45,649           |
| 315.15 - COS - National Sales                      | \$7,500            | \$10,000           | \$10,000           | \$7,672            |
| 315.21 - COS - Misc. Event Sales                   | \$2,500            | \$0                | \$0                | \$0                |
| 315 - COS - Events/ Off Site - Other               | \$2,500            | \$0                | \$0                | \$433,294          |
| <b>Total 315 - COS - Events/ Off Site</b>          | <b>\$507,500</b>   | <b>\$310,000</b>   | <b>\$10,000</b>    | <b>\$487,089</b>   |
| 317.03 - COS - Curriculum (Dated)                  | \$17,500           | \$20,000           | \$25,000           | \$16,431           |
| 317.06 - COS - VBS                                 | \$17,500           | \$20,000           | \$28,000           | \$20,279           |
| 317.12 - COS - Record Keeping Supplies             | \$6,000            | \$8,100            | \$5,000            | \$5,523            |
| 317.15 - COS - Bibles (Non RHP)                    | \$3,000            | \$3,000            | \$10,000           | \$3,124            |
| 317.18 - COS - Books (Non RHP)                     | \$15,000           | \$20,000           | \$25,000           | \$19,959           |
| 317.21 - COS - Music                               | \$3,000            | \$4,500            | \$3,000            | \$0                |
| 317.24 - COS - Miscellaneous                       | \$3,000            | \$3,500            | \$3,000            | \$1,671            |
| 317 - COS - 3rd Party Sales (Non RHP) - Other      | \$0                | \$0                | \$0                | \$-4,196           |
| <b>Total 317 - COS - 3rd Party Sales (Non RHP)</b> | <b>\$65,000</b>    | <b>\$79,100</b>    | <b>\$99,000</b>    | <b>\$62,790</b>    |
| 318.03 - Freight in RHP                            | \$7,500            | \$7,500            | \$9,000            | \$5,029            |
| 318.09 - COS - Yearbook                            | \$0                |                    |                    | \$-12,000          |
| 318.15 - COS - Change In Inventory                 | \$0                |                    |                    | \$-14,272          |
| 318.21 - Coupons Redeemed                          | \$0                | \$0                | \$3,000            | \$0                |
| <b>Total 318 - COS - Other</b>                     | <b>\$7,500</b>     | <b>\$7,500</b>     | <b>\$12,000</b>    | <b>\$-21,243</b>   |
| <b>Total Cost of Goods Sold</b>                    | <b>\$743,750</b>   | <b>\$584,750</b>   | <b>\$306,250</b>   | <b>\$612,084</b>   |
| <b>Expense</b>                                     | <b>\$4,125,750</b> | <b>\$4,070,050</b> | <b>\$4,120,650</b> | <b>\$3,654,050</b> |
| 350.02 - PP - Salaries                             | \$270,000          | \$243,000          | \$275,000          | \$266,554          |
| 350.04 - PP - Travel Expense                       | \$0                | \$0                | \$1,000            | \$189              |
| 350.06 - PP - Supplies                             | \$2,500            | \$3,000            | \$1,000            | \$2,323            |
| 350.07 - PP - Equipment Maint.                     | \$1,000            | \$1,000            | \$1,000            | \$0                |
| 350.12 - PP - Dues & Subscriptions                 | \$1,000            | \$1,000            | \$1,000            | \$1,325            |
| 350.16 - PP - Entertainment                        | \$100              | \$100              | \$0                | \$0                |
| 350.18 - Outside Printing                          | \$325,000          | \$310,000          | \$320,000          | \$325,200          |
| 350.19 - Outside Bindery                           | \$50,000           | \$60,000           | \$60,000           | \$54,031           |
| 350.26 - PP - FICA                                 | \$19,500           | \$18,500           | \$21,000           | \$17,526           |
| 350.29 - PP - Retirement                           | \$9,000            | \$9,000            | \$12,000           | \$8,018            |
| 350.32 - PP - Insurance                            | \$25,000           | \$26,000           | \$27,000           | \$23,720           |
| 350.34 - Pressroom Supplies                        | \$11,000           | \$16,000           | \$17,000           | \$9,946            |
| 350.36 - Pressroom Maintenance                     | \$12,500           | \$15,000           | \$15,000           | \$11,332           |
| 350.38 - Pressroom Parts                           | \$10,000           | \$10,000           | \$15,000           | \$7,729            |
| 350.40 - Pressroom Stock                           | \$195,000          | \$195,000          | \$195,000          | \$191,262          |
| 350.42 - Pressroom Ink                             | \$11,000           | \$12,000           | \$12,000           | \$11,871           |
| 350.44 - Bindery Supplies                          | \$500              | \$1,000            | \$1,000            | \$0                |
| 350.46 - Bindery Maintenance                       | \$2,500            | \$4,000            | \$2,500            | \$-2,896           |
| 350.48 - Bindery Parts                             | \$500              | \$1,000            | \$1,000            | \$0                |
| 350.50 - Pre-Press Supplies                        | \$10,000           | \$7,500            | \$5,500            | \$8,402            |
| 350.52 - Proofing Supplies                         | \$5,000            | \$5,000            | \$3,000            | \$5,058            |
| 350.54 - CTP Maintenance                           | \$5,000            | \$6,000            | \$12,000           | \$925              |
| 350.56 - Digital Press Supplies                    | \$1,000            | \$0                | \$0                | \$280              |
| 350.62 - Plates                                    | \$50,000           | \$75,000           | \$75,000           | \$53,162           |
| 350.88 - Outside Purchases-Ess. Pkts               | \$45,000           | \$50,000           | \$50,000           | \$42,507           |
| 350.89 - Digital Press Maintenance                 | \$50,000           | \$24,000           |                    | \$41,697           |
| 350.90 - PP - Miscellaneous                        | \$500              | \$500              | \$1,000            | \$0                |
| <b>Total 350 - Printing Production</b>             | <b>\$1,112,600</b> | <b>\$1,094,100</b> | <b>\$1,124,000</b> | <b>\$1,080,163</b> |
| 360.02 - Edit - Salaries                           | \$265,000          | \$245,000          | \$270,000          | \$250,945          |
| 360.03 - Edit - Housing Allowance                  | \$30,500           | \$29,000           | \$29,000           | \$27,000           |
| 360.04 - Edit - Travel                             | \$2,000            | \$2,000            | \$2,000            | \$2,154            |
| 360.06 - Edit - Supplies                           | \$2,000            | \$2,000            | \$2,000            | \$1,435            |

|   | 2011<br>BUDGET   | 2010<br>BUDGET   | 2009<br>BUDGET   | 2009<br>ACTUAL   |
|---|------------------|------------------|------------------|------------------|
| 360.07 - Edit - Equipment Maintenance           | \$500            | \$1,000          | \$1,000          | \$106            |
| 360.10 - Edit - Conventions & Seminars          | \$2,000          | \$2,000          | \$4,500          | \$165            |
| 360.11 - Software Supply                        | \$500            | \$500            | \$1,000          | \$0              |
| 360.12 - Edit - Dues & Subscriptions            | \$1,000          | \$2,000          | \$3,000          | \$148            |
| 360.16 - Edit - Entertainment                   | \$1,500          | \$1,000          | \$1,000          | \$1,136          |
| 360.23 - Edit - Telephone                       | \$1,000          | \$0              | \$0              | \$453            |
| 360.26 - Edit - FICA                            | \$19,000         | \$18,000         | \$17,000         | \$16,496         |
| 360.29 - Edit - Retirement                      | \$10,000         | \$10,000         | \$11,000         | \$8,458          |
| 360.32 - Edit - Insurance                       | \$30,000         | \$34,000         | \$40,000         | \$26,338         |
| 360.34 - Curriculum Development                 | \$15,000         | \$25,000         | \$25,000         | \$10,891         |
| 360.35 - Product Improvement                    | \$2,000          | \$2,000          | \$2,000          | \$28             |
| 360.36 - Writer's Fees                          | \$90,000         | \$80,000         | \$100,000        | \$86,412         |
| 360.37 - Register of Copyrights                 | \$5,000          | \$5,000          | \$8,000          | \$3,130          |
| 360.88 - Outside Editing/Proofing               | \$10,000         | \$15,000         | \$15,000         | \$9,204          |
| 360.89 - COD-Contract Work                      | \$25,000         | \$500            | \$0              | \$0              |
| 360.90 - Edit - Miscellaneous                   | \$2,000          | \$2,000          | \$1,000          | \$2,337          |
| <b>Total 360 - Editorial</b>                    | <b>\$514,000</b> | <b>\$476,000</b> | <b>\$532,500</b> | <b>\$446,836</b> |
| <b>370.00 - Depreciation Printing Equipment</b> | <b>\$60,000</b>  | <b>\$60,000</b>  | <b>\$60,000</b>  | <b>\$74,156</b>  |
| 400.02 - AD/AC - Salaries                       | \$200,000        | \$240,000        | \$233,000        | \$224,400        |
| 400.03 - AD/AC - Housing Allowance              | \$32,000         | \$32,000         | \$31,000         | \$29,400         |
| 400.04 - AD/AC - Travel Expense                 | \$30,000         | \$33,000         | \$33,000         | \$19,600         |
| 400.06 - AD/AC - Supplies                       | \$5,000          | \$7,000          | \$8,000          | \$4,269          |
| 400.07 - AD/AC - Equipment Maintenance          | \$2,000          | \$1,500          | \$1,500          | \$1,730          |
| 400.10 - AD/AC - Conventions & Seminars         | \$1,500          | \$2,000          | \$2,500          | \$1,026          |
| 400.12 - AD/AC - Dues & Subscriptions           | \$1,500          | \$1,000          | \$1,000          | \$1,491          |
| 400.16 - AD/AC - Entertainment                  | \$5,000          | \$5,000          | \$3,500          | \$4,450          |
| 400.23 - AD/AC - Telephone                      | \$4,000          | \$4,500          | \$4,500          | \$3,827          |
| 400.26 - AD/AC - FICA                           | \$12,000         | \$14,000         | \$14,000         | \$14,754         |
| 400.29 - AD/AC - Retirement                     | \$12,000         | \$13,000         | \$13,000         | \$12,104         |
| 400.32 - AD/AC - Insurance                      | \$30,000         | \$27,000         | \$36,000         | \$29,065         |
| 400.70 - AD/AC - Automobile Expense             | \$5,000          | \$5,000          | \$4,000          | \$3,054          |
| 400.90 - AD/AC - Miscellaneous                  | \$1,000          | \$1,000          | \$1,000          | \$637            |
| <b>Total 400 - Administrative/Accounting</b>    | <b>\$341,000</b> | <b>\$386,000</b> | <b>\$386,000</b> | <b>\$349,806</b> |
| 410.02 - Sales/Mkt - Salaries                   | \$325,000        | \$267,500        | \$275,000        | \$259,656        |
| 410.03 - Sales/Mkt - Housing Allowance          | \$22,000         | \$22,000         | \$15,000         | \$20,340         |
| 410.04 - Sales/Mkt - Travel Expense             | \$20,000         | \$25,000         | \$21,500         | \$14,550         |
| 410.05 - Sales/Mkt - In House Printing          | \$0              | \$0              | \$6,000          | \$0              |
| 410.06 - Sales/Mkt - Supplies                   | \$7,500          | \$8,000          | \$3,000          | \$7,021          |
| 410.07 - Sales/Mkt - Equipment Maint.           | \$3,000          | \$3,000          | \$0              | \$2,218          |
| 410.11 - Sales/ - Conventions & Seminars        | \$2,000          | \$2,000          | \$3,000          | \$1,706          |
| 410.12 - Sales/Mk - Dues & Subscriptions        | \$1,000          | \$1,000          | \$2,000          | \$8,186          |
| 410.15 - National Expense                       | \$30,000         | \$30,000         | \$30,000         | \$17,495         |
| 410.20 - Sales/Mkt - Postage                    | \$2,000          | \$2,500          | \$0              | \$1,251          |
| 410.23 - Sales/Mkt - Telephone                  | \$15,000         | \$15,000         | \$15,000         | \$15,609         |
| 410.26 - Sales/Mkt - FICA                       | \$25,000         | \$22,000         | \$20,000         | \$17,068         |
| 410.29 - Sales/Mkt - Retirement                 | \$9,500          | \$9,500          | \$6,000          | \$8,843          |
| 410.32 - Sales/Mkt - Insurance                  | \$45,000         | \$35,000         | \$48,000         | \$39,709         |
| 410.34 - Sales/Mkt - Advertising                | \$80,000         | \$80,000         | \$100,000        | \$70,963         |
| 410.36 - Sales/Mkt - Promotion                  | \$80,000         | \$80,000         | \$40,000         | \$71,589         |
| 410.88 - Sales/Mkt - Entertainment              | \$3,500          | \$3,000          | \$3,000          | \$3,468          |
| 410.90 - Sales/Mkt - Miscellaneous              | \$500            | \$500            | \$500            | \$33             |
| <b>Total 410 - Sales/Marketing</b>              | <b>\$671,000</b> | <b>\$606,000</b> | <b>\$588,000</b> | <b>\$559,703</b> |
| 420.02 - Design - Salaries                      | \$205,000        | \$202,500        | \$195,000        | \$194,849        |
| 420.04 - Design - Travel Expense                | \$1,000          | \$1,000          | \$2,500          | \$197            |
| 420.06 - Design - Supplies                      | \$2,500          | \$3,000          | \$3,000          | \$1,323          |
| 420.07 - Design - Equipment Maintenance         | \$1,000          | \$1,000          | \$2,000          | \$195            |
| 420.10 - Design - Conventions & Seminars        | \$1,000          | \$1,000          | \$2,000          | \$0              |
| 420.12 - Design - Dues & Subscriptions          | \$500            | \$500            | \$1,000          | \$275            |
| 420.14 - Art Services                           | \$60,000         | \$65,000         | \$50,000         | \$48,895         |
| 420.16 - Design - Entertainment                 | \$2,000          | \$2,000          | \$1,000          | \$1,181          |
| 420.20 - Design - Postage                       | \$0              | \$0              | \$0              | \$9              |
| 420.26 - Design - FICA                          | \$16,000         | \$15,500         | \$15,000         | \$12,810         |



|   | 2011<br>BUDGET   | 2010<br>BUDGET   | 2009<br>BUDGET   | 2009<br>ACTUAL   |
|---|------------------|------------------|------------------|------------------|
| 420.29 Design - Retirement              | \$7,500          | \$7,500          | \$5,750          | \$6,865          |
| 420.32 Design - Insurance               | \$35,000         | \$27,500         | \$38,000         | \$33,763         |
| 420.90 Design - Miscellaneous           | \$500            | \$500            | \$500            | \$574            |
| <b>Total 420 - Design</b>               | <b>\$332,000</b> | <b>\$327,000</b> | <b>\$315,750</b> | <b>\$300,937</b> |
| 425.02 RB - Salaries                    | \$46,000         | \$44,000         | \$38,000         | \$41,116         |
| 425.04 RB - Travel Expense              | \$2,000          | \$2,000          | \$3,000          | \$302            |
| 425.06 RB - Supplies                    | \$1,000          | \$1,000          | \$2,500          | \$383            |
| 425.07 RB - Equipment Maintenance       | \$500            | \$500            | \$500            | \$0              |
| 425.10 RB - Conventions & Seminars      | \$1,000          | \$1,000          | \$1,000          | \$160            |
| 425.11 Royalty Payments                 | \$20,000         | \$25,000         | \$18,000         | \$9,970          |
| 425.12 RB - Dues & Subscriptions        | \$500            | \$500            | \$1,000          | \$495            |
| 425.20 RB - Postage                     | \$0              | \$0              | \$0              | \$92             |
| 425.23 RB - Telephone                   | \$1,000          | \$0              | \$0              | \$0              |
| 425.26 RB - FICA                        | \$3,600          | \$3,500          | \$3,000          | \$2,703          |
| 425.29 RB - Retirement                  | \$2,500          | \$2,200          | \$2,000          | \$2,000          |
| 425.32 RB - Insurance                   | \$4,500          | \$4,000          | \$6,000          | \$3,812          |
| 425.66 Workshops Expense                | \$1,000          | \$1,000          | \$1,000          | \$0              |
| 425.88 RB - Entertainment               | \$1,000          | \$1,000          | \$1,000          | \$208            |
| 425.90 RB - Miscellaneous               | \$500            | \$500            | \$500            | \$70             |
| <b>Total 425 - RHP Book Division</b>    | <b>\$85,100</b>  | <b>\$86,200</b>  | <b>\$77,500</b>  | <b>\$61,311</b>  |
| 430.02 DC - Salaries                    | \$105,000        | \$140,000        | \$98,000         | \$121,367        |
| 430.04 DC - Travel Expense              | \$0              | \$0              | \$0              | \$250            |
| 430.06 DC - Supplies                    | \$21,000         | \$21,000         | \$24,000         | \$18,671         |
| 430.07 DC - Equipment Maintenance       | \$2,000          | \$2,000          | \$2,000          | \$0              |
| 430.08 DC - Equipment Rental            | \$7,500          | \$7,500          | \$12,000         | \$7,257          |
| 430.09 DC - Software Fees and Services  | \$1,200          | \$1,200          | \$1,200          | \$972            |
| 430.12 DC - Dues & Subscriptions        | \$500            | \$500            | \$0              | \$476            |
| 430.16 DC - Entertainment               | \$750            | \$750            | \$750            | \$414            |
| 430.20 DC - Postage                     | \$30,000         | \$23,000         | \$22,000         | \$28,288         |
| 430.26 DC - FICA                        | \$10,000         | \$11,000         | \$7,500          | \$8,314          |
| 430.29 DC - Retirement                  | \$5,000          | \$5,500          | \$3,500          | \$4,271          |
| 430.32 DC - Insurance                   | \$24,000         | \$22,500         | \$27,000         | \$22,114         |
| 430.40 DC - Freight Expense             | \$115,000        | \$115,000        | \$115,000        | \$106,934        |
| 430.90 DC - Miscellaneous               | \$250            | \$250            | \$500            | \$0              |
| <b>Total 430 - Distribution Center</b>  | <b>\$322,200</b> | <b>\$350,200</b> | <b>\$313,450</b> | <b>\$319,330</b> |
| 435.02 IT - Salaries                    | \$42,000         | \$42,000         | \$55,500         | \$51,234         |
| 435.03 IT - Housing Allowance           | \$0              | \$0              | \$20,000         | \$19,200         |
| 435.04 IT - Travel                      | \$500            | \$1,000          | \$1,000          | \$0              |
| 435.06 IT - Supplies                    | \$2,500          | \$2,500          | \$1,000          | \$1,817          |
| 435.07 IT - Equipment Maintenance       | \$3,000          | \$4,000          | \$2,000          | \$2,624          |
| 435.08 IT - Software Services           | \$2,000          | \$2,000          | \$1,000          | \$1,033          |
| 435.10 IT - Conventions/Seminars        | \$500            | \$1,000          | \$1,000          | \$0              |
| 435.12 IT - Dues & Subscriptions        | \$1,500          | \$500            | \$500            | \$1,361          |
| 435.16 IT - Entertainment               | \$0              | \$500            | \$500            | \$0              |
| 435.26 IT - FICA                        | \$3,200          | \$3,200          | \$500            | \$3,363          |
| 435.29 IT - Retirement                  | \$0              | \$0              | \$3,000          | \$2,843          |
| 435.32 IT - Insurance                   | \$4,500          | \$4,000          | \$16,000         | \$12,521         |
| 435.90 IT - Contract Work               | \$0              | \$12,500         | \$12,500         | \$0              |
| 435 IT Division - Other                 | \$500            | \$500            | \$500            | \$0              |
| <b>Total 435 - IT Division</b>          | <b>\$60,200</b>  | <b>\$73,700</b>  | <b>\$115,000</b> | <b>\$95,996</b>  |
| 440.02 PM - Salaries                    | \$19,000         | \$19,000         | \$18,000         | \$14,653         |
| 440.04 PM - Travel Expense              | \$0              | \$0              | \$0              | \$86             |
| 440.06 PM - Supplies                    | \$7,500          | \$7,500          | \$7,500          | \$5,109          |
| 440.07 PM - Equipment Maintenance       | \$7,500          | \$5,000          | \$6,000          | \$6,414          |
| 440.08 PM - Overhead (Youth Department) | -\$14,000        | \$0              | \$0              | -\$13,500        |
| 440.23 PM - Telephone                   | \$0              | \$0              | \$0              | \$338            |
| 440.26 PM - FICA                        | \$1,500          | \$1,500          | \$1,400          | \$1,108          |
| 440.34 PM - Building Maintenance        | \$25,000         | \$25,000         | \$25,000         | \$21,000         |
| 440.40 Utilities                        | \$55,000         | \$55,000         | \$50,000         | \$51,367         |
| 440.45 Building Insurance               | \$29,000         | \$29,000         | \$30,000         | \$26,727         |
| 440.90 PM - Miscellaneous               | \$300            | \$300            | \$500            | \$0              |
| <b>Total 440 - Plant Maintenance</b>    | <b>\$130,800</b> | <b>\$142,300</b> | <b>\$138,400</b> | <b>\$113,302</b> |

|   | 2011<br>BUDGET   | 2010<br>BUDGET   | 2009<br>BUDGET   | 2009<br>ACTUAL   |
|---|------------------|------------------|------------------|------------------|
| 460.02 FWBBC - Salaries                     | \$17,500         | \$17,500         | \$20,000         | \$14,668         |
| 460.04 FWBBC - Travel Expense               | \$1,000          | \$1,000          | \$1,000          | \$475            |
| 460.05 FWBBC - Building Rental              | \$5,000          | \$5,000          | \$5,000          | \$7,500          |
| 460.06 FWBBC - Supplies                     | \$500            | \$500            | \$1,000          | \$42             |
| 460.07 FWBBC - Equipment Maintenance        | \$0              | \$0              | \$250            | \$0              |
| 460.12 FWBBC - Dues & Subscriptions         | \$100            | \$100            | \$100            | \$70             |
| 460.20 FWBBC - Postage                      | \$0              | \$0              | \$0              | -\$15            |
| 460.26 FWBBC - FICA                         | \$1,200          | \$1,200          | \$1,500          | \$965            |
| 460.40 FWBBC - Textbooks                    | \$60,000         | \$63,000         | \$63,000         | \$57,298         |
| 460.42 FWBBC - Snacks/School Supplies       | \$10,000         | \$7,500          | \$8,000          | \$9,132          |
| 460.44 FWBBC - Apparel                      | \$500            | \$500            | \$500            | \$0              |
| 460.46 FWBBC - Shorts                       | \$500            | \$500            | \$500            | \$97             |
| 460.48 FWBBC - Bibles/Books/Gifts           | \$2,500          | \$2,500          | \$2,500          | \$2,050          |
| 460.90 FWBBC - Miscellaneous                | \$250            | \$250            | \$250            | \$100            |
| <b>Total 460 - FWBBC Bookstore</b>          | <b>\$99,050</b>  | <b>\$99,550</b>  | <b>\$103,600</b> | <b>\$92,382</b>  |
| 490.06 GE - Supplies                        | \$5,000          | \$5,000          | \$5,000          | \$3,417          |
| 490.07 GE - Equipment Maintenance           | \$5,000          | \$5,000          | \$10,000         | \$1,824          |
| 490.08 GE - Equipment Rental                | \$20,000         | \$20,000         | \$20,000         | \$17,509         |
| 490.14 Depreciation                         | \$75,000         | \$75,000         | \$63,000         | \$71,736         |
| 490.15 Interest Expense                     | \$20,000         | \$15,000         | \$22,000         | \$19,579         |
| 490.18 Bank Service Charges                 | \$15,000         | \$10,000         | \$10,000         | \$23,719         |
| 490.20 Insurance                            | \$15,000         | \$0              | \$0              | \$14,975         |
| 490.25 RHP - Board Expense                  | \$20,000         | \$20,000         | \$15,000         | \$15,450         |
| 490.30 Legal & Audit                        | \$15,000         | \$15,000         | \$15,000         | \$15,383         |
| 490.35 GE - Automobile Expense              | \$2,500          | \$2,500          | \$3,000          | \$2,560          |
| 490.40 Bad Debts                            | \$1,000          | \$1,000          | \$1,000          | \$0              |
| 490.45 In House Functions                   | \$10,000         | \$12,000         | \$10,000         | \$6,982          |
| 490.50 Taxes                                | \$5,000          | \$9,000          | \$9,000          | \$1,906          |
| 490.55 Payroll Services                     | \$7,500          | \$7,000          | \$8,000          | \$7,895          |
| 490.90 GE - Miscellaneous                   | \$5,000          | \$5,000          | \$5,000          | \$2,161          |
| <b>Total 490 - General</b>                  | <b>\$221,000</b> | <b>\$201,500</b> | <b>\$196,000</b> | <b>\$205,096</b> |
| <b>9000 - Youth Department</b>              | <b>\$115,000</b> | <b>\$0</b>       | <b>\$100,000</b> | <b>\$111,518</b> |
| 300.62 NYC 2009                             | \$0              | \$100,000        | \$0              | \$0              |
| 300.63 NYC 2010                             | \$105,000        | \$0              | \$85,000         | \$90,328         |
| 300.64 Truth & Peace Fees - 2009            | \$0              | \$90,000         | \$0              | \$0              |
| 300.65 Truth & Peace Fees 2010              | \$7,500          | \$0              | \$7,500          | \$6,820          |
| 300.66 NYET Fees - 2009                     | \$0              | \$7,500          | \$0              | \$0              |
| 300.67 NYET Fees 2010                       | \$2,000          | \$2,000          | \$2,000          | \$2,207          |
| 300.70 Youth Collections                    | \$0              | \$0              | \$0              | \$257            |
| 300.73 Buck-A-Week Revenues                 | \$229,500        | \$199,500        | \$194,500        | \$211,130        |
| <b>Total 9000 - Youth Department</b>        | <b>\$30,000</b>  | <b>\$20,000</b>  | <b>\$15,000</b>  | <b>\$28,264</b>  |
| 450.02 YD - Salaries                        | \$6,000          | \$6,000          | \$6,000          | \$5,400          |
| 450.03 YD - Housing Allowance               | \$3,500          | \$3,000          | \$2,000          | \$3,426          |
| 450.04 YD - Travel Expense                  | \$1,000          | \$1,000          | \$1,000          | \$610            |
| 450.06 YD - Supplies                        | \$0              | \$0              | \$0              | \$546            |
| 450.07 YD - Equipment Maint.                | \$14,000         | \$0              | \$0              | \$13,500         |
| 450.08 YD - Overhead                        | \$1,000          | \$1,000          | \$1,000          | \$0              |
| 450.10 YD - Conventions & Seminars          | \$500            | \$500            | \$500            | \$170            |
| 450.12 YD - Dues & Subscriptions            | \$500            | \$500            | \$500            | \$293            |
| 450.16 YD - Entertainment                   | \$0              | \$0              | \$0              | \$156            |
| 450.23 YD - Telephone                       | \$2,500          | \$1,530          | \$500            | \$1,864          |
| 450.26 YD - FICA                            | \$750            | \$750            | \$750            | \$714            |
| 450.29 YD - Retirement                      | \$3,500          | \$3,500          | \$3,500          | \$3,069          |
| 450.32 YD - Insurance                       | \$85,000         | \$0              | \$80,000         | \$67,707         |
| 450.34 NYC Expense 2009                     | \$0              | \$85,000         | \$0              | \$0              |
| 450.35 SCM - NYC 2010                       | \$85,000         | \$0              | \$65,000         | \$80,284         |
| 450.36 Truth & Peace - 2009                 | \$0              | \$65,000         | \$0              | \$1,391          |
| 450.37 SCM - Truth & Peace 2010             | \$7,500          | \$0              | \$8,000          | \$5,375          |
| 450.38 NYET 2009                            | \$0              | \$7,500          | \$0              | \$0              |
| 450.39 SCM - NYET 2010                      | \$0              | \$1,000          | \$1,000          | \$0              |
| 450.89 Extra 34                             | \$1,000          | \$500            | \$500            | \$0              |
| 450.90 YD - Miscellaneous                   | \$241,750        | \$196,780        | \$185,250        | \$212,770        |
| <b>Total 450 - Youth Department Expense</b> |                  |                  |                  |                  |

|  | 2011<br>BUDGET  | 2010<br>BUDGET  | 2009<br>BUDGET  | 2009<br>ACTUAL  |
|--|-----------------|-----------------|-----------------|-----------------|
| 9200 Revenues Denom. Ministries - Other        | \$0             | \$10,000        | \$20,000        | \$0             |
| <b>Total 9200 - Revenues Denom. Ministries</b> | <b>\$0</b>      | <b>\$10,000</b> | <b>\$20,000</b> | <b>\$0</b>      |
| 445.02 C E Team Leader Salary                  |                 | \$0             | \$10,000        | \$0             |
| 445.04 C E Team Leader Travel                  |                 | \$0             | \$1,000         | \$0             |
| 445.06 C E Team Supplies                       |                 | \$0             | \$1,000         | \$0             |
| 445.26 TEAM CH - FICA                          |                 | \$0             | \$800           | \$0             |
| 445.40 C E Team Leader Promotion               |                 | \$0             | \$2,000         | \$0             |
| 445.45 Team Church Travel                      |                 | \$0             | \$1,500         | \$0             |
| 445.50 Mid Tenn SS Conference                  |                 | \$0             | \$5,000         | \$0             |
| 445.51 Tri-State SS Conference                 |                 | \$0             | \$1,000         | \$0             |
| 445.52 Indiana Conference                      |                 | \$0             | \$1,000         | \$0             |
| 445.53 WV SS Conference                        |                 | \$0             | \$1,000         | \$0             |
| 445.54 North Florida Conference                |                 | \$0             | \$1,000         | \$0             |
| 445.55 South Florida Conference                |                 | \$0             | \$1,000         | \$0             |
| 445.56 Illinois Conference                     |                 | \$0             | \$1,000         | \$0             |
| 445.57 Arkansas Conference                     |                 | \$0             | \$1,000         | \$0             |
| 445.58 Ohio Conference                         |                 | \$0             | \$1,000         | \$0             |
| 445.59 Canada Conference                       |                 | \$0             | \$2,000         | \$0             |
| 445.60 Alabama Conference                      |                 | \$0             | \$1,000         | \$0             |
| 445.61 Georgia Conference                      |                 | \$0             | \$1,000         | \$0             |
| 445.63 Kentucky Conference                     |                 | \$0             | \$1,000         | \$0             |
| 445.65 Yearbook Printing                       | \$12,000        | \$12,000        | \$12,000        | \$12,000        |
| 445.66 ONE Magazine                            | \$50,000        | \$45,000        | \$45,000        | \$33,639        |
| 445.93 Scholarships                            | \$3,000         | \$3,000         | \$3,000         | \$0             |
| 445.95 Missouri Conference                     |                 | \$0             | \$1,000         | \$0             |
| 445.96 Michigan Conference                     |                 | \$0             | \$4,000         | \$0             |
| <b>Total 445 - Denominational Ministries</b>   | <b>\$65,000</b> | <b>\$60,000</b> | <b>\$99,300</b> | <b>\$45,639</b> |

| EXECUTIVE DIRECTOR & CEO<br>RONALD HUNTER, JR | 2010 PACKAGE | 2011 PROJECTED PACKAGE |                 |
|---|--------------|------------------------|-----------------|
| SALARY ***                                    | \$47,953     | \$50,380               |                 |
| HOUSING ALLOWANCE                             | \$32,927     | \$34,593               |                 |
| CHRISTMAS BONUS                               | \$1,550      | \$1,629                |                 |
| <b>COMPENSATION TOTAL</b>                     |              | <b>\$82,430</b>        | <b>\$86,602</b> |
| SOCIAL SECURITY                               | \$0          | \$0                    |                 |
| RETIREMENT                                    | \$4,111      | \$4,319                |                 |
| <b>BENEFITS TOTAL</b>                         |              | <b>\$4,111</b>         | <b>\$4,319</b>  |
| <b>TOTAL PAY PACKAGE</b>                      |              | <b>\$86,541</b>        | <b>\$90,921</b> |

Medical insurance in 2010 is \$11,273. A slight increase is projected for 2011.

\*\*\* Salary subject to change dependent on the performance of the company for the year.

## Summary of the Minutes For the Randall House Publications Board 2009-2010

The Board had four regular meetings, one phone conference, and two email votes in the past year. The first meeting was held at the National Association July 22, 2009 in Cincinnati, Ohio. At that meeting, we elected officers and determined committees.

The second meeting was held September 25, 2009 at the conclusion of the D6 Conference in Frisco, Texas. At that meeting, the Board received a report from Executive Director Ron Hunter on the D6 Conference and preliminary plans for the 2010 D6 Conference.

The third meeting was held at Randall House December 9, 2009 after the National Leadership Conference. At that meeting, we approved that we proceed on a survey of churches and people concerning philosophy, technology and translation. We voted on a tiered fee system for the NYC and approved the speakers for the Youth Worship Services for NYC 2010 and approved the 2011 NYC Theme. We approved two curriculum writers and made an adjustment on Employee Education Reimbursement Policy.

The phone conference was held February 10, 2010. At that meeting we discussed the Randall House's Translation Preference Survey Usage Draft that would be sent to churches and people. The final draft was approved by an email vote.

RHP requested to use the National Directory Mailing List for the promotion of books. The Executive Secretary Keith Burden denied our request based on Executive Department policy citing commercial use. The Board voted by email on March 9, 2010 to appeal the denial to the Executive Committee. The Executive Committee denied our appeal.

The fourth meeting was held May 3-4, 2010 at Randall House. At that meeting, we accepted the 2009 audit and approved the 2011 budget. We approved a 2% pay increase for our Executive Director. We voted that RHP will remain a KJV publisher and in order to meet the needs of more Free Will Baptists RHP will also offer two additional conservative translations. RHP curriculum will be available in King James Version, English Standard Version and New King James Version.



## 2010 Historical Commission Report

The Historical Commission will distribute copies of the fourth in a series of historical pamphlets to delegates at the 2010 national convention. The pamphlet, "Free Will Baptists and the Priesthood of the Believer," was written by Kevin Hester, program coordinator for Biblical and Theological Studies at Free Will Baptist Bible College.

The Commission's fifth pamphlet, "Free Will Baptists and Predestination," to be written by Robert Picirilli, will be distributed at the 2011 national convention. The historical pamphlets 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.

Commission member Robert Picirilli coordinated a project that resulted in mailing a flyer to pastors promoting the sale and use of Heritage Series pamphlets in local churches. *ONE Magazine* editor Eric Thomsen designed the mailer.

The Commission is working in an advisory capacity with the Executive Office to produce a video history of the first 75 years of the National Association of Free Will Baptists for the 2011 convention.

## Financial Report 2009

Balance on hand (checking at Regions Bank) 12/31/2008.....\$16,985.29

### Deposits

|                                 |            |
|---------------------------------|------------|
| Together Way (11 months).....   | \$2,627.73 |
| Interest (Regions Bank).....    | \$17.66    |
| Sales of Pamphlets.....         | \$563.33   |
| Rest of Family Offering.....    | \$14.30    |
| Tennessee State FWB Office..... | \$15.00    |
| Total.....                      | \$3,238.02 |

### Expenditures

|                                     |            |
|-------------------------------------|------------|
| 2009 <i>Digest of Reports</i> ..... | \$86.19    |
| Matt Pinson (writer's fee).....     | \$500.00   |
| Kevin Hester (writer's fee).....    | \$500.00   |
| Southern Library Bindery.....       | \$403.42   |
| Total.....                          | \$1,489.61 |

Balance on hand (checking at Regions Bank) 12/31/2009.....\$18,733.70

Trust Fund at FWB Foundation 12/31/2009.....\$27,921.15

Total on hand 12/31/2009.....\$46,654.85

## 2011 Budget

### Income

|                           |         |
|---------------------------|---------|
| Gifts (Together Way)..... | \$2,700 |
| Interest.....             | \$20    |
| Sale of Pamphlets.....    | \$500   |
| Total.....                | \$3,220 |

### Expenses

|                                     |         |
|-------------------------------------|---------|
| Books, Materials, Labor.....        | \$620   |
| Pamphlet Project.....               | \$2,500 |
| 2010 <i>Digest of Reports</i> ..... | \$100   |
| Total.....                          | \$3,220 |

## FWB Music Commission Report National Association of Free Will Baptists July 18-21, 2010

The Music Commission has been active in planning the music for the 2010 National Convention in Oklahoma City, OK. The commission held its annual meeting at the Free Will Baptist National Offices, on January 25-26, 2010. The following agenda was presented by Chris Truett, Music Commission Chairman:

- I. Evaluate and discuss the 2009 National Association Convention music**
  - A. Evaluated all aspects of the 2009 National Convention music
  - B. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to evaluate the 2009 National Convention music
- II. Plan the entire music program for the 2010 National Association Convention**
  - A. Discussed preliminary information on 2010 National Convention Music
  - B. Selected Worship Leaders for 2010 National Convention
  - C. Selected choir songs for 2010 National Convention
  - D. Selected special music for the 2010 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 2010 National Convention and set-up.
- III. Discuss future projects and vision for the commission**
  - A. This year's Music Commission project involves four different seminars to be presented at the 2010 National Convention:
    1. The Music Ministry Summit – Networking and Ideas for Music & Worship in the Local Church presented by the Music Commission
      - a. *Effective Planning, Organization & Efficiency, in Music & Worship Ministry* (Led by members of the Music Commission)
      - b. *Recruiting and Developing Volunteers* (Led by Doug Little)
      - c. *Stretching your music ministry budget* (Led by Daron Dwyer)
        - 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. It is our desire to lead passionate, Christ-honoring music during the convention and to help motivate and educate our people to take that passion home with them to their local church. Members of the Music Commission stand ready to help you in your church or local association.

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 Charlotte, NC.

Respectfully submitted,  
The Free Will Baptist Music Commission

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



### MUSIC COMMISSION FINANCIAL SUMMARY 2009

|                                       |                                  |                    |
|---------------------------------------|----------------------------------|--------------------|
| <b>Beginning Balance (01/01/2009)</b> |                                  | <b>\$ 6,158.60</b> |
| <b>Income</b>                         |                                  | <b>\$ 2,997.18</b> |
|                                       | Together Way (undesignated)      | \$ 2,214.63        |
|                                       | Together Way (designated)        | \$ 687.72          |
|                                       | 2008 Rest of the Family Offering | \$ 24.83           |
|                                       | Convention Booth/Workshops       | \$ -               |
|                                       | Other gifts                      | \$ 70.00           |
| <b>Expenses</b>                       |                                  | <b>\$ 3,719.00</b> |
|                                       | <i>Meetings</i>                  |                    |
|                                       | Annual meeting                   | \$ 1,728.02        |
|                                       | Convention meeting               | \$ 109.00          |
|                                       | <i>Convention</i>                |                    |
|                                       | Pre-convention planning          | \$ -               |
|                                       | Convention musicians             | \$ 1,000.00        |
|                                       | Booth expenses                   | \$ 450.00          |
|                                       | Workshop expenses,               |                    |
|                                       | Digest of Reports/Truck          | \$ 378.48          |
|                                       | <i>Office Expenses</i>           |                    |
|                                       | Postage/phone                    | \$ -               |
|                                       | Miscellaneous                    | \$ 53.50           |
| <b>Ending Balance (12/31/2009)</b>    |                                  | <b>\$ 5,436.78</b> |

### MUSIC COMMISSION BUDGET COMPARISONS

|                             | 2009 Budget        | 2009 Actual        | 2010 Budget        | 2011 Budget        |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Income</b>               |                    |                    |                    |                    |
| Together Way (undesignated) | \$ 2,500.00        | \$ 2,214.63        | \$ 2,500.00        | \$ 2,500.00        |
| Together Way (designated)   | \$ 1,000.00        | \$ 687.72          | \$ 1,100.00        | \$ 750.00          |
| Rest of the Family Offering | \$ 15.00           | \$ 24.83           | \$ 15.00           | \$ 25.00           |
| Convention Booth/Wkshop     | \$ 2,000.00        | \$ -               | \$ 1,500.00        | \$ 500.00          |
| Other                       | \$ 100.00          | 70                 | \$ 100.00          | \$ 100.00          |
| <b>TOTALS</b>               | <b>\$ 5,615.00</b> | <b>\$ 2,997.18</b> | <b>\$ 5,215.00</b> | <b>\$ 3,875.00</b> |
| <b>Expenses</b>             |                    |                    |                    |                    |
| Meetings                    | \$ 2,000.00        | \$ 1,837.02        | \$ 2,000.00        | \$ 2,000.00        |
| Convention                  | \$ 3,515.00        | \$ 1,828.48        | \$ 3,515.00        | \$ 1,675.00        |
| Office and Misc Expenses    | \$ 100.00          | \$ 53.50           | \$ 50.00           | \$ 200.00          |
| <b>TOTALS</b>               | <b>\$ 5,615.00</b> | <b>\$ 3,719.00</b> | <b>\$ 5,565.00</b> | <b>\$ 3,875.00</b> |

### Media Commission Report

Three out of five Media Commission members have relocated to new ministries in different states this year. Due to these changes and ongoing schedule demands, we have been unable to regularly meet to conduct the business of the commission. However, we are planning a teleconference in the near future to discuss the direction of our commission and presence at the convention.

At press time for the *Digest of Reports*, members were working with the Executive Office toward the goal of providing live streaming video of convention services on the Internet. We are optimistic that this will be a reality and can be achieved at reasonable cost.

We will publish more details of our activities on our website (fwbmedia.com) prior to the convention and will distribute our financial report and proposed annual budget at the General Board meeting and in the regular business session in Oklahoma City.

Respectfully Submitted,

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

### Media Commission Budget

#### Income

|                       |               |
|-----------------------|---------------|
| Together Way Receipts | \$3,000       |
| Designated Gifts      | <u>\$ 200</u> |
| Total                 | \$3,200       |

#### Expenses

|                              |                |
|------------------------------|----------------|
| National Convention Expenses | \$1,000        |
| Meeting Expenses             | \$1,000        |
| Streaming Services           | <u>\$1,200</u> |
| Total                        | \$3,200        |



### Commission for Theological Integrity Report

The purpose of this commission is: (1) To alert our people to theological trends that could threaten our theological integrity as a denomination, (2) To prepare materials that will contribute to the continued preservation of the theological integrity of the denomination, and (3) As need and opportunity arise, to conduct seminars on subjects which are pertinent to the purpose of the commission.

On October 19-20, 2009, we sponsored our thirteenth annual Theological Symposium. We met at Hillsdale Free Will Baptist College in Moore, Oklahoma. Our fourteenth annual Theological Symposium will be held at Free Will Baptist College in Nashville, Tennessee, on October 18-19, 2010.

At our last meeting, the Commission members voted to move forward with a plan in which different topics were assigned to different Free Will Baptist writers on the theology of Jonathan Edwards. It is our plan to have these papers read at the meeting in October at Free Will Baptist Bible College. Eventually, it is our plan to have these papers put together in a book.

There has been a lot of concern expressed in our denomination about how we are being affected by the negative influences of Secularism, Postmodernism, Cheap Easy-believism, Moral Relativism, and Nihilism. This influence is subtle. It is in the air we believe. The detrimental influence of these movements can be felt in the Evangelical Church World culture.

On March 31 and April 1, our Commission met with Keith Burden, Tim York, and Glen Johnson to discuss concerns about how we, as Free Will Baptists, should deal with these concerns. You will probably hear about some of these concerns in this 2010 Convention.

I have been concerned for sometime about how the influence of Postmodernism and Cheap Easy-believism has seriously flawed some people's understanding of the gospel. At our seminar, which is scheduled for Monday, July 19, from 1:00-2:30 p.m. in the Convention Center arena, I will be speaking on the subject: "Are We Preaching the Gospel?"

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

### 2009 Commission for Theological Integrity Financial Report

|   |                   |
|---|-------------------|
| <b>Bank Balance - January 1, 2009</b>   | <b>\$1,778.87</b> |
| <b>Commission Income</b>                |                   |
| The Together Way                        | \$3,197.62        |
| FWBBC Gift                              | 3,000.00          |
| Theological Symposium Papers            | 345.00            |
| Other Gifts                             | 76.41             |
| Rest of the Family Offerings            | 17.90             |
| Journal Income                          | 0.00              |
| <b>Total Income</b>                     | <b>6,636.93</b>   |
| <b>Commission Expenses</b>              |                   |
| Bookkeeping                             | 400.00            |
| Convention Speaker/Digest of Reports    | 1,805.19          |
| Annual Meeting and Symposium Expenses   | 3,389.23          |
| Miscellaneous Office Expenses           | 0.00              |
| Journal Expenses                        | 0.00              |
| <b>Total Expenses</b>                   | <b>5,594.42</b>   |
| <b>Bank Balance - December 31, 2009</b> | <b>\$2,821.38</b> |

### 2011 Commission for Theological Integrity Budgets

|                                | 2009<br>Budget    | 2009<br>Actuals   | 2010<br>Budget    | 2011<br>Budget    |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Income</b>                  |                   |                   |                   |                   |
| Gifts                          | \$400.00          | \$3,094.31        | \$290.00          | \$520.00          |
| Interest Income                | 20.00             | 0.00              | 10.00             | 0.00              |
| Journal Income                 | 0.00              | 0.00              | 0.00              | 3,000.00          |
| Theological Symposium Papers   | 300.00            | 345.00            | 500.00            | 400.00            |
| Together Way Plan              | 3,400.00          | 3,197.62          | 3,300.00          | 3,300.00          |
| <b>Total Income</b>            | <b>4,120.00</b>   | <b>6,636.93</b>   | <b>4,100.00</b>   | <b>7,220.00</b>   |
| <b>Expenses</b>                |                   |                   |                   |                   |
| Annual Meeting                 | 2,220.00          | 3,389.23          | 2,000.00          | 1,120.00          |
| Bookkeeping                    | 400.00            | 400.00            | 400.00            | 400.00            |
| Journal Expenses               | 0.00              | 0.00              | 0.00              | 4,500.00          |
| National Convention            | 700.00            | 1,805.19          | 700.00            | 700.00            |
| Office                         | 200.00            | 0.00              | 250.00            | 100.00            |
| Theological Symposium Printing | 600.00            | 0.00              | 750.00            | 400.00            |
| <b>Total Expenses</b>          | <b>\$4,120.00</b> | <b>\$5,594.42</b> | <b>\$4,100.00</b> | <b>\$7,220.00</b> |

STATISTICAL REPORT  
Reporting Period 2009  
Page 2

|                     | Number of Churches with Budgets | Parsonages | Value of Church and Parsonage Property | Ordained Ministers | Licensed Ministers | Deacons | Day Cares | Kindergartens | Christian Day Schools | Bible Institutes | Colleges | Sunday School Enrollment | CTS Enrollment | WNAC Enrollment | Master's Men Enrollment | Value of Associational Property |
|---------------------|---------------------------------|------------|--|--------------------|--------------------|---------|-----------|---------------|-----------------------|------------------|----------|--------------------------|----------------|-----------------|-------------------------|---------------------------------|
| Alabama             | 38                              | 36         | 20,235,990                             | 205                | 29                 | 342     | 4         | 4             | 5                     | 0                | 0        | 6,062                    | 613            | 354             | 78                      | 1,780,036                       |
| Arizona             | 6                               | 2          | 3,955,851                              | 11                 | 1                  | 5       | 0         | 0             | 0                     | 0                | 0        | 311                      | 109            | 50              | 10                      | 0                               |
| Arkansas            | 51                              | 62         | 75,399,253                             | 315                | 51                 | 423     | 4         | 5             | 5                     | 0                | 0        | 8,908                    | 1,302          | 885             | 246                     | 936,693                         |
| Assoc. of Mexico    | 0                               | 9          | 840,827                                | 21                 | 17                 | 0       | 0         | 0             | 0                     | 0                | 0        | 675                      | 0              | 250             | 95                      | 500,000                         |
| California          | 12                              | 8          | 25,779,400                             | 71                 | 21                 | 60      | 3         | 7             | 10                    | 0                | 1        | 1,485                    | 136            | 74              | 55                      | 502,380                         |
| Canada              | 6                               | 2          | 2,540,000                              | 4                  | 2                  | 0       | 0         | 0             | 0                     | 0                | 0        | 268                      | 0              | 0               | 0                       | 0                               |
| Colorado            | 3                               | 0          | 2,216,000                              | 4                  | 0                  | 0       | 0         | 0             | 0                     | 0                | 0        | 1,400                    | 0              | 0               | 0                       | 0                               |
| Florida             | 24                              | 29         | 22,510,801                             | 85                 | 14                 | 100     | 3         | 1             | 1                     | 0                | 0        | 1,861                    | 336            | 335             | 213                     | 0                               |
| Georgia             | 65                              | 45         | 42,169,028                             | 134                | 27                 | 243     | 0         | 0             | 1                     | 0                | 0        | 3,461                    | 492            | 555             | 163                     | 1,768,000                       |
| Hawaii              | 0                               | 0          | 0                                      | 2                  | 2                  | 0       | 0         | 0             | 0                     | 0                | 0        | 22                       | 0              | 0               | 0                       | 0                               |
| Idaho               | 0                               | 1          | 1,265,000                              | 8                  | 2                  | 0       | 1         | 0             | 0                     | 0                | 0        | 55                       | 0              | 0               | 0                       | 0                               |
| Illinois            | 21                              | 12         | 21,733,000                             | 61                 | 13                 | 89      | 0         | 0             | 1                     | 0                | 0        | 1,480                    | 208            | 189             | 76                      | 1,200,000                       |
| Indiana             | 0                               | 3          | 0                                      | 54                 | 0                  | 32      | 0         | 0             | 0                     | 0                | 0        | 554                      | 0              | 0               | 0                       | 0                               |
| Iowa                | 2                               | 1          | 2,500,000                              | 4                  | 0                  | 3       | 0         | 0             | 0                     | 0                | 0        | 361                      | 0              | 0               | 0                       | 0                               |
| Kansas              | 2                               | 0          | 2,269,910                              | 10                 | 3                  | 4       | 0         | 0             | 0                     | 0                | 0        | 4,550                    | 397            | 347             | 76                      | 0                               |
| Kentucky            | 0                               | 2          | 57,258,989                             | 359                | 21                 | 282     | 1         | 0             | 1                     | 0                | 0        | 84                       | 0              | 0               | 0                       | 0                               |
| Mid-Atlantic Assoc. | 2                               | 1          | 0                                      | 2                  | 0                  | 0       | 0         | 0             | 0                     | 0                | 0        | 2,500                    | 0              | 400             | 5                       | 170,000                         |
| Mexico Assoc.       | 10                              | 6          | 1,000,000                              | 9                  | 0                  | 0       | 0         | 0             | 0                     | 0                | 0        | 1,274                    | 0              | 95              | 5                       | 0                               |
| Michigan            | 13                              | 13         | 21,573,200                             | 49                 | 7                  | 37      | 1         | 0             | 0                     | 0                | 0        | 2,140                    | 285            | 277             | 181                     | 0                               |
| Mississippi         | 14                              | 27         | 9,820,000                              | 60                 | 12                 | 136     | 1         | 1             | 1                     | 0                | 0        | 6,122                    | 410            | 521             | 148                     | 2,925,000                       |
| Missouri            | 51                              | 35         | 61,568,093                             | 237                | 36                 | 282     | 2         | 1             | 2                     | 0                | 0        | 28                       | 0              | 0               | 0                       | 450,000                         |
| New Jersey          | 0                               | 0          | 450,000                                | 2                  | 0                  | 1       | 0         | 0             | 0                     | 0                | 0        | 0                        | 0              | 0               | 0                       | 0                               |
| New Mexico          | 0                               | 1          | 650,000                                | 5                  | 0                  | 2       | 0         | 0             | 0                     | 0                | 0        | 10,131                   | 702            | 909             | 249                     | 225,000                         |
| North Carolina      | 83                              | 45         | 10,509,164                             | 222                | 56                 | 524     | 7         | 7             | 10                    | 0                | 1        | 1,274                    | 0              | 0               | 0                       | 0                               |
| Northwest Assoc.    | 0                               | 1          | 0                                      | 4                  | 0                  | 4       | 0         | 0             | 0                     | 0                | 0        | 169                      | 0              | 18              | 0                       | 0                               |
| Ohio                | 37                              | 20         | 53,110,537                             | 333                | 21                 | 248     | 0         | 0             | 0                     | 0                | 1        | 7,495                    | 279            | 572             | 202                     | 109,179                         |
| Oklahoma            | 44                              | 43         | ##                                     | 346                | 81                 | 378     | 2         | 1             | 7                     | 0                | 1        | 16,911                   | 918            | 960             | 160                     | 20,500,000                      |
| South Carolina      | 30                              | 32         | 41,000,000                             | 199                | 6                  | 0       | 5         | 0             | 3                     | 2                | 0        | 3,500                    | 400            | 475             | 235                     | 1,900,000                       |
| Tennessee           | 80                              | 58         | 76,609,786                             | 219                | 33                 | 284     | 1         | 0             | 1                     | 1                | 1        | 8,905                    | 955            | 681             | 242                     | 0                               |
| Texas               | 21                              | 17         | 17,428,000                             | 69                 | 18                 | 57      | 1         | 0             | 0                     | 0                | 1        | 1,230                    | 149            | 173             | 94                      | 0                               |
| Virgin Islands      | 1                               | 0          | 0                                      | 0                  | 2                  | 2       | 1         | 1             | 1                     | 0                | 0        | 100                      | 0              | 15              | 0                       | 0                               |
| Virginia            | 15                              | 9          | 27,383,988                             | 155                | 187                | 186     | 1         | 3             | 4                     | 0                | 1        | 2,821                    | 349            | 356             | 85                      | 0                               |
| West Virginia       | 42                              | 14         | 26,652,875                             | 395                | 16                 | 321     | 1         | 2             | 1                     | 0                | 0        | 5,330                    | 616            | 565             | 70                      | 0                               |
| Wisconsin           | 1                               | 0          | 500,000                                | 1                  | 1                  | 0       | 0         | 0             | 0                     | 0                | 0        | 24                       | 0              | 0               | 0                       | 0                               |
| TOTALS              | 675                             | 536        | ##                                     | 3,653              | 683                | 4,075   | 39        | 33            | 55                    | 5                | 5        | 99,017                   | 8,656          | 9,070           | 2,704                   | 32,966,288                      |

STATISTICAL REPORT  
Reporting Period 2009

|                     | Associations | Number Reporting | Churches | Number Reporting | City  | Rural | Full-Time Pastors | Bivocational Pastors | Baptisms | Reported 2008 Membership | Members Added | Members Lost | Net Membership Gain/Loss | Actual 2009 Membership | Reported 2009 Membership | Combined Income of All Churches |
|---------------------|--------------|------------------|----------|------------------|-------|-------|-------------------|----------------------|----------|--------------------------|---------------|--------------|--------------------------|------------------------|--------------------------|---------------------------------|
| Alabama             | 13           | 13               | 144      | 141              | 52    | 92    | 55                | 53                   | 219      | 14,254                   | 591           | 247          | 344                      | 14,598                 | 14,156                   | 3,810,695                       |
| Arizona             | 1            | 1                | 8        | 7                | 7     | 1     | 6                 | 2                    | 34       | 195                      | 32            | 45           | -13                      | 182                    | 240                      | 780,992                         |
| Arkansas            | 15           | 15               | 208      | 186              | 114   | 94    | 90                | 91                   | 402      | 18,036                   | 748           | 318          | 430                      | 18,466                 | 18,449                   | 11,216,547                      |
| Assoc. of Mexico    | 8            | 8                | 48       | 48               | 28    | 20    | 0                 | 38                   | 15       | 1,234                    | 608           | 0            | 608                      | 1,842                  | 1,776                    | 15,300                          |
| California          | 7            | 6                | 53       | 53               | 45    | 8     | 35                | 13                   | 256      | 2,366                    | 143           | 108          | 35                       | 2,401                  | 1,724                    | 1,492,085                       |
| Canada              | 1            | 1                | 11       | 10               | 0     | 11    | 6                 | 4                    | 26       | 334                      | 26            | 6            | 20                       | 354                    | 354                      | 500,725                         |
| Colorado            | 1            | 1                | 7        | 4                | 7     | 0     | 1                 | 3                    | 12       | 58                       | 13            | 4            | 9                        | 67                     | 52                       | 162,875                         |
| Florida             | 8            | 8                | 58       | 56               | 40    | 18    | 32                | 24                   | 93       | 5,110                    | 220           | 80           | 140                      | 5,250                  | 4,229                    | 1,881,224                       |
| Georgia             | 10           | 10               | 120      | 100              | 40    | 80    | 70                | 50                   | 238      | 8,701                    | 355           | 280          | 75                       | 8,776                  | 7,190                    | 42,169,028                      |
| Hawaii              | 1            | 1                | 1        | 1                | 1     | 0     | 1                 | 0                    | 0        | 30                       | 4             | 1            | 3                        | 33                     | 0                        | 147,868                         |
| Idaho               | 2            | 2                | 7        | 7                | 7     | 0     | 3                 | 4                    | 17       | 326                      | 17            | 10           | 7                        | 333                    | 165                      | 0                               |
| Illinois            | 7            | 7                | 41       | 39               | 25    | 16    | 21                | 15                   | 88       | 3,493                    | 75            | 48           | 27                       | 3,520                  | 3,098                    | 2,988,547                       |
| Indiana             | 3            | 3                | 24       | 24               | 17    | 7     | 17                | 7                    | 86       | 1,300                    | 91            | 70           | 21                       | 1,321                  | 905                      | 0                               |
| Iowa                | 1            | 1                | 2        | 2                | 2     | 0     | 2                 | 0                    | 1        | 75                       | 0             | 0            | 0                        | 75                     | 75                       | 112,000                         |
| Kansas              | 2            | 2                | 10       | 9                | 10    | 0     | 3                 | 5                    | 38       | 437                      | 70            | 2            | 68                       | 505                    | 634                      | 314,364                         |
| Kentucky            | 11           | 11               | 129      | 129              | 37    | 92    | 39                | 90                   | 515      | 12,045                   | 621           | 316          | 303                      | 12,348                 | 14,442                   | 0                               |
| Mid-Atlantic Assoc. | 1            | 1                | 5        | 2                | 3     | 3     | 2                 | 0                    | 8        | 221                      | 4             | 0            | 4                        | 225                    | 114                      | 0                               |
| Mexico Assoc.       | 4            | 4                | 21       | 21               | 18    | 3     | 5                 | 16                   | 40       | 2,433                    | 28            | 20           | 8                        | 2,441                  | 2,441                    | 25,000                          |
| Michigan            | 6            | 6                | 43       | 26               | 34    | 9     | 29                | 11                   | 93       | 4,299                    | 118           | 77           | 41                       | 4,340                  | 2,424                    | 1,718,886                       |
| Mississippi         | 3            | 3                | 48       | 48               | 13    | 35    | 31                | 15                   | 176      | 2,337                    | 241           | 28           | 213                      | 2,550                  | 4,005                    | 1,421,530                       |
| Missouri            | 19           | 17               | 173      | 162              | 82    | 91    | 78                | 75                   | 436      | 10,441                   | 481           | 266          | 215                      | 10,656                 | 10,269                   | 9,377,030                       |
| New Jersey          | 1            | 1                | 2        | 2                | 2     | 2     | 1                 | 0                    | 2        | 67                       | 2             | 0            | 2                        | 69                     | 69                       | 0                               |
| New Mexico          | 1            | 1                | 3        | 3                | 2     | 1     | 2                 | 12                   | 0        | 0                        | 19            | 0            | 19                       | 19                     | 102                      | 0                               |
| North Carolina      | 8            | 8                | 182      | 146              | 99    | 83    | 140               | 27                   | 738      | 20,511                   | 981           | 437          | 544                      | 21,055                 | 18,818                   | 21,313,392                      |
| Northwest Assoc.    | 1            | 1                | 4        | 4                | 2     | 2     | 4                 | 0                    | 18       | 250                      | 56            | 4            | 52                       | 302                    | 320                      | 0                               |
| Ohio                | 20           | 20               | 154      | 154              | 74    | 80    | 56                | 94                   | 590      | 10,447                   | 593           | 501          | 92                       | 10,539                 | 9,865                    | 6,416,704                       |
| Oklahoma            | 24           | 24               | 224      | 182              | 146   | 78    | 111               | 70                   | 889      | 20,083                   | 1,191         | 489          | 702                      | 20,785                 | 19,625                   | 17,033,301                      |
| South Carolina      | 6            | 6                | 121      | 35               | 68    | 53    | 97                | 24                   | 0        | 4,625                    | 0             | 0            | 0                        | 4,625                  | 0                        | 0                               |
| Tennessee           | 9            | 9                | 210      | 210              | 73    | 137   | 101               | 109                  | 670      | 20,066                   | 995           | 416          | 579                      | 20,648                 | 20,365                   | 10,619,791                      |
| Texas               | 5            | 5                | 47       | 45               | 28    | 19    | 22                | 22                   | 144      | 2,404                    | 177           | 62           | 115                      | 2,519                  | 2,343                    | 1,895,632                       |
| Virgin Islands      | 0            | 0                | 1        | 1                | 1     | 0     | 1                 | 6                    | 150      | 6                        | 6             | 1            | 5                        | 155                    | 156                      | 125,000                         |
| Virginia            | 8            | 8                | 82       | 82               | 35    | 47    | 34                | 48                   | 102      | 4,354                    | 209           | 135          | 74                       | 4,428                  | 4,510                    | 2,282,290                       |
| West Virginia       | 21           | 21               | 174      | 174              | 31    | 143   | 52                | 94                   | 273      | 7,463                    | 315           | 313          | 2                        | 7,465                  | 7,659                    | 1,936,084                       |
| Wisconsin           | 0            | 0                | 1        | 1                | 1     | 0     | 1                 | 0                    | 2        | 32                       | 0             | 0            | 0                        | 32                     | 29                       | 51,386                          |
| TOTALS              | 229          | 226              | 2,371    | 2,120            | 1,146 | 1,225 | 1,149             | 1,009                | 6,243    | 178,381                  | 9,042         | 4,293        | 4,749                    | 183,130                | 170,786                  | 140,016,989                     |