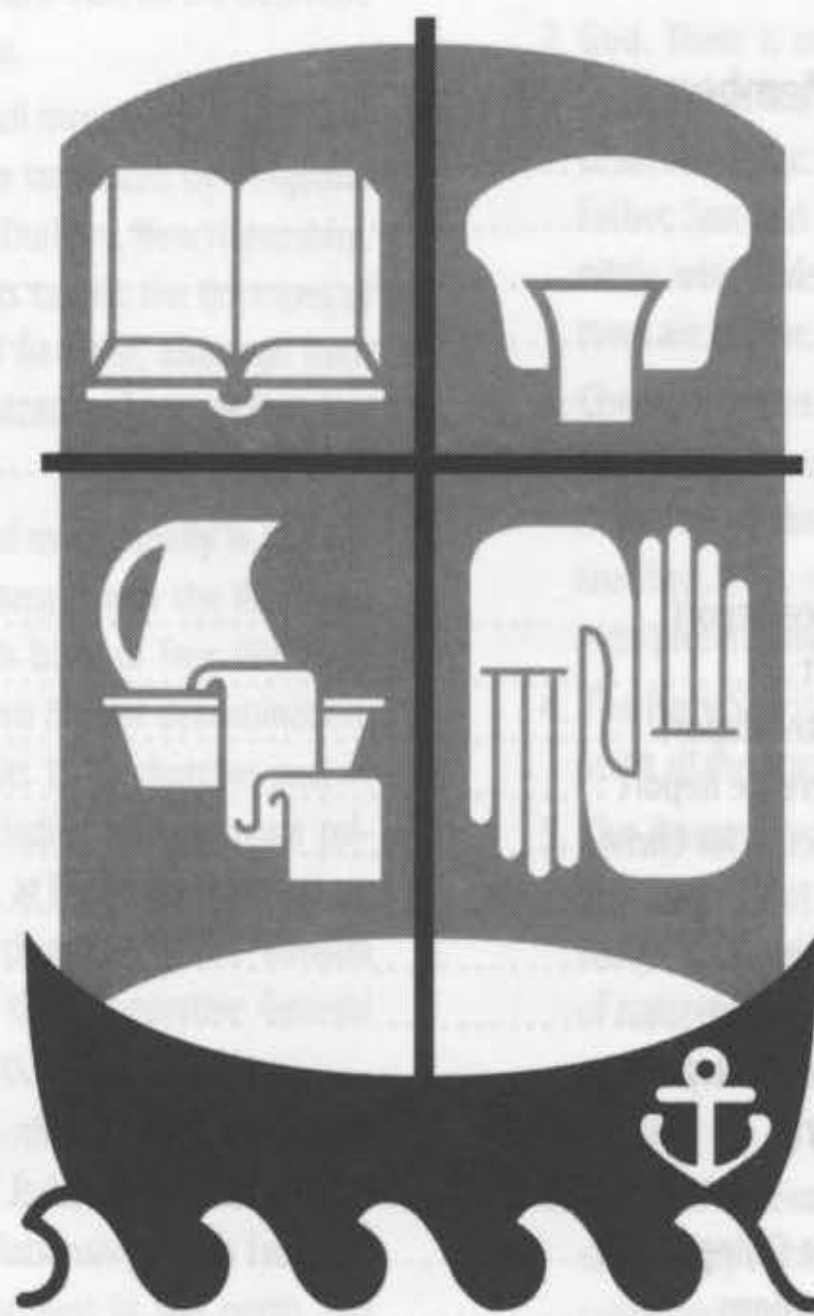


2012 FREE WILL BAPTIST YEARBOOK



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National Association of Free Will Baptists, Inc.

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Printed by Randall House Publications

Minutes of the Seventy-fifth Annual Session of the National Association of Free Will Baptists, Inc. when convened in Charlotte, North Carolina July 17-20, 2011

Future Sessions of the Convention

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
2019	Cincinnati, Ohio	July 21-24

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

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

2014

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

Executive Committee

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

2012

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

2013

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

2014

Chris Clay (IN)
Gary Fry (MO)
Venny VanHoose (KY)

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)
Mark Price (OH)
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

2013

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

2015

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

2017

Bob Lewis (TN)
Robert Thebeau (MO)
Randy Wright (AL)

Board of Retirement

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

2013

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

2015

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

2017

Danny Baer (NC)
James Beasley (SC)
Tim Hall (KY)

Board of Master's Men

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

2013

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

2015

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

2017

Clay Burgett (OH)
Cliff Donoho (TN)
Tom Harmon (IL)

Board of Trustees of the Free Will Baptist Foundation

Chairman: Phil Whiteaker, 122 Lakeland Drive, Cabot, AR 72023

2013

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

2015

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

2017

Bobby Edwards (TN)
Waymon Fields (AL)
Melvin Worthington (NC)

The Foundation Board also includes the following directors of national agencies:

Clint Morgan (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

2012 Leroy Forlines (TN)

2013 Matt Pinson (TN)

2014 Steve Ashby (OK)

2015 Craig Shaw (OK)

2016 Paul Harrison (TN)

Historical Commission

Chairman: Darrell Holley, 6921 N. Hwy. 99, Century, FL 32535

2012 Jack Williams (TN)

2013 David Crowe (TN)

2014 Robert Picirilli (TN)

2015 Darrell Holley (FL)

2016 Jeff Cockrell (SC)

Media Commission

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

2012 Kevin Norris (MI)

2013 Monte McKenzie (GA)

2014 Keith Fletcher (IL)

2015 Travis Penn (IN)

2016 Adam Carnes (NC)

Music Commission

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

2012 Doug Little (TN)

2013 James Stevens (TN)

2014 Daron Dwyer (NC)

2015 Chris Truett (NC)

2016 Donnie Burke (CO)

Proceedings

The 75th annual session of the National Association of Free Will Baptists met July 17-20, 2011, at the Charlotte Convention Center in Charlotte, North Carolina. "Honoring Our Heritage" was the theme of the meeting. Ryan Lewis served as convention manager and Chris Truett was music coordinator.

Sunday School – July 17, 2011

Sunday School began at 10:00 a.m. with Eric Thomsen leading the congregation in singing "Blessed Be The Name" and "As The Deer." Tim Campbell led in prayer and introduced the Sunday School teacher, Rodney Holloman, Bible professor at Southeastern Free Will Baptist College. Steve Berry prayed prior to the lesson.

Bro. Holloman taught the lesson on "Where He Leads" from Acts 10.

Sunday Morning – July 17, 2011

Morning worship began at 11:00 a.m. with Eric Thomsen leading the congregation in singing "He Is Exalted," "To God Be The Glory" and "Majesty." Tim Campbell led in prayer and called for the offering. The combined choirs of Unity Free Will Baptist Church in Greenville, North Carolina, and Bethel Free Will Baptist Church in Kinston, North Carolina, sang "When God Steps In" as the offertory, featuring Christy Tyndall. The congregation then sang "Praise Him, Praise Him," "Lord, I Lift Your Name On High," and "Above All." Tim Campbell introduced the speaker and called on Gerald Thomas to pray before the message. The combined choirs sang "I Believe God" with Tim Sutton and Kristen Justice. Rev. Jim Walker, pastor of the First Free Will Baptist Church of Greenwood, Arkansas, brought the message on "Honoring Our Heritage" from Deuteronomy 6 and Psalm 78. "I Surrender All" was sung as the invitation and Tim Campbell closed the service in prayer.

Sunday Evening – July 17, 2011

Evening service began with the Mass Choir singing "I Am" with soloist Johnny Isenburg. Jacob Riggs lead the congregation in singing "The Lord Is Holy" medley which included "Holy Is The Lord," "Shout To The Lord" and "How Great Thou Art." "I Call You Faithful" with soloist Christy Tyndall was sung. In recognition of the 75th annual convention, Executive Secretary Keith Burden introduced a book consisting of a collection of sermons delivered during past conventions. The first copy of Free Will Baptist Convention Sermons was presented to Dr. Robert Picirilli, honoring him for preaching at the national convention for the sixth time. Bro. Burden also introduced the first segment of the "Honoring Our Heritage" video. Mike Gladson called for the offering and led in prayer. The Mass Choir with soloists Joshua Riggs and Ed Chase sang, "It Is Finished." The congregation sang "Because We Believe." Mike Gladson introduced the speaker and the Praise Team from Bethel Free Will Baptist Church in Kinston sang "Feels Like Redemption." Dr. Robert Picirilli, retired academic dean at Free Will Baptist Bible College, brought the message on "Honoring Our Heritage: Free Will." "Take My Life And Let It Be" was sung as the invitation and Mike Gladson led in prayer. Shirley Jackson, acting president of WNAC, announced their committees and the service was dismissed.

Monday Evening – July 18, 2011

Evening worship began with Clerk Randy Bryant calling the 75th annual session to order and introducing the moderator, Tim York. The moderator appointed the following committees:

Nominating Committee:

Tim Campbell (AR), Chairman	
Cliff Donoho (TN)	Chris Clay (IN)
Carl Cheshier (OK)	Danny Thompson (AL)
Venny VanHoose (KY)	Billy Keith (NC)

Credentials Committee:

Wayne Miracle (GA), Chairman
J.L. Gore (MS)
Glen Johnson (VA)
Luther Morgan (WV)
George Harvey (AZ)

Obituary Committee:

Jeff Davis (TN), Chairman
Brian Bird (NC)
Sherwood Lee (SC)
Burt Hall (WV)
Gene Norris (MI)

Resolutions Committee:

Ken Simpson (MO), Chairman
Edwin Hayes (OH)
Larry Clyatt (FL)
Mac Atkinson (SC)
Jon Cannon (IL)

Billy Keith, promotional director of the North Carolina State Association of Free Will Baptists, welcomed the body to North Carolina. Mark Walker led the congregation in singing "Wonderful Grace Of Jesus" and "When I Think About The Lord." A segment of the "Honoring Our Heritage" video was shown. William Smith called for the offering and led in prayer. The Mass Choir with a duet by Chad Donoho and Courtney Minter sang "Your Grace Still Amazes Me." "Amazing Grace, My Chains Are Gone" and "How Deep The Father's Love For Us" were sung by the congregation. William Smith introduced the speaker and the Horse Branch Praise Team from Turbeville, South Carolina, sang "The First Time I Came To Grace." Rev. Billy Hanna, pastor of the First Free Will Baptist Church in Albany, Georgia, preached on "Honoring Our Heritage: Free Grace" from Romans 3:19-26. "Jesus Paid It All" was sung as the invitation and the service was dismissed.

Tuesday Afternoon – July 19, 2011

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought the message. The clerk read the Credentials Committee report. Motion carried to receive the report and seat the delegates. The clerk read the General Board report. Motion passed to receive the report and adopt it item by item. Executive Secretary Keith Burden gave the report of the Executive Office, ONE Magazine, and Building Services. Auditor Terry Hill gave the financial reports. Motion passed to receive the report. J.L. and Dot Gore were recognized for Bro. Gore's 25 years of service on the General Board and 17 years on the Executive Committee. Motion passed to adopt item 2 of the General Board report.

President Matthew Pinson gave the Free Will Baptist Bible College report. Tom Sass gave the financial report. Motion passed to receive the report.

In accordance with Article VI of the Amended and Restated Charter of Free Will Baptist Bible College, President Pinson informed the body that the Board of Trustees voted during its regular meeting on July 18, 2011, that the name of the college be changed to Welch College. The floor was opened for discussion concerning the name change and the change was referred back to the Board of Trustees which will bring a recommendation back to next year's convention.

General Director Ron Hunter gave the Randall House Publications report. Michael Lytle gave the financial report. Motion passed to receive the report.

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

Motion passed to elect the Executive Committee members nominated by the Nominating Committee.

Jack Williams gave the Historical Commission report. Motion passed to receive the report. Jeff Cockrell (SC) was elected to the 2016 term on the commission.

Tuesday Evening – July 19, 2011

Evening worship began with the National YET Team singing "Bless The Lord."

Trevor Thompson led the congregation in singing "Victory In Jesus" and "We Will Remember" with soloist Scott Bullman. A segment of the "Honoring Our Heritage" video was shown. Rick Cash called for the offering and led in prayer. The Mass Choir sang "The Light Of The City" for the offertory with soloist Adam Carnes. The congregation sang "In Christ Alone" medley. Rick Cash introduced the speaker and the Hilltop Trio from Hilltop Free Will Baptist Church in Fuquay-Varina, North Carolina, sang "The Hand" medley. Jeff Jones, pastor of the Hilltop Free Will Baptist Church in Fuquay-Varina, North Carolina, preached on "Honoring our Heritage: Free Salvation" from Luke 14:15-24. "I Will Serve Thee" was sung as the invitation.

Wednesday Morning – July 20, 2011

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

Interim General Director Clint Morgan gave the International Missions Department report. Rob Conley gave the financial report. Motion passed to receive the report and adopt the budget. James and Anita Forlines were presented with a plaque in appreciation of his service on the International Missions Department Board and as General Director. Alice Smith was presented a plaque in recognition of her 36 years of ministry in the Ivory Coast. Mark Price (OH) was elected to fill the unexpired 2012 term.

Director Larry Powell gave the Home Missions Department report. Motion passed to receive the report. Randy Wright, Bob Lewis and Robert Thebeau were elected for the 2017 term on the board.

Director Ken Akers gave the Master's Men Department report. Motion passed to receive the report. A plaque was presented to Mike Mounts in recognition of his 12 years of service on the board. Clay Burgett (OH), Cliff Donono (TN), and Tom Harmon (IL) were elected for the 2017 term on the board.

Director Ray Lewis gave the Board of Retirement and Insurance Department report. John Brummitt gave the financial report. Motion passed to receive the report. James Beasley (SC), Tim Hall (KY), and Danny Baer (NC) were elected to the 2017 term on the board.

Director David Brown presented the following proposed changes to Free Will Baptist Foundation Charter and By-Laws:

ARTICLE II

Corporate Purposes

The purpose for which the Corporation is organized is

**TO MAGNIFY CHRIST JESUS AS OUR LORD AND
TO GLORIFY OUR HEAVENLY FATHER.**

To implement this chief purpose the Corporation shall encourage and motivate the making of contributions, donations and gifts by deed, wills, contracts, trust agreements, securities or otherwise for advancement, promotion, extension and maintenance of the various causes, objectives, boards and commissions now or at any time hereafter fostered or officially sanctioned by the National Association of Free Will Baptists, Inc. **other legal means. The proceeds of contributions, donations and gifts or the interest and service fees associated therewith are for the advancement, promotion, extension and maintenance of the various causes, objectives, boards and commissions now or at any time hereafter fostered or officially sanctioned by the National Association of Free Will Baptists Inc.** The Corporation is organized exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provisions of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be amended)

Bold italic indicates proposed change or addition.

AMENDED AND RESTATED BY-LAWS AND RULES OF DECORUM OF FREE WILL BAPTIST FOUNDATION, INC. I **Organization, Objective and Purposes**

1. **Organization.** The Free Will Baptist Foundation of the National Association of Free Will Baptists, Inc., (the "Corporation") is a non-profit Corporation organized under the laws of the State of Tennessee.

2. **Office.** The Corporation shall maintain its principal office in Antioch, Tennessee or such other place within the State of Tennessee as determined by the Board of Trustees.

3. **Objective and Purposes.** To implement, encourage and motivate the making of contributions. ***The proceeds from contributions or the interest and service fees associated therewith are*** for the advancement and maintenance of the causes, objectives, boards and commissions sanctioned by the National Association of Free Will Baptists, Inc.

Bold italic indicates proposed change or addition.

Foundation Board chairman Philip Whiteaker explained the purpose for the change. In accordance with the charter, the change was offered for discussion and referred back to the board which will bring a recommendation to next year's convention.

Director David Brown gave the Free Will Baptist Foundation report. Richard Davis gave the financial report. Motion passed to receive the report. Waymon Fields (AL), Bobby Edwards (TN), and Melvin Worthington (NC) were elected to the 2017 term on the board.

Keith Fletcher gave the Media Commission report. Motion passed to receive the report. Monte McKenzie (GA) was elected to fulfill 2013 term and Adam Carnes (NC) was elected to the 2016 term on the commission.

Leroy Forlines gave the Commission for Theological Integrity report. Motion passed to receive the report. Paul Harrison (TN) was elected to the 2016 term on the commission.

Wednesday Afternoon – July 20, 2011

The afternoon business session began with Assistant Clerk Ernie Lewis reading Exodus 33:13-18 and leading in prayer.

Chris Truett gave the Music Commission report. Motion passed to receive the report. Donnie Burke was elected to the 2016 term on the commission.

Elizabeth Hodges gave the Women Nationally Active for Christ report. Motion passed to receive the report.

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

The clerk read the Registration Committee report. Motion passed to receive the report.

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

The clerk read the Obituary Committee report. Motion passed to receive the report. The congregation stood for a moment of silence and Jeff Davis led in prayer.

The clerk read the Resolutions Committee report. Motion passed to receive the report.

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 passed to adjourn.

Evening worship began with Ken Akers sharing about Impact Charlotte. The congregation sang "Jesus Saves" and "Mighty To Save" led by Doug Little. The final segment of the "Honoring Our Heritage" video was shown. Our home and international missionaries were presented while the Mass Choir sang "Hear The Call Of The Kingdom." Mike Wade called for the offering and led in prayer. Truth and Peace directed by Deanna Hollifield sang "Today Is The Day" as the offertory. "My Jesus, I Love Thee" and "I Love To Tell The Story" were sung by the congregation. Mike Wade introduced the speaker and John Gibbs sang "Going Home." Keith Burden, executive secretary of the National Association, brought the message "Focusing On Our Future" from John 17: 9-26. "Into The Harvest" was sung as the invitation. Glenn Poston, promotional secretary from the Tennessee State Association, extended an invitation to the congregation for next year's convention in Memphis and Mike Wade dismissed the service with 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, Illinois, Indiana, Kansas, Kentucky, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.
2. From the following district associations which are entitled to be represented by three delegates: Arizona, Canada, Colorado, Iowa, Mexico Association, Mid-Atlantic, New Mexico, Northeast, and Northwest.
3. From the following local churches which are entitled to be represented by one delegate: Waipahu Free Will Baptist Church of Hawaii, the Free Will Baptist Church of St. Croix, Virgin Islands, and the Twin Valley Free Will Baptist Church of Wisconsin.
4. We recommend that delegates from Idaho, Association of Mexico, and the Centerton Free Will Baptist Church of New Jersey be seated contingent upon representation fees being paid and the report received.
5. We recommend that delegates from the countries, state associations, district associations, and local churches listed above be seated for this session, along with their other delegates who are properly registered.
6. 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:

Wayne Miracle (GA), Chairman

J.L. Gore (MS) Glen Johnson (VA)

George Harvey (AZ) Luther Morgan (WV)

General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 18, 2011, in Room 207 of the Charlotte Convention Center in Charlotte, North Carolina.

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, Free Will Baptist Bible College, Randall House Publications, International Missions, Home Missions, Master's Men, Retirement and Insurance, Free Will Baptist Foundation, WNAC, Media Commission, Commission for Theological Integrity, Historical Commission, Music Commission, and the Budget Committee. We recommend that their reports be received and the budgets adopted.
2. We recommend that the July 21-24, 2019, convention meet in Cincinnati, Ohio.

Nominating Committee Report

International Missions

2012 Replacing Jerry Norris (MO) Mark Price (OH)

Home Missions

2017 Replacing Bob Lewis (TN) Bob Lewis (TN)
Replacing Robert Thebeau (MO) Robert Thebeau (MO)
Replacing Randy Wright (AL) Randy Wright (AL)

Board of Retirement

2017 Replacing Ron Barber (OK) James Beasley (SC)
Replacing Tim Hall (KY) Tim Hall (KY)
Replacing Milburn Wilson (TX) Danny Baer (NC)

Master's Men

2017 Replacing B.J. Morgan (MO) Clay Burgett (OH)
Replacing Mike Mounts (OH) Tom Harmon (IL)
Replacing Ernie Taylor (IL) Cliff Donoho (TN)

Free Will Baptist Foundation

2017 Replacing Waymon Fields (AL) Waymon Fields (AL)
Replacing Mark Price (OH) Bobby Edwards (TN)
Replacing Melvin Worthington (NC) Melvin Worthington (NC)

Commission for Theological Integrity

2016 Replacing Paul Harrison (TN) Paul Harrison (TN)

Historical Commission

2016 Replacing Jeff Cockrell (SC) Jeff Cockrell (SC)

Media Commission

2013 Replacing Mark Ousley (VA) Monte McKenzie (GA)
2016 Replacing Monte McKenzie (GA) Adam Carnes (NC)

Music Commission

2016 Replacing Donnie Burke (CO) Donnie Burke (CO)

General Board

2014 Indiana (Replacing Chris Clay) Chris Clay
Iowa (Replacing Jim Martin) Jim Martin
Kansas (Replacing Zane Brooks) Zane Brooks
Kentucky (Replacing Chris Sturgill) Venny VanHoose
Mexico Assn. (Replacing Bud Bivens) Bud Bivens
Michigan (Replacing Gene Norris) Gene Norris
Mid-Atlantic (Replacing Wayne Hale) Wayne Hale

Mississippi (Replacing J.L. Gore) Larry Reynolds
 Missouri (Replacing Gary Fry) Gary Fry
 New Jersey (Replacing William Brown) William Brown
 New Mexico (Replacing Mark Shores) Mark Shores

Executive Committee

2014 Replacing Chris Clay (IN) Chris Clay (IN)
 Replacing Gary Fry (MO) Gary Fry (MO)
 Replacing J.L. Gore (MS) Venny VanHoose (KY)

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

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

National Youth Conference Report

Registration for NYC

NYC Adult Attendee 2,180
 NYC Student 1,682
 Including 745 Teens, 697 Elementary and 240 Preschool
 NYC Staff 139
Total NYC Registration 4,001

Youth Competition Entries: 972

Increase from 2010 of 887, 2009 of 969
 Scholarships worth over \$100,000 offered from Free Will Baptist colleges

Reach That Guy (estimated)

Over 1,900 hours of community service (expected to reach 2,000 by end of NYC)
 478 volunteers; 47 participating churches
 Building on local churches by developing long-term relationships through Reach That Guy

Truth & Peace

Record of 105 Students
 Annual feet washing service on Saturday evening
 Participated as National Youth Conference Staff at Charlotte

Commendations to Free Will Baptist Bible College for their hospitality and graciousness for hosting 2011 Truth and Peace

YETeam 2011

Joint effort between Randall House and Home Missions North America
 Traveled a total of 3,500 miles partnering with these pastors

Ashtabula, OH – Tim Byers
 Buffalo, NY – Brian Williams
 New Durham, NY – FWB Heritage Tour
 Providence, RI – Bill Reynolds
 Pittsburg, PA – Tom Jones

7 salvation decisions by teens
 YETeam led worship at National Youth Conference
 Partnering with Home Missions North America to go to Texas mission churches in 2012

Other Notables

Partnered with Master's Men: Over 1,700 people previewed the movie, *Courageous*.
 Buck-A-Week offering: \$3,738.85
 (New banks are available at Randall House and Reach That Guy booth.)
 Projects for 2012: Buffalo, NY and student center in Nantes, France

Minutes
of the
Seventy-sixth Annual Session
of the
Women Nationally
Active for Christ
Convention
of the
National Association of
Free Will Baptists
when convened in
Charlotte, North Carolina
July 18-19, 2011

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

Executive Committee:

President

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Executive Director

Elizabeth Hodges
P.O. Box 5002
Antioch, TN 37011
615-512-4792
elizabeth@wnac.org

Theme: Body Builders

Scripture: Ephesians 4:15-16

Music Coordinator: Debbie Williams

Pianist: Pam Gillen

Proceedings

Tuesday, July 19

The body was welcomed by Betty Hill who then led in prayer. Debbie Williams led the congregation in singing "Great And Mighty" and "Bind Us Together." Prayer was offered by Richard Bridgman. Special music was presented by Barbara Hansen and Pam Gillen who sang "His Life For Mine."

Executive Director Elizabeth Hodges welcomed the body and explained the new schedule for the day's events. She introduced the morning seminar "Builders in Progress."

Jody Sullivan from West Virginia spoke on "Service" and presented several creative ideas for projects to benefit international and home missionaries, community organizations, and children's homes. Sarah Fletcher facilitated a discussion on involving women in the work of WNAC. She shared her experience of "re-birthing" the WNAC group in her church, and shared several activities they have used to involve women and build relationships. Karen Ferguson

discussed "Prayer Involvement," sharing insights from the book "Practicing His Presence."

The body was dismissed from the session and given a 15-minute break.

Worship Service

Nelda Highsmith welcomed the body when reconvened, and prayer was offered by Sandra Craft. The congregation sang "We Are God's People." Sheila Keith asked the blessing on the offering, and the Southeastern Trio sang "I Found Jesus" and "We Speak Your Name" as the offering was being received. Nelda Highsmith introduced Steve and Judy Lytle as our missionary speakers for the morning. Together, they spoke from Ephesians 4:11-16, showed several pictures of the seminary, and announced that the property had been paid off thanks in part to the monies from the 20/20/20 Project. Steve emphasized unity, stability, and maturity from the verses he read, and closed with a video highlighting the seminary students. Elizabeth Hodges recognized all home and international missionaries in attendance, and the body was again dismissed for a 15-minute break.

Business Session

Tuesday, July 19

The business session was opened in prayer by Barbara Hansen. The congregation sang "Praise Him, Praise Him," and acting president Shirley Jackson called the 76th annual session to order. Shirley appointed Debe Taylor to act as parliamentarian for the meeting.

The Credentials Committee report was read by chairperson Brenda Housley from Arkansas. Also serving on the committee were Linda Cook from Illinois and Mary Johnson from Michigan.

Nineteen states had submitted reports and paid dues: Alabama, Arkansas, California, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Missouri, Mississippi, 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 25 delegates from local groups in good standing with their representing higher body (district or state) who paid their \$10 representation fee. These delegates were declared to be the voting body for the day.

Elizabeth Hodges gave the Executive Director's report. She presented the 2012 proposed budget.

Motion carried to receive the report and adopt the budget.

The Resolutions Committee report was presented by chairperson Sandra Jackson, GA. Serving with her were Linda Bigger, OK, Carolyn Michael, AL, Peggy Clyatt, FL, and Janie Campbell, AR.

1. Be it resolved that the WNAC stand and pray with California WAC in support of Proposition 8 defining marriage between a man and a woman and that we continue to oppose same sex marriage.

Motion carried to adopt the resolution.

The Executive Committee report was presented and items read by Secretary Diana Bryant:

1. We recommend that \$1200.00 out of the Cleo Pursell Foreign Student Scholarship Fund be given to Hilarimo Gonzalez for the benefit of the Seminary of the Cross students in Reynosa, Mexico.

2. We recommend that the "Shine 75" National Project be extended for one more year.

Motion carried to adopt the items as presented.

The Dr. Mary R. Wisehart Student Scholarship Fund committee's proposed guidelines were presented for consideration:

1. Recipient must be a female student enrolled full-time.

2. Recipient must be a member in good standing of a Free Will Baptist church or mission.

3. Recipient must be enrolled in one of our Free Will Baptist Colleges:

- a. Free Will Baptist Bible College, Nashville, TN (subject to name change)
- b. Hillsdale Free Will Baptist College, Moore, OK
- c. California Christian College, Fresno, CA

- d. Southeastern Free Will Baptist College, Wendell, NC
- e. Gateway Free Will Baptist College, Virginia Beach, VA

4. Recipient must be a sophomore, junior, or senior.

5. Recipient must maintain a grade point average of "C" or better.

6. Recipient must exemplify Christian qualities and display continuing spiritual growth.

7. Recipient will be chosen by the scholarship committee of the designated college.

8. Recipient will receive a \$1000 scholarship.

9. Recipient may apply annually.

Information regarding the Dr. Mary R. Wisehart Scholarship Fund:

1. During the 2010 WNAC Convention, the Dr. Mary R. Wisehart Loan Fund was converted to the Dr. Mary R. Wisehart Student Scholarship Fund.

2. WNAC will designate \$1000 per year to each of the five Free Will Baptist colleges.

3. The college will provide WNAC with the recipient's name, contact information, and photo upon award of the scholarship.

4. WNAC's general fund will not receive the interest from the scholarship fund.

After brief discussion, motion carried to adopt the recommendations as presented.

The Nominating Committee report was presented by chairperson Reva Baker, MO, and there was a MSC to accept the report and vote on the nominees office by office, with opportunity for nominations from the floor. Officers presented and elected were:

President, Diana Bryant, FL

Vice President, Pam Hackett, SC

Secretary, Jan Clay, IN

Members at Large: Amy Johnson, IL; Jonda Patton, KY; Janie Campbell, AR

The total for the morning offering was announced as \$1606.95

Sarah Fletcher presented a PowerPoint™ preview of the WNAC theme for the coming year, outlining the new publication concept and different ways the "Body Builders" theme would be developed in the literature.

The registration total of 820 was announced, and Shirley Jackson called for any other business women might have. A standing vote of appreciation was given to Shirley Jackson for the job she had done over the past year. Tennessee president Amanda Kilgore announced that the Tennessee women were working hard and looking forward to hosting next year's meeting.

Motion carried to adjourn.

WNAC Fellowship Luncheon

Approximately 450 men and women enjoyed the Fellowship Luncheon hosted by the North Carolina women in Ballroom A of the convention center. North Carolina president Diane Bridgman welcomed the body, and Billy Keith asked the blessing on the meal.

Van Mitchell, Jr., provided special music before the luncheon speaker, Carolyn Dwyer, was introduced. We were dismissed in prayer by Danny Dwyer.

Brainstorming Session

Just over 100 women gathered in Room 207 of the convention center following the luncheon, and divided into two different groups. One group, led by Sarah Fletcher, discussed plans and ideas for future publications, themes, and activities. A second group, led by Elizabeth Hodges and Phyllis York, discussed our present channels of giving and how we might improve the process. The goal is to get money to missionaries and various agencies more quickly while maintaining the ability to keep records of such giving.

September 13, 2010

WNAC President Resigns

ANTIOCH, TN—Mrs. Rebecca Pugh resigned as president of Women Nationally Active for Christ (WNAC) on Saturday, September 11, 2010, during a special called meeting of the WNAC Executive Committee.

The called session met in the Conference Room at the Free Will Baptist National Office Building from 8:30 a.m. until 12:00 noon. Keith Burden, executive secretary of the National Association of Free Will Baptists, presided at the request of the WNAC Executive Committee. Jack Williams attended as an official observer at the request of Keith Burden.

The Executive Committee scheduled the September 11 session with Mrs. Pugh to clarify misunderstandings that arose following a post-WNAC convention meeting in Oklahoma City on July 21 at which time the Committee asked her to resign as president, citing a continued pattern of overstepping authority, acting outside the bounds of the position of president, and making decisions without Committee approval while appearing to speak for the Committee.

After more than three hours of discussion on Saturday morning, September 11, Mrs. Pugh verbally resigned as president and agreed to write a follow-up letter/email informing WNAC constituents of her resignation.

Executive Director Elizabeth Hodges said, "This has been a difficult time for all of us in WNAC. We need your prayers in the days and weeks ahead as we mend our nets, plan the 2011 convention, and seek the Lord's direction as we move forward in the ministry of WNAC."

Minutes of the WNAC Executive Committee Meeting

Tuesday, December 7, 2010

The meeting opened with prayer by Amy Johnson. The afternoon's devotion was given by Pam Hackett.

Executive Director Elizabeth Hodges gave her report and the committee acted on items as they appeared in the report.

Motion carried to recommend to the Mary R. Wisehart Scholarship Study Committee to meet via conference calls when necessary and then meet in person at the national convention in Charlotte, NC.

Motion carried to adopt the Steward Provision Closet guidelines as presented by the Executive Director with the addition of Item 7 as follows: When necessary, Provision Closet funds may be used as available to ship requested or needed items to their recipient.

Motion carried to continue to use Watkins Printing for the *Together With God* magazine.

Motion carried to authorize Elizabeth to pursue the feasibility of WNAC becoming a part of *ONE Magazine*.

It was determined that Phyllis York and Elizabeth Hodges would produce a ministry guidelines brochure in house and reproduce a condensed version of the manual to distribute until the Constitution and Manual can be redone. There was some discussion on needed updates and revisions. It was determined that these projects needed to be addressed, but needed sufficient time and attention. Asking the convention for more time to accomplish this was discussed in light of the fact that the convention had directed the committee and staff to study the needs and report to the convention in 2010.

Motion carried to ask Elizabeth to pursue information and plans for the possibility of a couples' retreat in conjunction with Master's Men, and the possibility of regional retreats for WNAC.

The meeting was dismissed so that the WNAC Committee could attend a meeting with the Executive Office and Randall House Publications regarding National Convention Funding.

December 7, 2010

Following the evening service, the Executive Committee met to discuss the options available for WNAC to bear more of their share of convention expenses.

Motion carried that WNAC pay their share of the labor costs for preregistration and ticket sales for the National Convention beginning with the Charlotte, NC, convention in 2011.

The committee also met with Editor Sarah Fletcher and discussed thoughts on future plans for the magazine.

Wednesday, December 8, 2010

The Executive Committee met together for breakfast and to exchange Christmas gifts. Following breakfast, the committee reconvened for business.

Motion carried to refund the dues for the Yorkshire FWB Church in Manassas, VA.

Motion carried to recommend to Anita Scott and Linda Derby that WNAC list their books as resources, but not sell the books. WNAC will sell Eddie Payne's book and the profit will go to WNAC.

Motion carried to ask Elizabeth to pursue the possibility of allowing Randall House to print our *Together With God* Bible Studies in their online division, Access.

There was extensive discussion on the WNAC website, with the committee expressing the desire that the website be updated regularly.

The committee directed Elizabeth to talk to Barry Simpson for more information regarding his interest in a joint venture between WNAC and International Missions concerning the World Missions Offering.

2011 convention plans were discussed and the following decisions were made:

Tuesday, July 19, 2011, 8:00 a.m. session: Debe Taylor and Diane Bridgeman will be responsible for this session geared to younger women.

9:15 a.m. missionary service:

Opening Prayer—Richard Bridgeman

Speakers—Steve and Judy Lytle

Luncheon Invocation—Matt Price

Speaker—Carolyn Dwyer (Heart to Heart Ministries)

Benediction—Danny Dwyer

Motion carried to adopt the proposed 2012 budget as presented by the Executive Director.

There was discussion on the proposed schedule for the convention in Charlotte, NC. It was decided to ask Debe Taylor to act as parliamentarian for the meeting, and to ask Diane Bridgeman for the names of some NC women who might be available to work in the WNAC booth during time periods when the Executive Committee members needed to be elsewhere due to other functions.

Motion carried to recommend to the body that WNAC continue the *Shine 75* Project for another year.

There was discussion on finding something to sell in our booth that women would want to buy. The committee also discussed hosting a Presidents' and Field Workers' Reception at the National Convention in Charlotte, NC. Assignments were given to each committee member for refreshments. The committee was directed to put thoughts together on changes for the constitution and manual. Elizabeth mentioned her desire that there be an annual evaluation process for her position.

Motion carried to adjourn.



WOMEN NATIONALLY ACTIVE FOR CHRIST 2011 WNAC Report

"Great is the Lord and greatly to be praised" (Psalm 145:3a). In another year of economic distress, the Free Will Baptist women have given \$560,839.38 to missions and ministry causes, an increase of \$736.06. As the women who have gone before us, once again WNAC stands in the gap for the faithful servants of God around the world.

While supporting missions and ministry causes, WNAC has seen strong support for the home office through dues and gifts to the Emphasis Offering, General Fund, and the Marjorie Workman Endowment Fund. These offerings totaled \$127,078.30. The following states were the top contributors to the support of our national office.

1.	Arkansas	\$15,960.35
2.	Georgia	\$14,492.68
3.	North Carolina	\$14,220.16
4.	Oklahoma	\$12,901.19
5.	Tennessee	\$11,623.74
6.	Alabama	\$ 8,154.95
7.	Missouri	\$ 8,083.86
8.	Ohio	\$ 5,917.13
9.	South Carolina	\$ 5,834.18
10.	Kentucky	\$ 5,198.00

2010 saw a two percent increase in membership totaling 5109. We rejoice with the addition of our fifth international affiliate, Myanmar Women Nationally Active for Christ.

History was made when we officially joined *ONE Magazine* in January 2011. Our debut issue, June-July, has recently been published. We are excited about the possibility of reaching more women through this medium.

Our delegates raised concerns about the conflict of scheduling during our national convention. We moved all of our scheduled activities to Tuesday, allowing mothers and grandmothers the opportunity to participate in NYC activities all day on Monday. We also altered our format to accommodate this concern.

As of March 2011, we have partnered with Randall House in the publishing of some of our archived Bible studies in their on-line Access Bible Studies program. Again, we are seeking to meet the needs of women who are not actively involved in a WAC group.

For many years the Steward Provision Closet has met the needs of our home and international missionaries. Gifts for 2010 totaled \$29,364.96. This year we have also helped the Hispanic Bible Institutes with items needed for their ministry. WNAC adopted SHINE 75 as our national project in 2010 with the goal of raising \$75,000 to be divided equally between the Hispanic Bible Institutes: Gwen Hendrix Bible Institute (Inman, SC), IBLAC (Altamira, Mexico), and Seminary of the Cross (Reynosa, Mexico).

It has been my privilege to visit 18 of our 22 reporting states this year. It has been exciting to meet our women and see God at work in their individual lives and their WAC groups.

Salaries have been frozen for the 2012 budget year. Our editor continues working off-site as a contractual employee. The administrative assistant is part-time serving both Master's Men and WNAC. I deeply appreciate the efforts of the WNAC staff who labor tirelessly as unto the Lord.

During 2010 we emphasized *Shine* while we commemorated our diamond (75th) anniversary. We have honored shining endeavors and shining examples—both in the past and present. Now our focus turns to the future. *We're still shining.*

Elizabeth C. Hodges, Ed.S.
Executive Director



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of the Women Nationally Active for Christ (an auxiliary of the National Association of Free Will Baptists) (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Women Nationally Active for Christ as of December 31, 2009 were audited by other auditors whose report dated February 23, 2010, expressed an unqualified opinion on those statements.

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 Women Nationally Active for Christ, as of December 31, 2010, 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.

Joel D. Collum, Jr., CPA

April 21, 2011

WOMEN NATIONALLY ACTIVE FOR CHRIST (AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS) STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 and 2009

	2010	2009
ASSETS		
Cash	\$ 252,632	\$ 235,575
Accounts receivable	7,591	7,181
Inventory	5,439	4,052
Endowment fund	53,978	38,822
Notes receivable, net of allowance for doubtful accounts of \$-0- (\$-0- in 2009)	-	1,500
Property & equipment, at cost less accumulated depreciation of \$21,194 (\$22,131 in 2009)	529	1,511
TOTAL ASSETS	\$ 320,169	\$ 288,641
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 20,144	\$ 32,907
Deferred revenue	27,416	28,212
Total liabilities	47,560	61,119
COMMITMENTS		
NET ASSETS		
Unrestricted	44,234	10,742
Temporarily restricted	181,143	179,523
Permanently restricted	47,232	37,257
Total net assets	272,609	227,522
TOTAL LIABILITIES AND NET ASSETS	\$ 320,169	\$ 288,641

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, 2010 and 2009

	2010	2009
UNRESTRICTED		
REVENUE AND OTHER SUPPORT:		
Dues and fees		
Designated contributions	\$ 76,928	\$ 75,335
Magazine and literature sales	326,627	404,862
Convention and retreat income	65,443	64,903
Gifts and offerings	9,830	42,424
Interest income	72,606	81,289
Rent income	6,166	7,028
Endowment income	3,809	3,241
Gain on sale of assets	5,598	5,795
Net assets released from restrictions:	177	-
Satisfaction of program restrictions	4,974	8,776
Total revenue	572,158	693,653
EXPENSES		
Salaries and wages	75,743	98,286
Payroll taxes and employee benefits	14,043	18,769
Cost of magazine and literature printing	31,028	37,365
Travel and promotion	11,036	6,277
Conventions and retreats	27,411	48,821
Office expense	11,160	9,706
Postage	2,545	5,049
Rent expense	27,089	24,595
Professional fees	6,020	6,575
Depreciation	899	1,502
Insurance expense	516	778
Dues and subscriptions	350	290
Special projects	5,480	10,865
Continuing education	50	-
Designated contributions	325,296	404,305
Total expenses	538,666	673,183
Increase (decrease) in unrestricted net assets	33,492	20,470

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, 2010 and 2009

	2010	2009
TEMPORARILY RESTRICTED		
Gifts and offerings	\$ 6,594	\$ 11,263
Interest income	-	252
Net assets released from restrictions:		
Satisfaction of program restrictions	(4,974)	(8,776)
Increase (decrease) in temporarily restricted net assets	1,620	2,739
PERMANENTLY RESTRICTED		
Gifts and offerings	9,975	6,719
Increase in permanently restricted net assets	9,975	6,719
Total increase in net assets	45,087	29,928
Net assets - beginning of year	227,522	197,594
Net assets - end of year	\$ 272,609	\$ 227,522

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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	\$ 45,087	\$ 29,928
Depreciation	899	1,502
Gain on disposition of property & equipment	(177)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(410)	2,960
(Increase) decrease in inventory	(1,387)	558
(Increase) decrease in accrued interest receivable	-	235
Increase (decrease) in accounts payable	(12,763)	5,364
Increase (decrease) in deferred revenue	(796)	(3,555)
Net Cash Provided (Used) By Operating Activities	<u>30,453</u>	<u>36,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on loans receivable	3,300	3,362
New note made	(1,800)	-
Proceeds from the sale of property and equipment	260	-
Net Cash Provided (Used) By Investing Activities	<u>1,760</u>	<u>3,362</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>32,213</u>	<u>40,354</u>
Cash and cash equivalents at beginning of years	274,397	234,043
Cash and cash equivalents at end of years	<u>\$ 306,610</u>	<u>\$ 274,397</u>

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

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WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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 2010 and 2009.

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, 2010 and 2009

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

Investments:

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

Accounts and Notes Receivable and Allowance for Doubtful Accounts

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

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

Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required for accounts receivable. Management considers the notes receivable that are overdue to be only partially collectible and accordingly has recorded an allowance for doubtful accounts in the amount of \$-0- (\$-0- in 2009).

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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:

	2010	2009
Equipment	\$ 21,723	\$ 23,642
Less: Accumulated depreciation	(21,194)	(22,131)
	<u>\$ 529</u>	<u>\$ 1,511</u>

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Student Loan	\$ 102,029	\$ 101,638
Foreign Scholarship	1,006	1,538
Provision Closet	72,897	70,702
Free Will Baptist Bible College Mission House	5,211	5,645
	<u>\$ 181,143</u>	<u>\$ 179,523</u>

Permanently restricted assets are restricted to:

Endowment Trust	<u>\$ 47,233</u>	<u>\$ 37,257</u>
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4. LEASE

The Organization entered into a year-to-year lease agreement with the National Association of Free Will Baptists, Inc. for office and storage space. The rent expense for the year amounted to \$27,089 (\$24,595 for the year ended December 31, 2009).

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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 \$2,780 (\$3,498 in 2009). 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, 2010 and 2009, the cash deposits were fully insured.

The Organization also has \$257,564 (\$239,196 in 2009) on deposit with the Free Will Baptist Foundation. These funds are uninsured.

7. DEFERRED REVENUE

Deferred revenue resulted from magazine subscriptions received for 2011 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, 2010 and 2009.

WOMEN NATIONALLY ACTIVE FOR CHRIST
(AN AUXILIARY OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

9. COMMITMENTS

The Organization entered into a lease for office equipment. The lease began on September 9, 2008, and will expire on August 9, 2012. The lease has a fixed monthly payment of \$166 for 48 months. The lease expense for 2010 was \$1,989 (\$1,829 for 2009).

Future minimum rental payments required are as follows:

Year ended December 31,	Amount
2011	\$ 1,989
2012	1,327
Total	<u>\$ 3,316</u>

10. ENDOWMENT

The Organization has an endowment with the Free Will Baptist Foundation. The endowment was established through the transfer of funds contributed to the Organization. The Organization receives an annual distribution of five percent of the beginning principal balance.

The activity in the endowment during the year is as follows:

Beginning balance	\$ 38,822
Total gains or losses (realized and unrealized) included in the Statement of Activities	5,598
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	<u>9,558</u>
Ending balance	<u>\$ 53,978</u>

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 21, 2011 which is the date the financial statements were available to be issued.

2010 WNAC Statistics

Total Giving through WNAC

1. Arkansas	\$ 67,567.91
2. Georgia	\$ 56,573.55
3. North Carolina	\$ 53,320.41
4. Kentucky	\$ 49,071.53
5. Tennessee	\$ 38,276.14
6. South Carolina	\$ 33,480.52
7. Missouri	\$ 25,100.87
8. Oklahoma	\$ 22,795.48
9. Ohio	\$ 18,608.83
10. Illinois	\$ 17,770.20

Missions/Ministry Objectives

1. Arkansas	\$ 51,607.56
2. Kentucky	\$ 43,873.53
3. Georgia	\$ 42,080.87
4. North Carolina	\$ 39,100.25
5. South Carolina	\$ 27,646.34
6. Tennessee	\$ 26,852.40
7. Missouri	\$ 17,017.01
8. Illinois	\$ 14,556.20
9. Ohio	\$ 12,691.70
10. Oklahoma	\$ 9,894.29

Per Capita/ Total Giving

1. Kentucky	\$ 288.66
2. Tennessee	\$ 201.45
3. New Mexico	\$ 159.53
4. Indiana	\$ 134.55
5. Illinois	\$ 115.39
6. South Carolina	\$ 114.27
7. West Virginia	\$ 108.74
8. Georgia	\$ 101.39
9. North Carolina	\$ 99.11
10. Arkansas	\$ 90.94

Membership

1. Arkansas	743
2. Oklahoma	643
3. Georgia	558
4. North Carolina	538
5. Missouri	349
6. Ohio	301
7. South Carolina	293
8. Alabama	248
9. Michigan	226
10. Tennessee	190

Cash and Non-cash Gifts to Missions / Ministry Objectives

Cash gifts sent through WNAC	\$ 357,543.32
Sent direct to International Missions	\$ 75,573.71
Sent direct to Home Missions	\$ 98,357.39
Provision Closet (non-cash gifts)	\$ 28,168.96
Provision Closet (gift cards)	\$ 1,196.00
Total	\$ 560,839.38

2011 WNAC SALARIES AND BENEFITS BREAKDOWN

		2011	2012
Executive Director			
Salary		\$ 44,437.00	\$ 44,437.00
Social Security/Medicare		\$ 3,465.00	\$ 3,465.00
Retirement		\$ 1,333.00	\$ 2,222.00
Insurance		\$ 6,820.00	\$ 6,852.00
Travel/Life		\$ 200.00	\$ 200.00
Hospital	\$ 200.00		
Dental	\$ 6,325.00	\$ 200.00	\$ 6,306.00
Christmas Bonus	\$ 395.00	\$ 346.00	
Total Salary and Benefits		\$ 855.00	\$ 855.00
Administrative Assistant			
Salary		\$ 12,480.00	\$ 11,440.00
Social Security/Medicare		\$ 663.00	\$ 876.00
Retirement			\$ 572.00
Insurance*			\$ 4,970.00
Christmas Bonus			\$ 250.00
Total Salary and Benefits**		\$ 200.00	\$ 18,108.00
Editor			
Salary (24 hours per week @\$10.40 an hour)		\$ 23,200.00	\$ 23,200.00
Christmas Bonus		\$ 200.00	\$ 200.00
Total Salary and Benefits		\$ 23,400.00	\$ 23,400.00
Grand Total of Salaries and Benefits		\$ 93,589.20	\$ 99,339.00

*WNAC pays 1/4 of the family's premium.

**WNAC pays 1/2 of the total package for the administrative assistant.

WOMEN NATIONALLY ACTIVE FOR CHRIST 2012 Proposed Budget

	2010 Budget	2010 Actual	2011 Budget	2012 Budget
Estimated Income:				
General Fund Income	\$ 32,000.00	\$ 40,640.00	\$ 32,000.00	\$ 38,000.00
Convention Offering	\$ 2,500.00	\$ 1,681.00	\$ 2,000.00	\$ 2,000.00
Convention Expense Gift	\$ 15,000.00	\$ 15,250.00	\$ 15,000.00	\$ 15,000.00
Delegate Fees	\$ -	\$ 285.00	\$ -	\$ -
Dues	\$ 80,000.00	\$ 76,643.00	\$ 75,000.00	\$ 75,000.00
Interest Income	\$ 4,000.00	\$ 6,166.00	\$ 5,500.00	\$ 1,000.00
Literature Sales	\$ 8,000.00	\$ 6,872.00	\$ 7,800.00	\$ 7,500.00
TWG Magazine Subscriptions	\$ 61,500.00	\$ 58,166.00	\$ 56,000.00	\$ 52,000.00
Miscellaneous	\$ 450.00	\$ 503.00	\$ 450.00	\$ 450.00
Rest of the Family Offering	\$ 1,000.00	\$ 1,051.00	\$ 1,000.00	\$ 1,000.00
Emphasis Offering	\$ 8,000.00	\$ 8,294.00	\$ 8,000.00	\$ 7,500.00
Postage & Handling	\$ 1,000.00	\$ 405.00	\$ 750.00	\$ 750.00
Together Way	\$ 1,500.00	\$ 2,424.00	\$ 2,000.00	\$ 2,000.00
Endowment Trust Interest	\$ 2,500.00	\$ 5,598.00	\$ 3,000.00	\$ 3,000.00
Convention Luncheon Tickets	\$ 9,500.00	\$ 9,830.00	\$ 9,500.00	\$ 10,750.00
Travel Income	\$ 1,000.00	\$ 400.00	\$ 1,000.00	\$ 1,000.00
Total Income	\$ 227,950.00	\$ 234,208.00	\$ 219,000.00	\$ 216,950.00
Estimated Expense:				
Salaries	\$ 79,240.40	\$ 74,388.00	\$ 80,117.00	\$ 79,077.00
Employee Benefits				
Payroll Tax Expense	\$ 6,273.75	\$ 4,391.00	\$ 4,128.00	\$ 4,943.00
Employee Retirement	\$ 2,967.71	\$ 2,800.00	\$ 1,333.00	\$ 2,794.00
Health, dental, life insurance	\$ 15,133.75	\$ 6,853.00	\$ 6,820.00	\$ 11,822.00
Christmas Bonus	\$ 2,042.00	\$ 1,355.00	\$ 1,055.00	\$ 1,355.00
Insurance: Gen. & Workers' Comp.	\$ 800.00	\$ 516.00	\$ 800.00	\$ 800.00
Legal and Professional Services	\$ 6,500.00	\$ 6,020.00	\$ 6,000.00	\$ 6,250.00
Convention Expense	\$ 23,000.00	\$ 26,913.00	\$ 23,000.00	\$ 21,000.00
Executive Committee Expense	\$ 4,000.00	\$ 8,139.00	\$ 5,000.00	\$ 5,000.00
TWG Magazine Expense	\$ 37,000.00	\$ 30,653.00	\$ 27,200.00	\$ 32,200.00
Miscellaneous Expense	\$ 2,292.39	\$ 3,758.00	\$ 3,322.00	\$ 2,500.00
Office Rent	\$ 26,000.00	\$ 23,280.00	\$ 26,000.00	\$ 19,200.00
Office Supplies and Materials	\$ 3,000.00	\$ 1,742.00	\$ 3,000.00	\$ 3,000.00
Phone	\$ 2,500.00	\$ 1,423.00	\$ 3,700.00	\$ 2,500.00
Postage	\$ 4,000.00	\$ 2,546.00	\$ 5,000.00	\$ 4,000.00
Printing	\$ 2,000.00	\$ 375.00	\$ 3,000.00	\$ 2,000.00
Service Contracts	\$ 4,000.00	\$ 3,892.00	\$ 4,000.00	\$ 4,000.00
Subscriptions	\$ 200.00	\$ 350.00	\$ 425.00	\$ 300.00
Travel and Promotion	\$ 4,000.00	\$ 3,397.00	\$ 10,000.00	\$ 10,209.00
Continuing Education	\$ 500.00	\$ 50.00	\$ 500.00	\$ 500.00
Equipment (additions and repairs)	\$ 2,000.00	\$ 345.00	\$ 3,000.00	\$ 2,000.00
Special Projects	\$ 500.00	\$ -	\$ 1,500.00	\$ 1,500.00
Total Expenses	\$ 227,950.00	\$ 203,186.00	\$ 219,000.00	\$ 216,950.00

WNAC RECEIPTS 2010

STATES	General Fund	Faith Promise	Dues	Emphasis	Endowment	Together Way	Rest of Family	Provision Closet	Wishart Student Scholarship	Foreign Student Scholarship	International Mission	Christmas Joy	Home Missions	Mission Objectives	State Programs	Children's Homes	Colleges	Rest of Family	TOTAL
AL	3,395.26	275.00	3,720.00	630.00	70.00		64.70	100.00			2,379.39	333.40	1,662.28	50.00	1,200.00	1,215.98	380.00	28.00	14,981.87
AR	3,630.91	140.00	11,154.00	1,623.00			13.24	822.00	20.00	75.00	19,271.00	15.00	8,984.40		23,871.73	1,648.43	100.00		87,587.81
AZ	1,210.00	810.00	866.00				10.90				866.80								2,942.18
CA	305.00		1,300.00	275.00							2,142.75		1,554.51			100.00			5,852.26
CAN							8.55				35.00								44.55
FL	180.00	268.00	1,440.00	190.00			8.25				1,284.00		833.86		2,778.11	130.00			7,132.81
GA	3,884.29	875.00	8,370.00	1,448.00			116.39	875.00	166.00		13,613.90	145.00	9,260.86		13,584.38	2,532.13	1,028.75		86,673.55
ID							8.84												8.84
IL	344.00	226.00	2,310.00	300.00							4,830.88	280.00	2,755.51	3,920.00	2,770.01				17,776.20
IN			300.00			240.33					423.08					2,445.00			3,468.40
KY	2,228.00	110.00	2,650.00	316.00						90.00	28,847.03		8,414.50	180.00		8,410.00	74.00		49,071.53
MI	1,292.00		3,890.00	228.00							530.34		2,379.32						7,815.66
MO	2,147.93	180.00	5,235.00	816.62			34.41	210.00	134.66		8,028.54	138.00	7,487.83			704.80	335.00		26,100.87
MS	872.50		1,756.00								89.00		2,458.00						4,874.50
NC	3,733.71		8,070.00	1,488.50	15.87	638.72	293.56	41.00	5.00	95.00	20,428.46	805.00	9,506.41			3,794.25	4,887.13		53,330.41
NM	30.00		120.00	76.00			5.26				216.80		724.20			105.00			1,278.26
OH	798.74	500.00	4,818.00	76.00			37.39	78.00			7,286.88		4,816.14			736.00			18,608.83
OK	1,359.00	180.00	9,645.00	860.00	500.00	278.42	76.77	1,113.00	25.00	82.00	5,850.54		2,108.75			910.00	25.00		22,795.48
SC	890.00		4,390.00	515.00			73.18	1,700.00	20.00		15,935.83		2,900.66	355.00	2,104.83	1,189.00	426.00		33,480.52
TN	2,317.73	846.00	2,857.00	920.85	4,087.84	375.29	124.83	600.00		484.62	11,894.19	905.00	6,214.89	20.00	217.79	5,890.00	561.00	155.00	38,278.14
TX	479.00	70.00	1,580.00	78.00		28.00	138.84	76.00	10.00	15.00	1,090.52	150.00	810.00			230.00			4,521.16
VA	398.60		1,820.00	178.00		783.38		87.00			1,838.33		4,003.91	1,133.34		81.00			10,091.58
VI			228.00																228.00
WA							3.15												3.15
WY			1,260.00				37.68				8,281.56		335.00						10,004.04
Convention	28,888.07																		28,888.07
TOTAL	57,534.83	4,000.00	78,645.00	8,645.87	4,873.61	2,346.13	1,050.93	5,308.00	380.66	1,366.87	154,170.16	2,108.60	78,384.71	5,858.34	48,896.76	28,308.37	8,184.86	180.00	484,521.67

Registration Report

National Convention	45
Board/Commission Member	35
Licensed Minister	9
Local Church Delegate	2896
NAFWB Attendee	28
NAFWB Staff	128
Ordained Deacon	632
Ordained Minister	64
State Delegate	3837
Total	3837

National Youth Conference	2198
NYC Attendee	142
NYC Child Attendee	293
NYC Grades 1-3	404
NYC Grades 4-6	744
NYC Grades 7-12	102
NYC Preschool Worship	143
NYC Staff	4026
Total	4026

Women Nationally Active For Christ	628
WNAC Attendee	31
WNAC Local Delegate	49
WNAC Missionary	6
WNAC National Officer	95
WNAC State Delegate	7
WNAC State Field Worker	14
WNAC State President	830
Total	830

Total Unduplicated Attendance: 6065

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2012:

Executive Office (Includes:)	\$	724,450.00
Administrative	\$	399,500.00
Convention		<u>324,950.00</u>
Free Will Baptist Bible College		5,676,323.00
(Includes \$1,230,000.00 in unrestricted gifts)		
Free Will Baptist Foundation		488,957.00
Home Missions		5,000,000.00
International Missions		7,250,000.00
Master's Men		140,511.00
Retirement and Insurance		474,000.00
Randall House Publications		4,936,000.00
Commission for Theological Integrity		8,050.00
Historical Commission		3,270.00
Media Commission		3,000.00
Music Commission		<u>4,125.00</u>
TOTAL	\$	24,708,686.00

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

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

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

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

Respectfully Submitted, Your Servants,

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

Obituary Committee Report

The Obituary Committee met on Tuesday, July 19, 2011, at the Charlotte Convention Center to review the reports submitted by state associations and individuals. We submit the following report of ministers and deacons that have passed away during the time period of January 1 through December 31, 2010.

Arkansas

Rev. A.E. "Bo" Coffman
 Rev. Bobby Joe Chronister
 Rev. Keith Johnson
 Rev. Noel Wilson Easterling
 Rev. Ernest E. Johnson
 Rev. Elbert McClellan
 Rev. Lonnie Eugene Wages
 Rev. Ben Scott
 Rev. Luther Sybert
 Rev. J.C. Rawls
 Arvil Buddy Smith, Deacon
 Hursel Parker, Deacon
 Willie Dixon, Deacon
 Robert Lynn Rauls, Deacon

California

Rev. Doice McAllister
 Rev. Claudie Hames
 Rev. Edward "Butch" Johns

Georgia

Loran Hughes, Deacon

Illinois

Floyd Wilderman, Deacon
 Dale Donoho, Deacon
 Marvin Gregory, Deacon

Mississippi

Rev. Richard Hoeflich
 Rev. Lenarse Stricklen

Missouri

Rev. Jack Bums
 Rev. Max Courtney
 Rev. Grover Pingleton
 Rev. Milan Ruble
 Rev. Ted Starnes
 Paul Harvey, Deacon
 Fred Huett, Deacon
 Hubert Long, Deacon
 Clinton McCormack, Deacon
 Amos Pratt, Deacon
 Leo Ruble, Deacon

Ohio

Rev. Daniel "Ed" Bates
 Rev. Kenny Rose
 Rev. Eugene Webb
 Rev. Paul Williams
 Rev. James Smith
 Rod Young, Deacon
 Luther Fluty, Deacon

Oklahoma

Rev. DeArthur Yandell
 Rev. Paskel Dale Bevan
 Rev. Jim Christian
 Rev. Roy Bingham
 Rev. Bob Ketchem
 Rev. Eddie Abel
 John Walker, Deacon

Texas

Fred Dollar, Deacon
Sam Clements, Deacon

Virginia

Rev. Walter Statzer

West Virginia

Rev. Benny Blankenship
Rev. Carl Cooper
Rev. Carl Crum
Rev. Roger Estep

Harry Presock, Deacon
Gail Haney, Deacon
Jimmy Stafford, Deacon

Obituary Committee:

Jeff Davis (TN), Chairman
Brian Bird (NC)
Burt Hall (WV)
Sherwood Lee (SC)
Gene Norris (MI)

Resolutions Committee Report

Whereas we have celebrated the 75th anniversary of the National Association of Free Will Baptists;
and

Whereas the Executive Office has given extensive effort to commemorate our rich heritage;
and

Whereas all of our national departments have made great strides to advance the Kingdom over the years;
and

Whereas the North Carolina State Association and its Executive Director, Rev. Billy Keith, his staff, and his volunteers, graciously hosted this 2011 convention;

Be it resolved that this body show its appreciation by a rising vote of thanks.

Resolutions Committee:

Rev. Ken Simpson (MO), Chairman
Rev. Edwin Hayes (OH)
Rev. Mac Atkinson (SC)
Rev. Larry Clyatt (FL)
Rev. Jon Cannon (IL)

The Executive Secretary's Report 2010

In last year's report I stated, "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." Well, it is now "beyond," and adjustments continue to be made.

One of the most obvious aspects of our ministries that require monitoring and regulation is in the area of finances. All of us are painfully aware of the obstacles we face due to a bad economy. In spite of the remarkable faithfulness of our supporters, dwindling resources force us to make difficult decisions. Nevertheless, we remain resolute in our commitment to fiscal responsibility.

Specific details about how we are addressing these concerns will be given during my report to the convention. Thankfully, the executive office and its service through *ONE Magazine*, convention and building services continue to operate at a high level.

In the midst of these demanding, uncertain times it is fitting that we pause and reflect on the past. At this year's convention our denomination is celebrating 75 years of ministry. This is *not* an attempt to pat ourselves on the back. Rather, we seek to honor God and our heritage.

To this end we have published a book of convention sermons. While this is not an exhaustive volume, it is fairly representative of our commitment as Free Will Baptists to biblical preaching. We are deeply indebted to all who contributed to this historic project.

Additionally, a commemorative DVD has been produced which highlights some of the most significant aspects of our three-score and fifteen-year history. Segments of this DVD will be shown at the beginning of each evening convention service. Copies of the book and DVD are available for purchase at the convention.

I would be remiss if I did not mention my staff—Ryan Lewis, Debbie Burden, Dari Goodfellow, Melody Hood, Steve Pate and Eric Thomsen. I appreciate their servant hearts, commitment and hard work. I also stand indebted to the members of the executive committee for their godly oversight and continued support.

May our faith in God empower us, our commitment to His Word guide us, and the pioneering spirit of our forefathers motivate us as we carry out the Great Commission.

Keith Burden, CMP
Executive Secretary

Statistical Summary 1996 - 2010						
Year	Beginning Membership Totals	Baptisms	Members Added	Members Lost	Net Increase	Ending Membership Totals
1996	249,713	8,436	12,155	5,985		
1997	255,883	8,971	11,946	6,660	6,170	255,883
1998	261,169	10,169	14,089	6,345	5,286	261,169
1999	268,913	10,200	13,965	7,715	7,744	268,913
2000	275,163	10,549	12,932	5,841	6,250	275,163
2001	282,254	8,982	12,252	5,365	7,091	282,254
2002	289,141	8,924	11,329	6,233	6,887	289,141
2003	294,237	8,713	10,968	6,904	5,096	294,237
2004	298,301	8,407	11,084	5,494	4,064	298,301
2005	303,891	7,779	9,954	5,629	5,590	303,891
2006	308,216	7,261	10,236	5,008	4,325	308,216
2007	313,444	7,044	10,008	5,330	5,228	313,444
2008	318,122	6,619	9,685	5,377	4,678	318,122
2009	322,430	6,464	8,336	4,817	4,308	322,430
2010	325,949	6,243	9,042	4,293	3,519	325,949
Totals		124,761	167,981	86,996	80,985	330,698

Tracking The Together Way Totals						
	Designated		Co-op		Total	
2004	3,631,305.92	3.30%	782,642.76	1.54%	4,413,948.68	2.98%
2005	3,946,786.84	8.69%	813,333.89	3.92%	4,760,120.73	7.84%
2006	4,193,622.91	6.25%	832,178.34	2.32%	5,025,801.25	5.58%
2007	4,168,077.00	-0.61%	874,548.07	5.09%	5,042,625.07	0.33%
2008	4,083,286.89	-2.03%	892,767.28	2.08%	4,976,054.17	-1.32%
2009	3,970,587.35	-2.76%	877,543.24	-1.71%	4,848,130.59	-2.57%
2010	3,719,114.31	-6.33%	830,020.39	-5.42%	4,549,134.70	-6.17%

HHA Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

We have audited the statements of financial position of the Executive Office of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of income, expenses, 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 taken from the financial statements and, in our report dated April 26, 2010, 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, 2010 and 2009, and 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

Franklin, Tennessee
March 15, 2011

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

Statements of Financial Position

December 31, 2010 and 2009

	<u>Assets</u>	
	2010	2009
Current assets:		
Cash and cash equivalents	\$ 367,239	383,845
Funds held by Free Will Baptist Foundation	10,865	11,663
Receivables:		
Randall House royalties	1,926	1,781
Other departmental and agency charges	294	265
Total receivables		
Prepaid expenses	2,220	2,046
	29,565	20,744
Total current assets	409,889	418,298
Fixed assets:		
Office equipment and furniture	41,631	139,578
Automobiles	25,720	25,720
Less accumulated depreciation	67,351	165,298
	62,543	158,155
Net fixed assets	4,808	7,143
	\$ 414,697	425,441
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable and accrued expenses	\$ 25,142	13,678
Disaster relief funds	36,103	-
Funds held for Church on the Ridge building improvements	11,115	9,702
Total current liabilities	72,360	23,380
Net assets (deficit):		
Unrestricted:		
Executive Office	298,198	318,182
Net Investment in Equipment	4,808	7,143
Special Projects	76,165	80,562
Convention Fund	(36,834)	(3,826)
Total net assets	342,337	402,061
	\$ 414,697	425,441

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, 2010 and 2009

	Executive Office	Special Projects	Convention Fund	2010 Totals	2009 Totals
Revenues:	\$ 4,549,134	-	-	4,549,134	4,848,130
The Together Way Plan Disbursed to agencies and departments	(4,160,208)	-	-	(4,160,208)	(4,437,463)
Executive Office portion of Together Way	388,926	-	-	388,926	410,667
Hymnal royalties	-	11,035	-	11,035	18,088
Gifts and offerings	2,263	-	11,023	13,286	11,235
Convention fees	-	-	329,740	329,740	304,449
Other income	6,257	1,086	22,825	30,168	16,936
Total revenues	397,446	12,121	363,588	773,155	761,375
Expenses of operations:					
Executive Office	419,765	-	-	419,765	387,117
Special Projects	-	16,518	-	16,518	11,880
Convention Fund	-	-	396,596	396,596	353,234
Total expenses	419,765	16,518	396,596	832,879	752,231
Increase (decrease) in net assets	(22,319)	(4,397)	(33,008)	(59,724)	9,144
Net assets (deficit):					
Beginning of year	325,325	80,562	(3,826)	402,061	392,917
End of year	\$ 303,006	76,165	(36,834)	342,337	402,061

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, 2010 and 2009

	Executive Office	Special Projects	Convention Fund	2010 Totals	2009 Totals
Expenses of operations:					
Salaries	\$ 129,437	-	64,668	194,105	202,766
Housing allowance	20,000	-	-	20,000	20,000
Employee fringe benefits and health insurance	41,123	-	-	41,123	38,964
Payroll taxes	21,846	-	233	22,079	22,912
Support to One Magazine	110,407	-	-	110,407	84,098
Office rental	34,077	-	-	34,077	29,892
Travel	29,672	-	44,662	74,334	71,063
Supplies, office expense	8,076	75	7,337	15,488	16,341
Copier lease	7,560	-	-	7,560	8,114
Executive Committee and General Board	3,410	-	5,053	8,463	8,522
Depreciation	2,334	-	-	2,334	5,251
Legal and audit	3,080	-	2,732	5,812	8,728
Printing and promotion	3,497	-	31,776	35,273	32,879
Postage / mail services	982	-	602	1,584	1,212
Telephone	3,916	-	963	4,879	4,620
International Fellowship	348	-	-	348	240
Royalties and management fee	-	15,719	-	15,719	11,251
Church directory	-	724	-	724	631
75th year documentary	-	-	-	-	-
Auditorium and other convention services	-	-	209,001	209,001	162,520
Performance penalty - hotel room usage	-	-	24,250	24,250	12,000
Palmer Leadership Institute	-	-	-	-	3,563
Publications Committee	-	-	1,996	1,996	162
Nominating Committee	-	-	2,123	2,123	3,430
National officers meeting	-	-	-	-	590
Other	-	-	1,200	1,200	2,482
Total expenses	\$ 419,765	16,518	396,596	832,879	752,231

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

Statements of Cash Flows

For the years ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities	\$ (59,724)	9,144
Increase (decrease) in net assets		
Adjustments to reconcile change in net assets to net operating activities:	2,335	5,251
Depreciation		
(Increase) decrease in:	(174)	(863)
Receivables	(8,821)	(4,331)
Prepaid expenses		
Increase (decrease) in:	1,413	(12,976)
Funds held for Church on the Ridge building improvements	36,103	-
Funds held for Disaster Relief	11,464	5,179
Accounts payable and accrued expenses		
	(17,404)	1,404
Net operating activities		
Cash Flows from Investing Activities	798	(1,646)
Net investment in funds held by Free Will Baptist Foundation		
	798	(1,646)
Net investing activities		
	(16,606)	(242)
Decrease in cash and cash equivalents		
Cash and cash equivalents:	383,845	384,087
Beginning of year		
	\$ 367,239	383,845
End of year		

See accompanying notes to financial statements.

See accompanying notes to financial statements.

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

December 31, 2010 and 2009

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.

As required by generally accepted accounting principles, The Executive Office reports information regarding its financial position and activities according to three classes of net assets, as applicable:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body. The amount of unrestricted net assets is presented in the statements of financial position, and the net change is presented in the statements of activities

The Executive Office does not have amounts to report in the remaining two classes of net assets which are:
Temporarily and Permanently Restricted Net Assets.

Funds received which are designated by the donor to be transferred to third parties are accounted for as liability transactions. (The Together Way Plan, Disaster Relief Funds and Church on the Ridge).

Cash and Cash Equivalents

For purposes of the statements 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.

Fair Value Measurements

Fair value is defined 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 as assumptions market participants would use in pricing an asset or liability. For the years ended December 31, 2010 and 2009, funds held by Free Will Baptist Foundation were valued at market using Level 2 inputs.

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.

Accounts Receivable

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

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 life's 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.

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

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

The Executive Office is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2010 and 2009. Further, management believes that The Executive Office has no activities which will lead to income taxes being levied.

Compensated Absences

Employees of the Executive Office are entitled to paid vacation, 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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through March 15, 2011, the date these financial statements were available to be issued.

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.

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, 2009, from which the summarized information was derived.

(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 amounts to \$9,343 in 2010 and \$9,352 in 2009. 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 of one of several types of annuity contracts.

(3) Operating Leases

The Executive Office has entered into noncancelable lease arrangements relating to a copy machine. Total expenses amounted to \$7,560 in 2010 and \$8,114 in 2009. The minimum annual payments required are \$6,271 for 2010 through 2013; and \$2,614 for 2014.

Further, the Executive Office rents office space from the National Office Building located in Antioch, Tennessee. The lease agreement is cancelable with 90 day written notice. Office lease expense amounted to \$34,077 in 2010 and \$29,892 in 2009.

(4) 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.

(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 \$110,407 in 2010 and \$84,098 in 2009.

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

(6) The Together Way Plan

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan program. Designated contributions are disbursed to the named Department or agency, and cooperative funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 2010 as compared to 2009 totals.

Receipts:	2010			2009
	Designated	Cooperative	Total	Total
Alabama	\$ 5,598	8,250	13,848	11,577
Arkansas	578,130	185,467	763,597	862,676
California	791	13,682	14,473	15,152
Colorado	120	39,084	39,204	-
Florida	366	11,000	11,366	12,408
Georgia	491,643	21,016	512,659	476,820
Illinois	164,094	27,145	191,239	195,646
Indiana	16,815	1,462	18,277	22,154
Kentucky	1,210	10,480	11,690	11,862
Michigan	198,168	17,127	215,295	213,397
Mississippi	800	8,262	9,062	10,082
Missouri	491,664	208,092	699,756	792,809
New Mexico	9,111	980	10,091	7,390
North Carolina	28,513	32,229	60,742	83,005
Ohio	189,734	38,696	228,430	228,194
Oklahoma	509,015	158,144	667,159	787,332
South Carolina	618,990	504	619,494	708,248
Tennessee	149,032	26,022	175,054	214,973
Texas	192,874	12,041	204,915	93,836
Utah	-	3,438	3,438	5,525
Virginia	8,944	1,432	10,376	28,075
West Virginia	2,513	1,570	4,083	17,721
Canada	59,953	1,018	60,971	44,527
Northwest Association	852	2,024	2,876	1,925
Contributions totaling \$2,500 or less	184	855	1,039	2,796
Total receipts	\$ 3,719,114	830,020	4,549,134	4,848,130
Disbursements:				
Executive Office	\$ 15,417	373,509	388,926	410,667
Free Will Baptist Bible College	263,292	104,998	368,290	392,247
FWB Foundation	2,615	27,391	30,006	31,467
Home Missions	854,789	82,172	936,961	928,978
International Missions	2,419,948	104,998	2,524,946	2,805,956
Master's Men	7,951	63,912	71,863	73,407
Retirement & Insurance	4,399	63,912	68,311	72,175
Commission for Theological Integrity	599	2,282	2,881	3,197
Historical Commission	387	2,282	2,669	2,829
Media Commission	629	2,282	2,911	2,900
Music Commission	717	2,282	2,999	3,205
Hillsdale Free Will Baptist College	44,142	-	44,142	36,039
Other	104,229	-	104,229	85,062
Total disbursements	\$ 3,719,114	830,020	4,549,134	4,848,130

Executive Office

Budgets

**2012
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGETS
FINANCIAL REPORT**

	2010 Budget	2010 Actuals*	2011 Budget	2012 Budget
PROJECTED EXPENSES				
Salaries	\$189,880.81	\$186,726.70	\$189,689.41	\$185,659.55
Housing	20,000.00	20,000.04	20,000.00	20,000.00
Social Security	21,179.53	21,845.60	21,167.35	20,641.72
Retirement	9,494.04	9,342.84	9,484.47	7,074.64
Employees Insurance (Dental/Disability/Health/Life/Travel)	26,786.51	29,533.07	32,874.48 **	35,998.71
Convention Reimbursements	(78,219.68) ***	(61,619.28)	(81,165.33) ***	(77,151.71) ***
Auditing/Legal	3,500.00	3,080.00	3,500.00	3,100.00
Copier Lease	7,500.00	7,559.75	7,500.00	7,600.00
Equipment Maintenance	500.00	0.00	500.00	100.00
Computer Supplies	4,000.00	3,572.92	3,000.00	2,000.00
Executive Committee	3,000.00	3,410.16	3,000.00	2,500.00
General Insurance	3,000.00	2,247.56	4,000.00	2,250.00
Int'l. Fellowship of FWB Churches	240.00	348.00	240.00	240.00
Leadership Conference	100.00	0.00	100.00	25.00
Office Rental (\$1.14 per sq. ft. x 2,491)	34,076.88	34,076.88	34,076.88	34,076.88
Office Supplies/Expense	2,000.00	1,713.16	2,500.00	1,750.00
Other	200.00	0.00	100.00	51.77
Postage	1,000.00	981.80	1,000.00	700.00
Printing	2,000.00	1,308.53	1,000.00	700.00
Promotion	3,500.00	2,188.84	2,000.00	500.00
Books/Dues/Registrations	1,500.00	2,790.29	2,000.00	2,000.00
Telephone	3,000.00	3,916.24	3,250.00	3,250.00
Tog. Way Plan/Stewardship Education	0.00	0.00	0.00	0.00
Travel	37,500.00	29,671.51	37,077.98	30,000.00
Christmas Bonus (Extra Week's Salary)	1,609.04	2,721.02	1,641.22	0.00
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	1,609.04	1,609.04	1,641.22	0.00
One Magazine	110,406.80	110,406.84	116,433.44	116,433.44
Contingency Fund	4,748.15	0.00	0.00	0.00
Totals	\$414,111.12	\$417,431.51	\$416,611.12	\$399,500.00
PROJECTED INCOME				
The Together Way Plan				
Cooperative Gifts	\$390,611.12	\$373,509.05	\$390,611.12	\$375,000.00
Designated Gifts	19,000.00	15,416.73	19,000.00	16,000.00
Travel Reimbursement	2,000.00	650.13	2,000.00	1,000.00
Other Income	2,500.00	7,895.61	5,000.00	7,500.00
Totals	\$414,111.12	\$397,471.52	\$416,611.12	\$399,500.00

*Budget comparison does not include depreciation expense.

**Employee's Insurance reimbursement is \$1,502.34 total for 2011.

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

Executive Office

SALARY BREAKDOWN

	2010	2011	2012
Executive Secretary			
Salary	\$45,366.77	\$45,366.77	\$44,166.77
Housing and Utilities	20,000.00	20,000.00	20,000.00
Social Security	10,001.12 (15.30%)	10,001.12 (15.30%)	9,817.52 (15.30%)
Retirement	2,268.34 (5%)	2,268.34 (5%)	0.00
Insurance (Health/Dental/Life)	6,234.40	6,229.21	6,852.13
Disability/Travel	475.16	481.33	474.75
NOTE: Office car furnished.			
	84,345.78	84,346.76	81,311.17
Executive Administrator			
Salary	57,822.83 (2.0%)	58,979.29 (2.0%)	57,822.83
Social Security	4,423.45 (7.65%)	4,511.92 (7.65%)	4,423.45 (7.65%)
Retirement	2,891.14 (5%)	2,948.96 (5%)	2,891.14 (5%)
Insurance (Health/Dental/Life)	11,167.20	12,283.92	13,512.31
Disability/Travel	407.82	414.64	407.83
NOTE: Office car furnished.			
	76,712.44	79,138.73	79,057.56
Executive Accountant			
Salary	45,454.15 (2.0%)	46,363.23 (2.0%)	45,454.15
Social Security	3,544.11 (7.65%)	3,614.99 (7.65%)	3,477.24 (7.65%)
Retirement	2,272.71 (5%)	2,318.16 (5%)	2,272.71 (5%)
Insurance	6,464.96	6,480.93	7,129.02
Health/Life	5,882.84	5,869.64	6,456.60
Dental	582.12	611.29	672.42
Disability	268.18	273.54	268.18
Christmas Bonus	874.12	891.60	0.00
	58,878.23	59,942.45	58,601.30
Yearbook Coordinator/			
Registration Coordinator			
Salary	38,215.80 (2.0%)	38,980.12 (2.0%)	38,215.80
Social Security	2,979.73 (7.65%)	3,039.32 (7.65%)	2,923.51 (7.65%)
Retirement	1,910.79 (5%)	1,949.01 (5%)	1,910.79 (5%)
Insurance	6,464.96	6,480.93	7,129.02
Health/Life	5,882.84	5,869.64	6,456.60
Dental	582.12	611.29	672.42
Disability	225.47	229.98	225.47
Christmas Bonus	734.92	749.62	0.00
	50,531.67	51,428.98	50,404.59

Salary Breakdown

Convention

CONVENTION BUDGETS
Financial Report
National Association of Free Will Baptists, Inc.
July 17-20, 2011
Charlotte, North Carolina

Budgets

	2010 Budget	2010 Actuals*	2011 Budget
PROJECTED REVENUE			
Booth Fees	\$28,000.00	\$34,484.00	\$28,000.00
Host State (North Carolina)	40,000.00	52,000.00	40,000.00
Local Church Representation Fees (\$100)	1,000.00	1,200.00	1,000.00
Offerings	8,000.00	11,023.29	9,000.00
Printing Income	10,000.00	11,290.40	10,000.00
Reimbursements	5,000.00	6,426.04	5,000.00
State Representation Fees (\$100 per church)	230,000.00	230,765.11	230,000.00
Truck Reimbursement	1,492.00	3,937.26	1,450.00
Other	500.00	12,462.75	500.00
TOTALS	323,992.00	363,588.85	324,950.00
PROJECTED EXPENDITURES			
Auditorium	167,990.45	182,266.07	155,800.00
Printing and Promotion	31,858.52	31,138.99	33,063.47
Convention Office	108,747.04	106,150.59	105,272.24
Convention Personnel			
Meals	4,476.00	4,296.00	4,812.00
Travel	5,484.70	8,469.31	6,214.40
Lodging	6,421.30	28,178.50	7,345.50
Convention Officials	5,216.60	5,575.22	5,442.50
Volunteer Staff	6,322.20	5,673.00	6,813.90
Honorariums	1,200.00	1,200.00	1,600.00
Decorator Services	14,526.00	10,785.29	8,318.00
Meal Functions	1,458.05	1,342.34	1,170.10
Executive Committee			
Meal and Motel Expenses	3,200.00	2,800.00	3,600.00
Pre-Convention Expenses	17,600.00	13,591.08	17,246.70
National Committee Expenses	17,500.00	12,534.00	14,000.00
Sub-Totals	392,000.86	414,000.39	370,698.81
Surplus Revenue	(68,008.86)	(50,411.54)	(45,748.81)
(Operating Capital for Future Conventions)			
TOTALS	323,992.00	363,588.85	324,950.00

*Budget comparison does not include depreciation expense.

**Realized losses relating to the 2011 Convention in Charlotte, North Carolina, will be funded by Convention Fund reserves.

Convention

Budgets

CONVENTION BUDGETS Financial Report National Association of Free Will Baptists, Inc. July 17-20, 2011 Charlotte, North Carolina

	2010 Budget	2010 Actuals	2011 Budget
PROJECTED REVENUE			
Booth Fees	\$28,000.00	\$34,484.00	\$28,000.00
Host State (North Carolina)	40,000.00	52,000.00	40,000.00
Local Church Representation Fees (\$100)	1,000.00	1,200.00	1,000.00
Offerings	8,000.00	11,023.29	9,000.00
Printing Income	10,000.00	11,290.40	10,000.00
Reimbursements	5,000.00	6,426.04	5,000.00
State Representation Fees (\$100 per church)	230,000.00	230,765.11	230,000.00
Truck Reimbursements	1,492.00	3,937.26	1,450.00
Other	500.00	12,462.75	500.00
TOTALS	323,992.00	363,588.85	324,950.00
PROJECTED EXPENDITURES			
AUDITORIUM			
Rental/Arena/Meeting Space	72,625.00	96,044.55	65,000.00
Flowers	500.00	465.00	500.00
Other			
First Aid Staff			
Liability, ASCAP, BMI, CCLI Insurance	2,000.00	1,540.00	1,750.00
Music/Equipment	1,000.00	1,556.62	1,000.00
Offering Buckets	4,500.00	2,287.52	3,500.00
Signs	100.00	0.00	100.00
Sound System/AV Equipment	100.00	182.50	100.00
Union Personnel/Stage Hands/Boom	60,182.95	60,389.00	65,000.00
Usher Badges/Usher Room Table, Chairs	15,000.00	8,591.75	11,000.00
Police Security/Badge Checkers	482.50	106.50	100.00
Streaming Video Expense	10,000.00	9,391.50	5,000.00
General Board AV	1,500.00	800.00	2,250.00
TOTALS	167,990.45	182,266.07	155,800.00
PRINTING AND PROMOTION			
Convention Materials			
Digest of Reports	7,907.50	9,306.67	9,000.00
Programs	2,790.00	2,862.32	3,000.00
Photos	100.00	0.00	100.00
Pre-Convention Printing/Art	4,500.00	2,408.92	3,500.00
ONE Magazine	16,561.02	16,561.08	17,463.47
TOTALS	31,858.52	31,138.99	33,063.47

Convention

Budgets

	2010 Budget	2010 Actuals	2011 Budget
CONVENTION OFFICE			
Audit	\$6,000.00	\$2,732.00	\$5,000.00
Convention Manager Package	61,619.29	61,619.28	62,599.28
Courtesy Car	50.00	0.00	50.00
Equipment Rentals			
Computers, Printers	750.00	716.19	500.00
Copiers (3)/Paper	2,750.00	2,750.00	2,500.00
Furniture/Radios, etc.	1,653.50	998.00	1,035.00
Information Tables	75.00	0.00	0.00
Media Room Tables	175.00	200.00	0.00
Office Expense/Supplies	3,500.00	2,845.06	3,000.00
Postage	400.00	602.23	500.00
Pre-Registration Salaries	16,500.00	16,168.24	12,611.20
Payroll Taxes	1,262.25	1,236.87	964.76
Pre-Registration Staff	3,200.00	3,048.26	3,200.00
Payroll Taxes	312.00	233.18	312.00
Pre-Registration (Supplies, Postage)	6,000.00	8,734.18	9,500.00
Registration (Supplies)	1,000.00	1,214.07	1,500.00
Registration Computers/Printers	2,100.00	2,090.50	1,900.00
Telephone/Internet	1,400.00	962.53	100.00
TOTALS	108,747.04	106,150.59	105,272.24
CONVENTION PERSONNEL			
MEALS			
Debbie Burden (24 meals @ \$12.00 each)	288.00	288.00	288.00
Keith Burden (33 meals @ \$12.00 each)	396.00	396.00	396.00
Vernon Florence (21 meals @ \$12.00 each)	180.00	180.00	252.00
Dari Goodfellow (24 meals @ \$12.00 each)	288.00	288.00	288.00
Melody Hood (27 meals @ \$12.00 each)	324.00	324.00	324.00
Steve Pate (18 meals @ \$12.00 each)	216.00	216.00	216.00
Eric Thomsen (21 meals @ \$12.00 each)	288.00	288.00	252.00
Ryan Lewis (33 meals @ \$12.00 each)	396.00	396.00	396.00
Convention Interns (10)	2,100.00	1,920.00	2,400.00
TOTALS	4,476.00	4,296.00	4,812.00
TRAVEL			
Debbie Burden	336.00	336.00	0.00
Keith Burden	336.00	336.00	300.00
Vernon Florence	75.00	75.00	550.00
Dari Goodfellow	336.00	264.80	300.00
Melody Hood	336.00	311.80	300.00
Steve Pate	336.00	336.00	300.00
Eric Thomsen	307.30	389.84	464.40
Ryan Lewis	336.00	343.30	300.00
Convention Truck (Fuel/Meals/Trailer Rental)	2,286.40	5,458.57	2,900.00
Staff Expense Money	800.00	618.00	800.00
TOTALS	5,484.70	8,469.31	6,214.40
LODGING			
Ken Akers (2nd Truck Driver)	0.00	805.25	0.00
Attrition	0.00	24,250.00	0.00
Keith Burden (11 nights @ \$12.00)	0.00	514.40	132.00
Vernon Florence (6 nights @ \$120.90)	516.80	416.00	725.40
Dari Goodfellow (7 nights @ \$132.90)	727.65	693.00	930.30
Melody Hood (8 nights @ \$120.90)	831.60	792.81	967.20
Ryan Lewis (11 nights @ \$18.00)	0.00	54.18	198.00
Steve Pate (7 nights @ \$132.90)	904.40	768.00	930.30
Eric Thomsen (6 nights @ \$120.90)	727.65	709.00	797.40
Convention Interns (21 nights @ \$120.90)	2,713.20	1,526.00	2,664.90
Comp Rooms	0.00	(2,350.14)	0.00
TOTALS (Includes applicable tax and parking)	6,421.30	28,178.50	7,345.50

Convention	Budgets		
	2010 Budget	2010 Actuals	2011 Budget
CONVENTION OFFICIALS			
Moderator - Tim York			
Travel	\$336.00	\$336.00	\$300.00
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$138.90)	811.50	874.53	833.40
Honorarium	400.00	400.00	400.00
	1,763.50	1,826.53	1,749.40
Clerk - Randy Bryant			
Travel	270.60	270.60	252.90
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$120.90)	661.50	698.63	725.40
Honorarium	400.00	400.00	400.00
	1,548.10	1,585.23	1,594.30
Assistant Moderator - William Smith			
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$138.90)	661.50	656.15	833.40
	877.50	1,072.15	1,049.40
Assistant Clerk - Ernie Lewis			
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$138.90)	811.50	875.31	833.40
	1,027.50	1,091.31	1,049.40
TOTALS (Includes applicable tax and parking)	5,216.60	5,575.22	5,442.50
VOLUNTEER STAFF			
Keyboardist - Deena Armstrong			
Lodging (5 nights @ \$132.90)	646.00	520.00	664.50
Music Coordinator - Chris Truett			
Lodging (6 nights @ \$132.90)	655.20	684.00	797.40
Photographer			
Lodging (6 nights @ \$132.90)	775.20	684.00	797.40
Pianist - Brian Floyd			
Lodging (6 nights @ \$138.90)	584.75	495.00	833.40
Taping - Mike Anderson			
Lodging (7 nights @ \$132.90)	818.65	742.00	930.30
Translator Rooms			
Lodging (10 nights @ \$132.90)	1,292.00	1,040.00	1,329.00
Usher Coordinator - Billy Walker			
Lodging (5 nights @ \$132.90)	775.20	684.00	664.50
Videographer			
Lodging (6 nights @ \$132.90)	775.20	824.00	797.40
TOTALS (Includes applicable tax and parking)	6,322.20	5,673.00	6,813.90
HONORARIUMS			
Rodney Holloman	200.00	200.00	200.00
Jim Walker	200.00	200.00	200.00
Robert Picirilli	200.00	200.00	200.00
Billy Hanna	200.00	200.00	200.00
Jeff Jones	200.00	200.00	200.00
Keith Burden	200.00	200.00	200.00
Pastor's Conference Speaker-Scott Coghill	200.00	200.00	200.00
Pastor's Conference Speaker-Rusty Russell	0.00	0.00	200.00
	0.00	0.00	200.00
TOTALS	1,200.00	1,200.00	1,600.00

Convention	2010 Budget	2010 Actuals	2011 Budget
DECORATOR SERVICES	\$4,500.00	\$3,978.56	\$2,955.00
Booth (70) Installation/Draped Tables/Union	180.00	170.73	0.00
Exhibitor Badges			260.00
Registration	2,251.00	2,590.00	1,000.00
Chairs, Counters, Skirted Tables, Carpet	1,500.00	600.00	
Electricity/Masking Drape			1,828.00
Stage	6,000.00	3,226.00	0.00
Platform/Carpet	0.00	0.00	275.00
Risers	95.00	220.00	1,500.00
Skirted Tables/Chairs	0.00	0.00	500.00
Skirting/Draping/Stage Set-Up	0.00	0.00	
Forklift			
	14,526.00	10,785.29	8,318.00
TOTALS			1,075.50
MEAL FUNCTIONS	1,343.10	1,227.39	
Executive Committee			
Dinner (30 people @ \$35.85)			94.60
Presidents' Breakfast	114.95	114.95	
(5 people @ \$18.92)			
	1,458.05	1,342.34	1,170.10
TOTALS			
EXECUTIVE COMMITTEE			
MEAL AND MOTEL EXPENSES			
(For the Executive Committee Meeting prior to the 2011 National Convention)			
Tim Campbell	400.00	400.00	400.00
Rick Cash	400.00	400.00	400.00
Chris Clay	400.00	0.00	400.00
Gary Fry	400.00	400.00	400.00
J.L. Gore	400.00	400.00	400.00
Glen Johnson	0.00	0.00	400.00
David Shores	400.00	400.00	400.00
Mike Wade	400.00	400.00	400.00
Keith Woody			
	3,200.00	2,800.00	3,600.00
TOTALS			
PRE-CONVENTION EXPENSES	100.00	100.00	300.00
Data Entry-Resolutions Data Base	2,500.00	1,996.00	1,946.70
Impact Charlotte	15,000.00	11,495.08	15,000.00
Pre-Convention Meetings/Site Inspections			
	17,600.00	13,591.08	17,246.70
TOTALS			
NATIONAL COMMITTEE EXPENSES	14,000.00	10,411.49	11,000.00
Executive Committee	3,500.00	2,122.51	3,000.00
Nominating Committee			
	17,500.00	12,534.00	14,000.00
TOTALS	392,000.86	414,000.39	370,698.81
SUB-TOTALS			
SURPLUS REVENUE	(68,008.86)	(50,411.54)	(45,748.81)
(Operating Capital for Future Conventions)			
	\$323,992.00	\$363,588.85	\$324,950.00
GRAND TOTALS			

**Realized losses relating to the 2011 Convention in Charlotte, North Carolina, will be funded by Convention Fund reserves.

2010
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	\$645.24	\$282.90	\$245.63	\$351.38	\$213.57	\$257.44	\$359.08	\$223.84	\$481.99	\$148.08	\$311.04	\$211.34	\$3,712.63
Arizona	0.00	0.00	135.00	47.25	0.00	0.00	0.00	0.00	45.00	0.00	0.00	0.00	227.25
Arkansas	9,583.61	6,095.60	8,064.65	6,621.61	8,311.15	8,095.07	6,987.64	8,410.92	6,350.08	6,737.98	8,201.62	0.00	83,459.93
California	271.37	447.96	531.13	617.65	599.35	534.55	714.37	360.30	473.94	1,057.29	0.00	548.77	6,156.68
Canada	41.12	0.00	0.00	114.80	33.46	0.00	0.00	31.10	47.09	32.16	43.52	37.04	457.98
Colorado	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,587.75	17,587.75
Florida	0.00	900.00	0.00	900.00	0.00	450.00	0.00	900.00	0.00	0.00	0.00	1,800.00	4,950.00
Georgia	1,172.47	543.72	552.56	937.91	434.38	785.75	910.55	787.70	763.83	800.63	769.86	997.70	9,457.06
Illinois	944.78	876.33	785.85	1,523.25	2,147.12	704.90	1,230.81	644.12	1,180.17	610.81	743.45	823.42	12,215.01
Indiana	15.75	0.00	0.00	139.13	38.25	129.83	12.60	18.00	15.75	10.80	205.65	72.00	657.76
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	36.16	0.00	0.00	39.02	0.00	0.00	9.00	0.00	67.79	369.20	6.75	309.02	158.72
Kentucky	375.48	357.84	484.30	337.09	557.52	327.79	324.61	389.03	555.51	0.00	0.00	0.00	4,715.86
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	211.20	810.69	894.36	0.00	1,589.94	256.03	195.00	1,095.37	359.99	561.10	1,105.11	628.57	7,707.36
Mississippi	0.00	620.89	0.00	265.58	545.25	0.00	649.93	272.16	0.00	337.03	740.51	286.40	3,717.85
Missouri	9,222.49	6,742.89	8,259.34	8,569.26	6,444.68	7,734.55	7,712.65	6,499.97	8,349.92	8,127.70	8,669.28	7,308.49	93,641.22
New Mexico	18.49	29.29	28.28	106.74	54.85	0.00	30.18	41.40	25.24	24.98	32.01	48.37	440.83
North Carolina	1,660.70	1,053.50	273.65	1,403.80	1,777.97	1,734.39	437.49	2,220.62	1,446.75	1,378.02	258.12	857.88	14,502.89
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
Northwest Assoc.	72.00	72.00	54.00	90.00	90.00	54.00	82.80	72.00	90.00	72.00	90.00	72.00	910.80
Ohio	991.54	1,335.33	1,394.24	1,261.39	1,784.28	1,668.36	1,303.47	1,318.12	1,710.07	1,327.32	1,646.87	1,672.25	17,413.24
Oklahoma	5,831.87	6,292.15	6,016.14	5,933.46	5,878.44	7,276.24	4,252.31	5,949.63	6,694.51	4,138.96	5,980.06	6,920.97	71,164.74
South Carolina	16.88	18.03	20.72	18.27	11.25	18.23	11.25	11.25	40.05	0.00	28.99	32.08	227.00
Tennessee	1,679.48	1,272.65	739.44	1,311.10	0.00	2,421.40	888.93	0.00	1,692.32	910.67	713.13	80.82	11,708.94
Texas	1,369.67	1,367.09	540.42	212.91	183.33	422.13	155.99	213.40	144.21	254.16	271.93	283.18	5,418.42
Utah	324.00	333.00	198.00	135.00	0.00	0.00	202.50	0.00	0.00	0.00	207.00	147.71	1,547.21
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	644.40	0.00	0.00	644.40
West Virginia	60.89	90.42	38.06	46.85	33.85	58.32	74.12	43.88	70.98	50.54	101.56	37.05	706.52
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
TOTALS	\$34,546.19	\$29,522.38	\$29,255.77	\$30,983.45	\$30,728.66	\$32,928.98	\$26,822.95	\$29,502.91	\$30,605.19	\$27,594.83	\$30,454.93	\$40,762.81	\$373,509.05

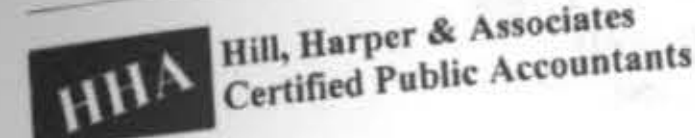
2010
The Together Way Plan Gifts/Executive Office
Designated

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$348.47	\$186.19	\$152.14	\$262.72	\$149.17	\$216.83	\$132.42	\$140.96	\$220.42	\$156.25	\$369.37	\$0.00	\$2,334.94
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	554.78	7.23	19.42	554.78
Canada	6.90	0.00	0.00	21.37	7.19	0.00	14.17	6.97	54.68	7.25	0.00	0.00	359.00
Florida	0.00	0.00	106.00	0.00	0.00	0.00	127.00	0.00	126.00	0.00	0.00	0.00	465.00
Georgia	0.00	0.00	0.00	0.00	465.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Illinois	64.25	64.25	72.18	85.47	85.47	81.07	150.19	81.07	0.00	76.13	96.57	82.00	938.65
Indiana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Iowa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kansas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kentucky	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Louisiana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maryland	0.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00	0.00	100.00	0.00	0.00	400.00
Michigan	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
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	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	61.00	140.00	45.55	161.00	140.00	10.00	126.00	140.00	220.00	189.00	10.00	75.00	1,317.55
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
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	31.22	32.00	32.00	88.94	0.00	0.00	56.11	0.00	0.00	0.00	0.00	0.00	296.39
Pennsylvania	0.00	324.95	257.98	560.85	349.49	401.94	363.00	258.32	428.82	372.00	0.00	0.00	4,115.89
South Carolina	222.74	20.00	20.00	415.74	20.00	20.00	245.00	20.00	358.00	0.00	0.00	0.00	2,303.62
Tennessee	672.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	192.12
Texas	127.87	64.25	0.00	0.00	0.00	0.00	434.80	0.00	39.82	0.00	0.00	0.00	768.38
Virginia	333.58	0.00	79.32	0.00	0.00	39.71	31.59	0.00	39.82	39.82	76.92	0.00	925.23
West Virginia	0.00	0.00	42.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$1,868.91	\$873.74	\$833.17	\$1,596.09	\$1,356.03	\$806.03	\$1,780.28	\$647.32	\$2,247.74	\$1,554.51	\$1,214.32	\$638.59	\$15,416.73

2010 Gifts to National Ministries

State	Executive	FWBBC	FWB Foundation	Home Missions	International Missions	Master's Men	Retirement & Insurance	WNAC	Commission for Theo. Integrity	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$6,082.13	3,053,369.36	\$302.52	\$653,478.96	\$43,137.00	\$2,268.99	\$567.54	\$4,154.95	\$22.97	\$22.89	\$22.89	\$21.40	\$1,177,806.61
Alaska	0.00	0.00	0.00	16,000.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,100.00
Arizona	254.90	263.89	40.88	18,347.21	23,889.92	38.89	1,448.89	2,285.50	1.53	1.55	1.56	1.40	46,078.20
Arkansas	83,459.93	38,300.28	6,120.36	199,639.43	548,844.26	14,941.92	12,896.76	15,940.35	510.04	510.04	510.04	510.04	922,662.48
California	6,711.46	5,800.95	425.07	162,434.99	92,394.54	999.00	1,051.50	1,880.20	37.63	37.63	37.63	34.28	272,461.98
Colorado	647.39	543.80	93.00	43,395.51	19,056.90	205.08	1,116.67	9.55	3.16	3.06	3.06	2.57	64,047.73
Connecticut	17,567.75	0.00	1,299.50	34,454.69	526.50	0.00	3,039.46	0.00	107.48	107.48	107.48	0.00	97,196.54
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
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
Florida	5,300.00	33,141.34	263.00	110,637.65	14,434.21	638.20	847.00	2,640.00	30.00	30.00	30.00	18.25	177,116.05
Georgia	10,081.71	80,547.64	833.30	211,829.90	367,899.68	1,697.69	1,793.36	14,493.69	59.69	59.69	59.69	51.68	895,877.84
Hawaii	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
Idaho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Illinois	12,215.01	19,615.57	895.77	146,575.95	242,598.79	3,619.25	2,090.15	3,214.00	74.64	74.64	74.64	69.61	431,029.13
Indiana	1,596.41	3,429.05	244.44	26,869.95	46,372.52	1,980.12	403.86	630.32	174.15	174.15	174.15	4.03	82,142.62
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	1,587.72	3,200.00	11.64	11,616.95	21,852.91	27.17	27.17	0.00	0.00	0.00	0.00	0.00	5,865.00
Kentucky	4,761.94	13,884.94	386.19	68,098.32	126,268.35	1,910.07	848.99	5,198.00	29.80	29.80	29.80	0.00	34,146.95
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
Maine	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
Massachusetts	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	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
Minnesota	8,150.00	12,000.00	600.00	98,895.21	117,140.75	3,538.37	1,396.00	4,807.00	47.50	47.50	47.50	43.25	264,796.51
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	4,517.85	34,440.58	272.85	166,908.50	80,528.32	567.16	639.17	2,427.50	22.71	22.71	22.71	20.86	290,426.62
Montana	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
Nebraska	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
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Jersey	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
New York	440.83	460.78	30.12	26,901.97	4,576.50	67.14	75.42	290.25	2.69	2.69	2.69	2.39	32,751.45
North Carolina	18,478.10	150,999.89	1,507.00	587,381.11	774,376.11	3,006.95	3,006.95	14,220.00	0.00	0.00	0.00	0.00	1,527,000.00
North 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
Ohio	910.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	910.80
Oklahoma	17,514.39	19,472.74	1,365.53	165,344.49	221,022.11	3,364.53	3,074.07	5,917.13	107.74	106.98	107.02	96.20	437,462.80
Oregon	71,596.96	53,010.27	5,334.92	153,791.08	568,021.34	12,688.84	12,532.90	12,901.19	405.98	405.63	405.68	5.13	931,345.87
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	4,504.83	103,617.82	158.46	127,003.23	519,437.35	181.70	374.01	5,834.18	0.00	0.00	0.00	0.00	350.00
Tennessee	14,231.19	271,540.83	3,277.54	491,198.55	1,254,356.64	11,564.91	6,088.63	11,603.74	1,960.26	302.34	302.42	266.99	2,076,527.53
Texas	6,119.79	26,427.97	1,033.91	169,576.64	133,100.43	978.69	1,402.78	2,141.64	37.24	35.92	36.11	31.36	340,002.42
Utah	1,547.21	20,430.89	113.46	199,242.21	322.08	239.41	294.73	0.00	9.47	9.47	9.47	8.57	302,155.86
Vermont	1,152.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,152.00
Virginia	1,131.75	10,767.82	51.80	99,480.98	149,622.61	130.00	546.13	1,417.06	216.81	4.32	216.91	4.09	263,963.33
West Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wisconsin	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
Wyoming	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Puerto Rico	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Virgin Islands	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
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foundation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WNAC	0.00	2,535.00	0.00	80,187.53	0.00	0.00	212.00	0.00	0.00	0.00	0.00	0.00	82,715.53
TOTALS	\$391,189.18	\$1,023,976.43	\$31,967.72	\$4,784,539.60	\$8,858,364.96	\$56,621.12	\$71,076.15	\$127,078.30	\$4,472.81	\$2,666.99	\$2,940.30	\$2,902.15	\$13,353,917.44

*NW-Other includes interest, miscellaneous income, investment gain/losses.
 *FM-Other includes miscellaneous income, investment gain/losses.
 *Master's Men-Totals does not include dues, sales, DFL, Conference or Tournament fees, or selected Endowment contributions.
 *WNAC-Totals does not include Memorial Student Loan Fund, Foreign Student Scholarship or gifts designated to other departments.



Independent Auditors' Report

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

We have audited the statements of financial position of Building Services Fund of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 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 Building Services' 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 financial statements and, in our report dated April 26, 2010, 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 Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 2010 and 2009, and 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

Franklin, Tennessee
March 15, 2011

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

Statements of Financial Position
December 31, 2010 and 2009

Assets

	2010	2009
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 164,749	142,114
Funds held by Free Will Baptist Foundation	47,460	50,561
Accounts receivable	212,209	192,675
	18,370	31,738
Total current assets	230,579	224,413
Property, plant and equipment:		
Land and land improvements	218,896	218,896
Building	1,563,210	1,549,160
Building services equipment	115,822	104,594
Departmental workstations	77,228	77,228
Less accumulated depreciation	1,975,156	1,949,878
	1,410,187	1,335,418
Net property, plant and equipment	564,969	614,460
	\$ 795,548	838,873
Liabilities and Net Assets		
Liabilities		
Net assets:		
Unrestricted net assets:		
Undesignated:		
Operations	183,109	179,547
Net investment in property, plant and equipment	564,969	614,460
	748,078	794,007
Designated:		
Stewardship promotion	23,024	27,044
Reserve for telephone system replacement	24,446	17,822
	47,470	44,866
Total net assets	795,548	838,873
	\$ 795,548	838,873

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, 2010 and 2009

	2010				
					2009
	Operations	Stewardship Education	Reserve for Telephone System Replacements	Totals	Totals
Revenues:					
Building rental	\$ 280,030	-	-	280,030	245,640
Reimbursement from departments	443,892	-	-	443,892	452,748
Interest income	-	826	624	1,450	1,609
Other	1,484	-	-	1,484	387
Net revenues	725,406	826	624	726,856	700,384
Expenses:					
Expenses incurred for departments:					
Employee benefits	282,344	-	-	282,344	283,743
Stewardship office expense	-	-	-	-	-
Leadership conference	23,859	-	-	23,859	24,092
Property and liability insurance	46,548	-	-	46,548	48,199
Telephone	26,279	-	-	26,279	22,571
Mailroom and other	66,249	-	-	66,249	74,181
	445,279	-	-	445,279	452,786
Building operating expenses:					
Salaries	68,607	-	-	68,607	73,272
Payroll taxes	5,337	-	-	5,337	5,673
Employee benefits	24,838	-	-	24,838	24,001
Janitorial services	37,483	-	-	37,483	31,595
Depreciation	74,767	-	-	74,767	74,955
Audit and legal	2,679	-	-	2,679	3,248
General insurance	17,813	-	-	17,813	15,797
Supplies and office expense	14,199	-	-	14,199	12,671
Utilities / telephone	36,900	-	-	36,900	35,839
Repairs and maintenance	25,521	-	-	25,521	13,287
Mailroom and other	11,912	-	-	11,912	10,990
	320,056	-	-	320,056	301,328
Total expenses	765,335	-	-	765,335	754,114
Excess of expenses over revenues	(39,929)	826	624	(38,479)	(53,730)
Expenditures for stewardship education	-	(4,846)	-	(4,846)	(5,705)
Provision for telephone system replacement	(6,000)	-	6,000	-	-
Decrease in net assets	(45,929)	(4,020)	6,624	(43,325)	(59,435)
Net assets at beginning of year	794,007	27,044	17,822	838,873	898,308
Net assets at end of year	\$ 748,078	23,024	24,446	795,548	838,873

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, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Decrease in net assets	\$ (43,325)	(59,435)
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation	74,767	74,955
(Increase) decrease in receivables	13,370	(27,454)
Increase (decrease) in accounts payable and accruals	-	(17,903)
Net operating activities	44,812	(29,837)
Cash Flows from Investing Activities		
Purchase of property and equipment	(25,278)	-
Net investing activities	(25,278)	-
Increase (decrease) in cash and cash equivalents	19,534	(29,837)
Cash and cash equivalents, at beginning of year	192,675	222,512
Cash and cash equivalents, at end of year	\$ 212,209	192,675
Cash and cash equivalents consists of:		
Cash in bank	\$ 164,749	142,114
Funds held by Free Will Baptist Foundation	47,460	50,561
	\$ 212,209	192,675

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2010 and 2009

Building Services 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 Building Services have been prepared on the accrual basis of accounting.

As required by generally accepted accounting principles, Building Services reports information regarding its financial position and activities according to three classes of net assets, as applicable:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body. The amount of unrestricted net assets is presented in the statements of financial position, and the net change is presented in the statements of activities.

Building Services does not have amounts to report in the remaining two classes of net assets which are:
Temporarily and Permanently Restricted Net Assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Building Services 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.

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.

Fair Value Measurements

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.

Compensated Absences

Employees of Building Services 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. Building Services' policy is to recognize the cost of compensated absences when actually paid to employees.

Income Taxes

Building Services is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2010 and 2009. Further, management believes that Building Services has no activities which will lead to income taxes being levied.

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

(1) Summary of Significant Accounting Policies, continued

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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through March 15, 2011, the date these financial statements were available to be issued.

(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, 2009, from which the summarized information was derived.

(3) Pension

Building Services 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 \$3,682 in 2010 and \$3,610 in 2009. 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

Building Services has entered into noncancelable lease arrangements relating to mailing equipment. Total rent expense amounted to \$5,964 for 2010 and 2009. The minimum payments required are \$5,964 for 2011 - 2013.

(5) Rental Income

Building Services rents office space of the National Office Building located in Antioch, Tennessee to various denominational agencies. The lease covers a period of one year, to be renegotiated and renewed by mutual agreement effective January 1 of each year. Each lease agreement is cancelable by either party with a 90 day written notice. Rental income amounted to \$280,030 in 2010 and \$245,640 for 2009. Rentals for 2011 are expected to approximate 2010 levels.

(6) Concentration of Credit Risk

Building Services holds real property which is used to house certain departments and agencies of the National Association of Free Will Baptists. Further, Building Services 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. Building Services 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.

	2010	2009
\$	23,024	27,044

Reserve for Telephone System Replacement

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

\$	24,446	17,822
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Budgets

Building Services

**2012
BUILDING SERVICES
BUDGETS
FINANCIAL REPORT**

	2010 Budget	2010 Actuals*	2011 Budget	2012 Budget
PROJECTED INCOME				
Square Footage (20,470 @ \$1.14 = \$23,335.80 mo.)	\$280,029.60	\$282,029.15	\$280,029.60	\$280,029.60
Total Income	\$280,029.60	\$282,029.15	\$280,029.60	\$280,029.60
PROJECTED EXPENSES				
Audit & Legal	\$6,500.00	\$2,679.00	\$4,000.00	\$4,000.00
Replacement Reserve	6,000.00	6,000.00	6,000.00	6,000.00
General Supplies	5,000.00	5,751.58	4,500.00	5,000.00
Insurance (Employee)	22,905.78	21,156.42	22,959.47	25,218.55
Insurance (Plant)	32,000.00	19,042.71	25,000.00	22,000.00
Janitorial Services	38,922.40	37,481.80	35,000.00	30,000.00
Janitorial Supplies	3,500.00	849.96	3,500.00	1,000.00
Mail Room	12,500.00	8,458.45	11,000.00	9,000.00
Mail Truck	4,000.00	1,733.81	2,500.00	2,200.00
General Maintenance/Contingency Fund	16,942.36	66,651.81	33,828.45	50,478.21
Network Expense	7,500.00	8,423.40	6,500.00	6,500.00
Payroll Taxes (Employer's S.S.)	5,316.21	5,336.76	5,585.74	5,330.36
Postage Meter/UPS	500.00	2,792.44	500.00	500.00
Retirement (Includes Ret. in Lieu of 4th Week Vacation)	4,000.00	3,681.94	4,326.23	3,124.50
Salaries	68,314.68	67,428.37	69,677.98	69,677.98
Telephone	5,454.25	5,000.00	5,000.00	5,000.00
Utilities	6,000.00	32,458.00	37,950.00	35,000.00
Step It Up Program	37,950.00	1,199.31	0.00	0.00
Christmas Bonus/Extra Week's Salary	0.00	1,178.17	1,201.73	0.00
Other	1,178.17	520.00	1,000.00	0.00
Total Expenses	\$280,029.60	\$298,278.18	\$280,029.60	\$280,029.60

*Budget comparison does not include depreciation expense.
**Employee's insurance reimbursement is \$1,296.72 total for 2011.

Building Services

BUILDING SERVICES SALARY BREAKDOWN

	2010	2011	2012
Maintenance Superintendent/ Mail Room Supervisor			
Salary	\$32,172.39 (2.0%)	\$32,815.84 (2.0%)	\$32,815.84
Social Security	2,508.52 (7.85%)	2,558.69 (7.65%)	2,510.41 (7.65%)
Insurance (Dental/Health/Life)	16,368.00	16,414.46	16,055.91
Disability	189.82	193.61	193.61
Retirement	1,608.62 (5%)	1,640.79 (5%)	1,640.79 (5%)
Christmas Bonus	618.70	631.07	0.00
	53,466.05	54,254.46	55,216.57
Receptionist/Phone System Administrator/Assistant Bookkeeper			
Salary	29,082.29 (2.0%)	29,674.14 (2.0%)	29,674.14
Social Security	2,268.36 (7.65%)	2,313.73 (7.65%)	2,270.07 (7.65%)
Insurance (Dental/Health/Life)	6,176.32	6,176.32	6,176.32
Disability	171.64	175.08	175.08
Retirement	1,454.61 (5%)	1,483.71 (5%)	1,483.71 (5%)
Christmas Bonus	559.47	570.66	0.00
	39,722.69	40,393.64	40,396.95
Part-time Worker			
Salary	7,050.00 (75 days)	7,188.00 (75 days)	7,188.00 (75 days)
Social Security	539.33 (2.0%/11.75 hr.)	549.88 (2.0%/11.98 hr.)	549.88 (11.98 hr.)
	7,589.33	7,737.88	7,737.88

Salary Breakdown



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

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

Franklin, Tennessee
March 15, 2011

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

Statements of Financial Position

December 31, 2010 and 2009

Assets	2010	2009
Current assets:		
Cash and interest bearing deposits	\$ 147,592	113,939
Accounts receivable	7,924	9,048
Total current assets	<u>155,516</u>	<u>122,987</u>
Other assets:		
Funds held by Free Will Baptist Foundation for endowment fund purposes	23,347	21,901
Fixed assets:		
Furniture and equipment	18,456	16,857
Less accumulated depreciation	(13,199)	(10,315)
Net fixed assets	<u>5,257</u>	<u>6,542</u>
	<u>\$ 184,120</u>	<u>151,430</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 37,181	35,744
Total liabilities	<u>37,181</u>	<u>35,744</u>
Net assets:		
Unrestricted - operations	123,592	93,785
Temporarily restricted - endowment earnings	2,347	901
Permanently restricted - endowment funds	21,000	21,000
Total net assets	<u>146,939</u>	<u>115,686</u>
	<u>\$ 184,120</u>	<u>151,430</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, 2010 and 2009

	2010			2009
	Unrestricted Operations	Restricted Net Assets	Endowment Funds	Total
Revenues:				
Assessments to publish One Magazine from Free Will Baptist departments and agencies	\$ 419,657	-	-	419,657
Revenues for additional pages printed	2,073	-	-	2,073
Net results from endowments held by Free Will Baptist Foundation	1,041	1,446	-	2,487
Other	1,360	-	-	1,360
Total revenues	<u>424,131</u>	<u>1,446</u>	<u>-</u>	<u>425,577</u>
Expenses:				
Direct cost of publication:				
Printing	169,598	-	-	169,598
Postage and mailing services	94,582	-	-	94,582
Design	31,590	-	-	31,590
Graphics expense	4,147	-	-	4,147
Writer's fees	1,518	-	-	1,518
Total direct cost of publication	<u>301,435</u>	<u>-</u>	<u>-</u>	<u>301,435</u>
Employee compensation:				
Salary	63,495	-	-	63,495
Payroll Taxes	4,857	-	-	4,857
Retirement	2,846	-	-	2,846
Other employee benefits	6,431	-	-	6,431
Total employee compensation	<u>77,629</u>	<u>-</u>	<u>-</u>	<u>77,629</u>
Operating expenses:				
Supplies and other office expense	10,083	-	-	10,083
Travel	2,293	-	-	2,293
Depreciation	2,884	-	-	2,884
Total operating expenses	<u>15,260</u>	<u>-</u>	<u>-</u>	<u>15,260</u>
Total expenses	<u>394,324</u>	<u>-</u>	<u>-</u>	<u>394,324</u>
Increase (decrease) in net assets	<u>29,807</u>	<u>1,446</u>	<u>-</u>	<u>31,253</u>
Net assets at beginning of year	<u>93,785</u>	<u>901</u>	<u>21,000</u>	<u>115,686</u>
Net assets at end of year	<u>\$ 123,592</u>	<u>2,347</u>	<u>21,000</u>	<u>146,939</u>

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, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 31,253	(83,121)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	2,884	3,287
(Increase) decrease in accounts receivable	1,124	(4,038)
Increase (decrease) in accounts payable	1,437	(12,763)
Net operating activities	36,698	(96,635)
Cash Flows from Investing Activities		
Change in investment with Free Will Baptist Foundation	(1,446)	(3,118)
Purchase of equipment	(1,599)	-
Net investing activities	(3,045)	(3,118)
Increase (decrease) in cash and cash equivalents	33,653	(99,753)
Cash and cash equivalents, at beginning of year	113,939	213,692
Cash and cash equivalents, at end of year	\$ 147,592	113,939

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2010 and 2009

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.

As required by generally accepted accounting principles, One Magazine reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body.

Temporarily restricted net assets - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Permanently restricted net assets - Net assets to be maintained in perpetuity as directed by donor imposed stipulations.

The amount of each of the classes of net assets are presented in the statements of financial position and the change in each class of net assets is presented in the statements of activities.

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.

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 life's 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.

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

(1) Summary of Significant Accounting Policies, continued

Fair Value Measurements

Fair value is defined 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 as assumptions market participants would use in pricing an asset or liability. For the years ended December 31, 2010 and 2009, funds held by Free Will Baptist Foundation were valued at market using Level 2 inputs.

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.

Endowment Funds

Investments of endowment funds are held by Free Will Baptist Foundation and are valued using Level 2 inputs (as described above) based on fair market value quotes. As required by generally accepted accounting principles, the original donor contribution is maintained as permanently restricted net assets. All resulting net accumulated investment gains or losses are maintained either as temporarily net assets (if net gains) or unrestricted net assets (if net losses). The balances relating to endowment funds are as follows:

	2010	2009
Permanently restricted net asset:		
Original donor investment (corpus)	\$ 21,000	21,000
Temporarily restricted net assets:		
Balance at beginning of year	\$ 901	-
Investment earnings, including investment gains and losses	2,487	901
Distributions of earnings to unrestricted net assets	(1,041)	-
	\$ 2,347	901

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. One Magazine's policy is to recognize the cost of compensated absences when actually paid to employees.

Income Taxes

One Magazine is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2010 and 2009. Further, management believes that One Magazine has no activities which will lead to income taxes being levied.

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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through March 15, 2011, the date these financial statements were available to be issued.

**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:

	2010	2009
Executive Office:	\$ 110,407	84,098
Administrative budget	16,561	12,615
Convention budget	44,163	33,639
Free Will Baptist Foundation	49,021	37,340
Free Will Baptist Bible College	67,348	51,300
Board of Home Missions	57,964	44,152
International Missions	7,949	6,055
Master's Men	44,163	33,639
Randall House Publications	22,081	16,819
Board of Retirement and Insurance	\$ 419,657	319,657

Due to economic conditions, assessments were reduced by \$100,000 for the 2009 year. These assessments have reverted to previous levels for 2010. Revenues are expected to approximate \$406,000 in 2011 with the participation of Women Nationally Active for Christ and the reduction of pages to be printed for International Missions.

(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.

Endowment investments are held by Free Will Baptist Foundation, as further discussed in note 1 above.

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$219,860 in 2010 and \$251,504 in 2009.

(4) Pension

The One Magazine 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 \$2,846 in 2010 and \$2,709 in 2009. 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 are 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, 2009, from which the summarized information was derived.

**2012
ONE MAGAZINE
BUDGETS
FINANCIAL REPORT**

REVENUE	2010 Budget	2010 Actuals*	2011 Budget	2012 Budget
Convention	\$16,561.02	\$16,561.08	\$17,463.47	\$17,463.47
Executive Office	110,406.80	110,406.84	116,433.44	116,433.44
Free Will Baptist Bible College	49,020.62	49,020.60	51,695.58	51,695.58
Free Will Baptist Foundation	44,162.72	44,162.76	46,575.15	46,575.15
Home Missions	67,348.15	67,348.20	71,022.23	71,022.23
International Missions	57,963.57	57,963.60	61,126.57	30,563.28
Master's Men	7,949.29	7,949.28	8,382.11	8,382.11
Randall House Publications	44,162.72	44,162.76	46,575.15	46,575.15
Retirement & Insurance	22,081.36	22,081.32	23,287.57	23,287.57
WNAC	0.00	0.00	0.00	8,382.11
Endowment	0.00	1,041.26	0.00	1,000.00
Graphics	3,000.00	2,073.20	3,000.00	1,000.00
Subscription Revenue	400.00	1,360.00	400.00	1,000.00
Total Revenue	\$423,056.25	\$424,130.90	\$445,961.27	\$423,380.09
EXPENSES				
Salary & Benefits	\$72,849.41	\$72,389.52	\$73,966.47 **	\$73,650.11
Auto/Cell Phone Allowance	5,240.00	5,240.00	5,344.80	5,344.80
Audit & Legal	4,500.00	3,500.00	3,600.00	4,000.00
Books, Dues & Registrations	1,500.00	285.12	1,500.00	750.00
Computer Software/Services	5,000.00	3,697.35	3,500.00	3,000.00
Design	32,000.00	26,122.50	34,000.00	36,000.00
Graphics	5,000.00	4,146.75	4,000.00	4,500.00
Mail Services	10,000.00	5,224.48	10,000.00	10,000.00
Mailing List Maintenance	1,500.00	0.00	0.00	0.00
Miscellaneous	4,666.84	2,008.83	3,000.00	3,135.18
Postage	85,000.00	72,431.66	98,000.00	92,000.00
Postal Returns	4,000.00	1,955.30	2,000.00	2,000.00
Printing	180,000.00	141,063.13	198,000.00	180,000.00
Promotion	2,000.00	1,016.41	1,000.00	1,000.00
Supplies	3,500.00	1,175.35	2,500.00	2,000.00
Telephone	300.00	0.00	300.00	0.00
Travel	4,000.00	2,293.05	3,250.00	4,000.00
Writer's Fees	2,000.00	1,517.90	2,000.00	2,000.00
Total Expenses	\$423,056.25	\$344,067.35	\$445,961.27	\$423,380.09

*Budget comparison does not include depreciation expense.

**Employee's insurance reimbursement is \$318.72 total for 2011.

**2011 President's Report
Free Will Baptist Bible College**

As Committed as Ever

Free Will Baptist Bible College is as committed as ever. We are committed to our founding purpose. Our original charter states that the college is to be "devoted to the promotion and impartation of higher biblical education, and such other education, instruction, and training as may be deemed essential to the equipment of Christian workers, teachers, ministers, and missionaries of both sexes for Christian service."

This purpose shines through in our current mission statement: "To educate leaders to serve Christ, His Church, and His world through biblical thought and life." In our commitment to our purpose, we are committed to biblical higher education. This means that we aim to educate Christian servant leaders in a biblical worldview to impact the church and the world for the Kingdom of God.

Our leader-graduates go out into myriad professions, whether in full-time Christian ministry or education or healthcare or the marketplace. But they have all been equipped as Word-driven, gospel-centered Christian workers for the church of Jesus Christ. They have all been given an orientation toward the Great Commission—making disciples of all nations—and the Great Commandment—loving God and neighbor. They have been taught to take every thought captive to the obedience of Christ.

Comprehensive Biblical Higher Education

The greatest potential change this year at Free Will Baptist Bible College is the Board of Trustees' proposal to the National Association of Free Will Baptists to change the name of the college to Welch College. The college has always had a broad "umbrella" approach to Bible college education, seeing all fields of study and professions as noble callings for the Christian. Yet it has advocated this comprehensive approach within a framework of biblical higher education which emphasizes features such as: a Bible major, a ministry and missionary mindset, daily chapel, weekly Christian service, nightly SpiritualLife groups in residence halls, conservative community life standards, and spiritual formation.

Our discussions with the Free Will Baptist people over more than a decade have shown us that our people want FWBBC to do at least two things: (1) maintain a core purpose of providing gospel preachers and missionaries for the Free Will Baptist denomination, and (2) provide a more comprehensive college education that is conservative in faith and practice yet academically excellent so that people can take the gospel into a variety of professions and walks of life.

Those discussions support the idea that Free Will Baptists want their denominationally owned and operated college to be comprehensive enough so that it is conceivable that anyone in any Free Will Baptist church, whether the pastor, a doctor, a lawyer, an accountant—any profession—could have received his or her education at a Free Will Baptist college.

Free Will Baptists do not want their young people who are called to be salt and light in highly competitive professional fields to have to go outside the denomination for their education. And this is particularly important when we realize that 80 percent of Free Will Baptist college students are attending secular

schools that are hostile to their faith. According to the latest statistics, this means we're not only losing most of our young people out of the Free Will Baptist family, we're losing a large portion of them out of the Christian faith.

And, in a post-9/11 world, when there is more hostility than ever to a Christian missionary presence in closed and restricted-access countries, we believe Free Will Baptists want to make it easier for our graduates to gain access to spread the gospel in countries where it's increasingly difficult or impossible to get traditional missionary visas. What makes this name change proposal even more important is that 80 percent of Free Will Baptist international missionaries graduate from FWBBC, and we want to do whatever we can to help them gain access to those hard places so they can spread the Good News.

Name Change Survey

The name change survey we conducted this spring confirmed that our people, by and large, want this name change. We distributed about 10,000 surveys—to all our alumni, to the Free Will Baptist pastors mailing list, to all our donors and current students, and to many prospective students. We got back around 1,000—a 10 percent response rate, which is much higher than the 3-4 percent rate statisticians like to have for a survey such as this.

The survey indicates that 70 percent agree with the name change to Welch College, while 10 percent aren't sure and 20 percent disagree. However, of alumni who support the college financially, 85 percent like the change, 6 percent aren't sure, and only 9 percent disagree. And only 4 percent say their support (finances or sending students) of the college will decrease, while 43 percent say their support will increase.

The greatest fear we have encountered when discussing the name change is that this is an effort to eventually remove FWBBC from the auspices of the National Association of Free Will Baptists. *Let me state this clearly: we have no desire to see our relationship with our parent denomination change. We are grateful for the accountability we have to this body. We cherish the relationship that exists.*

All our Board members are elected by the National Association. This body has the final voice through the Board on all policy matters. Far from chafing under the arrangement, we embrace it. A name change does not indicate a move away from this denomination.

We believe the time is right to proceed with a name change. The Board of Trustees voted in its May 2011 meeting to recommend to the National Association that the name change be approved at the 2012 national convention in Memphis. Over the next year, we will be explaining our rationale for a name change, and listening to the voice of our people on this important change, seeking the face of God as we move toward this important vote. Please be praying with us about this momentous step forward in the history of our institution.

Relocation

Sometimes people will say, "For years we've been hearing that the college hopes to relocate, but it still hasn't happened. What's the holdup?" Many of our people know that President Emeritus Tom Malone introduced the wise idea of relocating the college. He knew that increasing prices in the posh neighborhood our campus is in, together with zoning laws that prohibit us from future expansion, made eventual relocation a necessity. Furthermore, he knew that, in an increasingly competitive environment, we needed larger dorm rooms, more green space, technologically sophisticated facilities, and other student-friendly features only a new campus could make possible.

However, when the Board hired me as president in 2002, they voted to "shelve" the idea and give me an opportunity to get my bearings as president. Four years later, we took relocation off the shelf and conducted a major feasibility study, eventually resulting in the purchase, in August 2008, of a prime 66-acre campus site in the bustling Hendersonville-Gallatin suburban area. That property, which we acquired for \$3 million, was appraised eight months later at \$5.7 million.

That fall is when the bottom dropped out of the global economy, resulting in the worst recession in the college's history. Values in the Nashville real estate market plummeted, and developers who could formerly have afforded to purchase and develop our West End campus, thus allowing us to relocate, put many of their plans on hold. This is the situation in which we found ourselves over the past three years—in a depressed real estate market that isn't conducive to selling our West End property. But selling our current campus is *absolutely necessary* if we are to begin construction on a new campus on the Gallatin property.

Some have asked why we do not build and move, and then sell our current campus. The simple reason is that the math will not work. We do not have the resources to follow that course of action, as much as we might like it. We could only do that if we receive a massive influx of relocation gifts, something in the \$30 million range.

We have talked with between 40 and 50 donors in the silent phase of a capital campaign, and have raised well over \$2 million in cash and commitments toward the new campus. Cash gifts to the relocation are coming in on schedule.

Also, the Board of Trustees, at our May 2011 meeting, approved a measure to transition to relocation by selling a few of the older homes we have on our campus that do not impact student life or college activities. This will allow us to pay down the debt on our Gallatin property (for which we still owe just over \$2 million) and transition to the new campus. What is more, the savings we realize in principal and interest payments will allow us to make some needed improvements on the West End campus, which have the potential of increasing its value.

We have also been in talks with potential buyers for the West End campus. Even though we are eager to get out on a new campus, we don't want to become impatient and accept a price for our campus, in a down real estate market, that is below its value. But plans for relocation—and excitement for it—are still very much alive and well. We need the prayers of our people that God will move us forward in the sale of our current campus and the construction of a new campus in His timing.

Finances

At the time of this writing (May 2011), we project a balanced budget for the year. However, we are experiencing a cash crunch and need the financial support of our Free Will Baptist people. The economy of the past few years has presented great financial challenges to FWBBC. This year the college had to maintain the 5 percent salary decrease and pension freeze we instituted in the 2008-2009 fiscal year, in addition to two staff reductions and strategic restructuring which resulted in cuts in the hours of three employees. I offer my warmest thanks to the faculty and staff of FWBBC who have made great sacrifices to ensure the college's financial stability.

While our giving has not suffered badly, we did not have the increase in gifts for which we had budgeted owing to the downturn in nonprofit giving as a result of the down economy. Furthermore, the economic crisis has hurt our enrollment the past few years, as it has many other small Christian colleges. The annual *Higher Education Outlook* from Moody's Investor Services, the gold standard in higher education forecasting, describes how small,

under-resourced, non-selective (open enrollment) private colleges with low endowments have especially struggled in the current economic environment. This is especially true because such a high percentage of income at schools like ours comes from tuition. And that is one of the challenges we face.

There is a direct correlation between the amount of gifts received and the amount of tuition charged. We are keenly aware that the reason many prospective students do not choose FWBBC is because of the cost. Despite holding the line on tuition and fees for this coming year, the dollars required to attend is still daunting.

We would like nothing better than to lower costs and make education more affordable. The reality is we would need to see gift income almost triple before that became feasible.

Enrollment

Our ministry enrollment has remained stable, and is higher as a percentage of our overall enrollment (almost 40 percent) than in recent years. Our enrollment in local church ministry programs is the second-highest in 22 years. Ministry education continues to be at the center of our life and mission at FWBBC. Additionally, our Tennessee enrollment is stable, at numbers similar to our 22-year record enrollment in 2006-2007.

Where we are suffering is in out-of-state, non-ministry students. The Moody's report states that lower-cost options closer to home are the reason many families are not choosing private colleges, as they did before the recession. In the recent economic environment, when a Free Will Baptist student wants to major in a non-ministry field, many families are opting for community colleges and state universities closer to home, with many states offering state-funded scholarship programs for students making a B average or higher.

However, while some students called to ministry are staying at community colleges with plans to transfer after two years, many are still attending FWBBC. This accounts for the fact that our ministry enrollment has not suffered. State-funded scholarship programs for Tennessee students who make a B average or higher account for the fact that our Tennessee student enrollment has not suffered.

Despite the downturn in enrollment over the past few years, we have the highest number of applicants since we have been keeping such records, and we project a 20 percent increase in new students (freshmen and transfers) this fall. Please pray for the students who have applied for the fall that they will be sensitive to God's guidance and will attend FWBBC.

Accreditation

This was a momentous and busy year with regard to accreditation at FWBBC. We underwent the 10-year reaffirmation process for both our accrediting bodies, the Association for Biblical Higher Education (ABHE) and the Southern Association of Colleges and Schools (SACS). We will receive final confirmation on reaffirmation later this summer, when the accrediting commissions of both those organizations vote.

We received positive reviews from both teams on the health and stability of finances, academics, student life, and spiritual goals on campus. We were singled out for commendation for how we have coped with the economic crisis and come out financially strong and stable. We were also praised for the loyalty, unity, and mission-drivenness of our faculty and staff, our stellar students, our Christian service program, and our commitment to a biblical worldview. We are grateful for the extra level of accountability, financial stability, and quality enhancement that are required as a result of regional and professional accreditation.

Faculty Honors

Our faculty is our greatest asset at FWBBC! They enable us to fulfill our mission of educating and mentoring students for Christian leadership. Our faculty and staff excel in ministry, mission, scholarship, participation in professional societies, and civic engagement. Faculty accomplishments this year include the following:

- **Ronald Callaway** led FWBBC students on mission trips to India and Cuba, and taught at the Free Will Baptist Bible Institute in Panama.
- **Leroy Fortlines** presented a paper at the 2010 Theological Symposium at FWBBC and published a book entitled *Classical Arminianism* with Randall House.
- **Dr. Kevin Hester** chaired FWBBC's Compliance Committee for SACS and ABHE accreditation reaffirmation and presented a paper at the 2010 Theological Symposium at FWBBC.
- **Matthew McAfee** presented a paper at the 2010 Theological Symposium at FWBBC.
- **John Murray** led preaching trips to Texas, North Carolina, and Arkansas. The Christian Service Department he leads was singled out for commendation by the visiting ABHE team.
- **Dr. Thurman Pate** was elected president of the Tennessee Association of Schools of Teacher Education.
- **President Matt Pinson** spoke on Arminianism at New Orleans Baptist Theological Seminary (NOBTS), had articles on the same subject published in the *Journal of the Evangelical Theological Society (JETS)* and NOBTS's *Journal for Baptist Theology and Ministry*, and served as editor of *Classical Arminianism* by Leroy Fortlines.
- **Barry Raper** presented a paper at the 2010 Theological Symposium at FWBBC.
- **Dr. Garnett Reid** wrote a parenting book, *Deuteronomy 6 in 3D: What Matters Most*, published by Randall House. He presented a paper at the 2010 Theological Symposium at FWBBC and published a book review in the *Journal of the Evangelical Theological Society*.
- **Dr. James Stevens** composed a missionary anthem, "Go Into All the World," which was performed at the GO10 event on the FWBBC campus and at the 2010 Free Will Baptist national convention in Oklahoma City, Oklahoma. The anthem was also published by Sunmin Music, the largest church music publisher in Korea.

Faculty and Staff Transitions

This year has been a year of transition in the faculty and staff of Free Will Baptist Bible College.

- We welcomed **Matthew and Anna McAfee** to our campus. Matthew serves as our campus pastor and faculty member in biblical and theological studies while completing his Ph.D. dissertation for the University of Chicago. Anna serves as women's resident director. Having this family living on our campus and ministering holistically to our students spiritually, personally, and academically has been very beneficial.
- **Dr. Milton Fields** retired after providing 17 years of innovative academic leadership for the college. He filled a number of critical positions during his FWBBC career including vice president for institutional planning (2006-2011), academic dean (1998-2006), chair of the Teacher Education Department (1994-1999), and key roles with professional associations to maintain the college's accreditation. Dr. Fields will continue to serve the college in an advisory capacity and as a field representative. The college presented him with a plaque of appreciation during 2011 commencement exercises and honored him with a retirement dinner on May 26.
- **Bert Tippet**, who served the college 44 years (1965-2009) as publications editor and director of church relations, died January 5, 2011, at age 70 after a heroic three-year struggle with prostate cancer. Best known for his skills as a journalist, editor, and photographer, Reverend Tippet enjoyed an extraordinary pulpit ministry, first as a pastor in New Hampshire and then as an interim pastor in Middle Tennessee, and 10 years as campus pastor at FWBBC. He delivered the opening address at the 2010 national convention in

Registration Report 2010-2011

ENROLLMENT: 321

States

Alabama	14
Arkansas	14
California	4
Delaware	1
Florida	7
Georgia	9
Idaho	1
Illinois	10
Indiana	8

Kansas	2
Kentucky	12
Michigan	20
Missouri	16
Mississippi	6
North Carolina	16
Ohio	10
Oklahoma	5

Oregon	2
South Carolina	4
South Dakota	1
Tennessee	120
Texas	2
Virginia	7
West Virginia	2
International	28

The student body represents 24 states (USA) and five other countries (Cuba, Japan, Kazakhstan, Mongolia, and Panama).

Classification

Freshman	100
Sophomore	84
Junior	52
Senior	45
Non-Degree Part-Time	1
Special	39

*Vocational

Pastoral	30
Youth Ministry/CE	25
Missions	21
Ministry Students (B.S./ASM)	46
Business	25

English	8
Exercise Science	7
General Studies	13
History	6
Music	10

Psychology	19
Science/Nursing	16
Special	1
Teacher Education**	55
Non-Degree Part-Time	39

*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	206
Part-Time	115
Dorm	158
Commuter	64
ADP	26
Lifetime Learning/Online	39
Online	34

Male	182
Female	139
Single	248
Married	73
Free Will Baptist	248
Other	73

New	59
Returning	12
Continuing	182
Transfer	39
Non-Degree Part-Time	1
Special	28

Oklahoma City. He was one of the most beloved members of the college family, and we miss his faithful ministry.

- **Loyce McVay**, business office associate, retired on December 31, 2010, after 45 years of service. She enrolled as a student in 1963, completed an associate's degree in Business, and began working full-time in 1965. Like many others, Loyce served in a number of roles. Her most recent full-time duties included data processing coordinator. She started out in the basement printing on mimeograph machines and offset presses, then moved from typewriters to computers, changing roles and equipment as the need arose.
- **Sara Steele**, assistant to the provost, retired last fall after serving 41 years in the administrations of four FWBBC presidents—L.C. Johnson, Charles Thigpen, Tom Malone, and Matt Pinson. She began in 1969 as secretary to Registrar Robert Picirilli (later academic dean) where she worked 29 years, then served with her second academic dean, Milton Fields, and finally with Provost Greg Kettelman.
- **Kathy Murphy**, a mother of four and full-time member of the Teacher Education faculty since 2006, resigned to devote more time at home to her family. She was named the 2011 "Academic Advisor of the Year." While we applaud Mrs. Murphy's decision to focus on Christian parenting, we will greatly miss her influence in the classroom and her work as faculty secretary.
- **Dr. Darrell Holley** is on emergency leave of absence from his duties as chair of the English Department and his full-time teaching responsibilities in order to care for his 82-year-old mother in Florida. A member of the FWBBC family since 1994, Dr. Holley will still serve in a part-time teaching role for the 2011-2012 academic year.
- **Lynsey Riggs** moved from the role of administrative assistant in the Enrollment Management Office and is doing an excellent job in her new role as administrative assistant to the Provost.

Thank You

This has been one of the most challenging and one of the most exciting years in the history of FWBBC. We said goodbye to some of our greatest friends and workers. We're on the threshold of a new name for the college. We're *this close* to relocating to a new campus. We've held our own in the downward spiraling economic market. We graduated a strong class of leaders who will be difference-makers wherever God sends them in the world. What an honor to serve as president of Free Will Baptist Bible College! Each day amazes me as God continues to move in His own way and in His own time to use the Free Will Baptist denomination and this college. Thank you for your support, for investing in the lives of students to make a difference for eternity. We need your prayers, your financial support, and the students you recommend as we fulfill the college's mission to educate leaders to serve Christ, His Church, and His world through biblical thought and life.

Financial Aid Report 2010-2011

Type of Aid	Number of Recipients	Amount of Aid
Institutional Loans	26	\$ 36,237.61
College-Administered Scholarships	523	853,032.88
Federal Pell Grants	136	482,977.25
Federal SEOG Grants	26	14,635.31
Federal Work-Study	9	16,381.25
Federal Stafford Loans (Subsidized)	157	612,432.00
Federal Stafford Loans (Unsubsidized)	139	519,407.00
Federal Plus Loans	27	263,500.00
TSAA Grants	8	23,500.00
Tennessee HOPE Scholarship	38	151,375.00
Tennessee Helping Heroes Grant	1	2,000.00
Tennessee Dual Enrollment Grant	1	600.00
Tennessee Teaching Scholars Award	1	4,500.00
Federal ACG	10	8,225.00
Campus Workers	103	159,473.87
Alternative Loans	10	110,760.00
External Scholarships	49	76,722.63
TOTAL FINANCIAL AID ADMINISTERED, 2010-2011		\$3,335,759.80

Welch Library Report 2010-2011

Athena Collection Statistics	
Reference	4,768
General Collection	57,308
Curriculum Lab	1,931
Audiovisuals	821
Music Collection	339
E-books	27,487
ERIC Microfiche	74,630
Historical Collection	1,935
Microfiche Books	426
TOTAL ATHENA COUNT	169,645

Synopsis of Minutes for the Board of Trustees

August 11, 2010

The Board met via conference call. Several policies were adopted to meet requirements for upcoming accreditation visits.

September 9, 2010

The Board met via conference call. They discussed ways to balance the budget for the 2010-2011 school year. A plan submitted by the president to restructure and reduce some departments and to increase efforts in recruitment, retention, and fundraising was accepted by the Board.

September 23 and 24, 2010

The Board of Trustees met for two days primarily for Board training and discussion regarding a name change for Free Will Baptist Bible College. Three new Board members, Mike Armstrong, Jeff Crabtree, and Shiloh Hackett, were welcomed. A unanimous vote by the Board that Welch College be the proposed name for the feasibility study.

December 8, 2010

The Board of Trustees received reports from each department. The Board authorized President Pinson to explore a possible land investment in Joelton, Tennessee. (The Board decided in a conference call on March 30, 2011 not to pursue the investment.) They also authorized moving the loan that is currently in repayment from Pinnacle Bank to the Free Will Baptist Foundation. Board member Jeff Crabtree was added to the Plant and Finance Committee.

May 4 and 5, 2011

The Board adopted the 2011-2012 proposed budget. A report was received on the name change feasibility study. The Board voted 8-1 to recommend the National Association of Free Will Baptists change the name of Free Will Baptist Bible College to Welch College. The Board commended Dr. Milton Fields for his 17 years of service. They also commended the faculty and staff for their work on the reaffirmation of SACS and ABHE accreditations.

Salary Breakdowns

	2009-2010	2010-2011	2011-2012 ****
President*			
Salary	\$64,154	\$64,154	\$65,437
Social Security	4,908	4,908	5,006
Retirement**	8,629	10,052	11,112
Medical Insurance	8,965	9,076	9,701
Life Insurance	234	242	331
	\$86,890	\$88,432	\$91,587
Provost			
Salary	\$52,055	\$52,055	\$53,096
Social Security	3,982	3,982	4,062
Retirement**	7,001	8,156	9,016
Medical Insurance***	0	0	0
Life Insurance	234	242	331
	\$63,272	\$64,435	\$66,505
Vice President for Institutional Advancement			
Salary	\$46,379	\$46,379	\$48,429
Social Security	3,548	3,548	3,705
Retirement**	6,238	7,266	8,033
Medical Insurance	6,275	6,340	6,671
Life Insurance	234	242	331
	\$62,674	\$63,375	\$67,169
Vice President for Financial Affairs			
Salary	\$50,426	\$50,426	\$51,434
Social Security	3,858	3,858	3,935
Retirement**	6,782	7,901	8,735
Medical Insurance***	0	0	0
Life Insurance	234	242	331
	\$61,300	\$62,427	\$64,435

*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.
 ****Salaries contingent on fall 2011 enrollment.

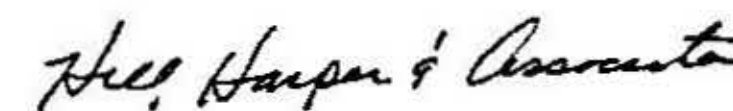
Independent Auditors' Report

 The Board of Trustees
 Free Will Baptist Bible College

We have audited the statements of financial position of Free Will Baptist Bible College as of May 31, 2011 and 2010, 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 2010 financial statements and, in our report dated July 6, 2010, 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, 2011 and 2010, 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.



Franklin, Tennessee
 July 8, 2011

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Statements of Financial Position

May 31, 2011 and 2010

	Assets	2011	2010
Current assets:			
Cash and cash equivalents		\$ 250,718	370,623
Investments in marketable securities, at market value		364,731	202,786
Accounts receivable, net of allowance for doubtful accounts of \$55,000 in 2011 and \$90,000 in 2010		254,735	229,557
Prepaid expenses		219,520	5,796
Total current assets		<u>1,089,704</u>	<u>808,762</u>
Non current assets:			
Cash and cash equivalents:			
Restricted for endowments		37,360	37,707
Restricted for student loans		223,020	227,881
Investments in marketable securities, at market value:			
Restricted for endowments		1,082,336	1,082,336
Investment in land - gift in kind		62,500	62,500
Campaign pledges receivable		564,434	575,880
Loans to students, net of allowance for doubtful loans of \$55,000 in 2011 and \$40,000 in 2010		200,495	221,074
Total non current assets		<u>2,170,145</u>	<u>2,207,378</u>
Property, plant and equipment:			
Investment in property, plant and equipment		14,798,872	14,527,065
Accumulated depreciation		4,836,658	4,608,474
Net property, plant and equipment		<u>9,962,214</u>	<u>9,918,591</u>
Total assets		<u>\$ 13,222,063</u>	<u>12,934,731</u>
	Liabilities and Net Assets		
Current liabilities:			
Accounts payable and accrued expenses		\$ 69,702	85,795
Current portion of long-term debt		-	172,579
Line of credit agreements - unrestricted operations		215,000	-
Notes payable		143,506	140,584
Student deposits and agency funds		172,153	232,565
Accrued salaries		119,396	132,796
Deferred revenues - summer school		41,443	-
Total current liabilities		<u>761,200</u>	<u>764,319</u>
Other liabilities:			
Long-term debt		3,617,050	3,436,873
Excess pension liability over market value of plan assets		1,431,894	1,001,546
Asset retirement obligation		244,848	229,366
Total liabilities		<u>6,054,992</u>	<u>5,432,104</u>
Net assets:			
Unrestricted funds		4,920,317	5,533,227
Temporarily restricted funds		628,751	421,746
Permanently restricted funds		1,618,003	1,547,654
Total net assets		<u>7,167,071</u>	<u>7,502,627</u>
Total liabilities and net assets		<u>\$ 13,222,063</u>	<u>12,934,731</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, 2011 and 2010

	2011				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2011	Total 2010
Revenues:					
Tuition and fees	\$ 2,254,490	-	-	2,254,490	2,366,772
Federal grants and contracts	-	29,616	-	29,616	35,806
Private gifts	1,113,917	377,840	69,475	1,561,232	1,812,711
Income from investment transactions including endowment income and gain or loss transactions	30,135	216,669	2,044	248,848	190,827
Revenues of auxiliary enterprises	931,799	-	-	931,799	1,012,053
Other sources	22,659	-	(30,104)	(7,445)	(4,572)
	<u>4,353,000</u>	<u>624,125</u>	<u>41,415</u>	<u>5,018,540</u>	<u>5,413,597</u>
Net assets released from restrictions	<u>415,939</u>	<u>(415,939)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,768,939</u>	<u>208,186</u>	<u>41,415</u>	<u>5,018,540</u>	<u>5,413,597</u>
Expenditures:					
Educational and general:					
Instruction	1,414,494	-	-	1,414,494	1,465,541
Academic support	368,449	-	-	368,449	373,879
Student services	637,266	-	-	637,266	578,996
Institutional support	1,576,206	-	-	1,576,206	1,621,384
Total educational and general expenditures	<u>3,996,415</u>	<u>-</u>	<u>-</u>	<u>3,996,415</u>	<u>4,039,800</u>
Auxiliary enterprises:					
Dormitories	483,645	-	-	483,645	446,252
Dining hall	426,975	-	-	426,975	436,137
Bookstore	6,753	-	-	6,753	6,676
Snack shop	9,960	-	-	9,960	9,515
Total auxiliary enterprises expenditures	<u>927,333</u>	<u>-</u>	<u>-</u>	<u>927,333</u>	<u>898,580</u>
Total expenditures	<u>4,923,748</u>	<u>-</u>	<u>-</u>	<u>4,923,748</u>	<u>4,938,380</u>
	<u>(154,809)</u>	<u>208,186</u>	<u>41,415</u>	<u>94,792</u>	<u>475,217</u>
Reclassifications of donor gifts	<u>(27,753)</u>	<u>(1,181)</u>	<u>28,934</u>	<u>-</u>	<u>-</u>
(Increase) decrease in pension liability	<u>(430,348)</u>	<u>-</u>	<u>-</u>	<u>(430,348)</u>	<u>295,345</u>
Increase (decrease) in net assets	<u>(612,910)</u>	<u>207,005</u>	<u>70,349</u>	<u>(335,556)</u>	<u>770,562</u>
Net assets:					
Beginning of year	5,533,227	421,746	1,547,654	7,502,627	6,732,065
End of the year	<u>\$ 4,920,317</u>	<u>628,751</u>	<u>1,618,003</u>	<u>7,167,071</u>	<u>7,502,627</u>

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows

For the years ended May 31, 2011 and 2010

	2011				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2011	Total 2010
Cash flows from operating activities					
Cash collected from students	\$ 3,130,433	-	-	3,130,433	3,395,605
Federal grants	-	34,449	-	34,449	34,609
Federal grant funds considered to be agency fund transactions	495,909	-	-	495,909	513,092
Private gifts and grants	1,141,839	68,599	-	1,210,438	1,258,382
Investment income	14,025	49,646	-	63,671	61,086
Other revenues	22,659	-	-	22,659	(30,528)
Cash paid for scholarships, to vendors and for payroll	(4,528,406)	(415,939)	-	(4,944,345)	(4,704,211)
Cash paid for federal grant funds considered agency transactions	(495,909)	-	-	(495,909)	(513,092)
Net operating activities cash flows	(219,450)	(263,245)	-	(482,695)	14,943
Cash flows from investing activities					
Marketable securities purchased	-	-	-	-	(53,067)
Proceeds from sale of marketable securities	21,188	-	-	21,188	-
Expended for plant assets	(271,807)	-	-	(271,807)	(307,165)
Student notes receivable, net change	-	-	35,579	35,579	(38,678)
Net investing activities cash flows	(250,619)	-	35,579	(215,040)	(398,910)
Cash flows from capital activities					
Campaign pledges receivable collected	-	211,583	-	211,583	196,880
Gifts received for:					
Endowments and student loans	-	-	69,475	69,475	45,366
Proposed new campus	-	109,104	-	109,104	85,082
Other student loan transactions:					
Interest income on student loans and investment income	-	-	2,044	2,044	5,520
Collection costs and other transactions	-	-	(42,181)	(42,181)	(38,527)
Net capital activities cash flows	-	320,687	29,338	350,025	294,321
Cash flows from financing activities					
Line of credit transactions, net	215,000	-	-	215,000	-
Proceeds from notes payable advances	21,225	-	-	21,225	-
Repayment of debt	(13,628)	-	-	(13,628)	(12,729)
Interest on activities	127,567	(57,442)	(70,125)	-	-
Notes payable for student loans, net	-	-	-	-	13,400
Net financing activities cash flows	350,164	(57,442)	(70,125)	222,597	671
Cash and cash equivalents					
Net decrease	(119,905)	-	(5,208)	(125,113)	(88,975)
Beginning of year	370,623	-	265,588	636,211	725,186
End of year	\$ 250,718	-	260,380	511,098	636,211
Supplemental disclosures:					
Interest paid				\$ 200,584	158,670

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2011 and 2010

	2011				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2011	Total 2010
Cash and cash equivalents consist of the following:					
Current assets	\$ 250,718	-	-	250,718	370,623
Non current assets:					
Cash restricted for endowments	-	-	37,360	37,360	37,707
Cash restricted for student loans	-	-	223,020	223,020	227,881
Total cash and cash equivalents	\$ 250,718	-	260,380	511,098	636,211
Reconciliation of change in net assets to net operating activities cash flows					
Change in net assets	\$ (612,910)	207,005	70,349	(335,556)	770,562
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(69,475)	(69,475)	(45,366)
Proposed new campus	-	(309,241)	-	(309,241)	(555,542)
Net other transactions from student loan funds	-	-	28,060	28,060	24,677
Reclassifications of net assets	27,753	1,181	(28,934)	-	-
Depreciation and amortization	228,184	-	-	228,184	238,657
Accretion of asset retirement obligation	15,482	-	-	15,482	14,503
Excess pension liability change	430,348	-	-	430,348	(295,345)
Interest added to note receivable	-	-	-	-	(9,500)
Allowance for loss - related party note receivable	-	-	-	-	44,000
Contributed annuity	-	-	-	-	(19,000)
Losses (gain) on investments	(16,110)	(167,023)	-	(183,133)	(170,874)
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	(36,887)	-	-	(36,887)	35,368
Employee and other	13,954	-	-	13,954	(14,191)
Bequest	-	-	-	-	25,420
Federal student financial aid funds	-	4,833	-	4,833	(1,197)
Accrued interest	31,466	-	-	31,466	(30,041)
Unrestricted pledges receivable (note 5)	(3,544)	-	-	(3,544)	70,200
Less allowance for doubtful accounts	(35,000)	-	-	(35,000)	-
Prepaid expenses	(213,724)	-	-	(213,724)	(4,196)
Increase (decrease) in current liabilities:					
Accounts payable / accrued expenses	(16,093)	-	-	(16,093)	(34,370)
Student deposits and agency funds	(60,412)	-	-	(60,412)	35,651
Accrued salaries	(13,400)	-	-	(13,400)	(10,234)
Deferred revenues	41,443	-	-	41,443	(54,239)
Net operating activities cash flows	\$ (219,450)	(263,245)	-	(482,695)	14,943

See accompanying notes to financial statements.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements

May 31, 2011 and 2010

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 accounting principles generally accepted in the United States of America.

As required by generally accepted accounting principles, the College reports information regarding its financial position and activities according to three classes of net assets, as follows:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body.

Temporarily restricted net assets - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Permanently restricted net assets - Net assets to be maintained in perpetuity as directed by donor imposed stipulations.

The amount of each of the classes of net assets are presented in the statements of financial position and the change in each class of net assets is presented in the statements of activities.

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. The College had no such in kind contributions for 2011 and 2010.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

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.

Fair Value Measurements

Fair value is defined 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 as assumptions market participants would use in pricing an asset or liability. For the years ended May 31, 2011 and 2010, investments in marketable securities were valued at market using Level 1 and Level 2 inputs.

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

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.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

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. There is no unrelated business income tax for 2011 and 2010. 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

Investments of endowment funds are held in marketable securities and are valued using Level 1 and Level 2 inputs (as described above) based on fair market values. As required by generally accepted accounting principles, the original donor contribution (corpus) is maintained as permanently restricted net assets. Net investment gains and income in excess of corpus are carried as temporarily restricted net assets until expended for their intended purposes, conversely, net accumulated investment deficits are carried as a component of unrestricted net assets.

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, 2011 and 2010, expenses totaling \$271,285 and \$289,419, 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 changes consist of allocation of net assets for classification of donor gifts and separation of investment assets between endowment corpus and earnings available for distribution. These reclassifications had no effect on reported combined 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, 2010, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through July 8, 2011, the date these financial statements were available to be issued.

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, 2010	\$ 1,193,196	1,285,122	91,926		
Balance May 31, 2011					
Permanently Restricted Funds:					
Common stock	\$ 32,666	32,666	-	-	-
Mutual funds	164,762	164,762	-	-	-
FWB Foundation invested	884,908	884,908	-	-	-
Unrestricted / Temporality Funds:					
Common stock	4,900	60,726	55,826	55,826	-
Annuity contract	11,393	15,913	4,520	4,520	-
Mutual funds	3,835	52,421	48,586	48,586	-
FWB Foundation invested	77,677	235,671	157,994	157,994	-
	\$ 1,180,141	1,447,067	266,926	266,926	-
			2011	2010	
Current assets			\$ 364,731	202,786	
Non current assets:			1,082,336	1,082,336	
Restricted for endowments			\$ 1,447,067	1,285,122	
Reconciliation of income (loss) from investment activities:					
Interest income and endowment income			\$ 71,661	19,953	
Realized gain on stock sales			2,188	-	
Unrealized gain (loss) due to change in the cumulative change in market value pools			175,000	170,874	
			\$ 248,848	190,827	
The Free Will Baptist Foundation holds funds for the benefit of the College as follows:					
Endowments from which the College receives income			\$ 1,015,000	888,800	
Gifts to pass to the College at some future date			\$ 461,700	441,500	

- (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:

	2011	2010
Permanently restricted net assets		
Donor-restricted endowment funds	\$ 1,164,598	1,068,467
Temporarily restricted net assets:		
Funds available scholarships	149,833	82,822
Funds available for future unrestricted endowment income	30,267	-
Total temporarily restricted net assets	180,100	82,822
Unrestricted net assets	-	-
Net depreciation of endowment assets	-	-
	<u>\$ 1,344,698</u>	<u>1,151,289</u>
	<u>\$ 1,164,598</u>	<u>1,068,467</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, 2009	\$ (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>

FREE WILL BAPTIST BIBLE COLLEGE
Notes to Financial Statements, continued

(3) **Endowments, continued**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - May 31, 2010 as carried from page 10	\$ -	82,822	1,068,467	1,151,289
Investment return:				
Income from endowment assets including earnings and gain or loss transactions	38,268	176,495	-	214,763
Total investment return	38,268	259,317	1,068,467	1,366,052
Reclassification of beginning balances	-	(63,542)	28,934	(34,608)
Donor contributions	-	-	67,197	67,197
Appropriation of net assets	(8,001)	(45,942)	-	(53,943)
Endowment net assets - May 31, 2011	<u>\$ 30,267</u>	<u>149,833</u>	<u>1,164,598</u>	<u>1,344,698</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 policy allows expenditure of a maximum of 5% of corpus from the funds carried as temporarily restricted net assets up to the accumulated balance of such funds. This spending policy was implemented during the year ended May 31, 2011.

(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, 2011 and 2010 amounted to \$55,000 and \$90,000, respectively.

Accounts receivable included in current assets is as follows:	2011	2010
Student accounts	\$ 172,911	136,024
Employee and other	9,615	23,569
Federal student financial aid funds	14,081	18,914
Accrued interest	-	31,466
Unrestricted pledges receivable (note 5)	113,128	109,584
	<u>309,735</u>	<u>319,557</u>
Allowance for doubtful accounts	<u>55,000</u>	<u>90,000</u>
	<u>\$ 254,735</u>	<u>229,557</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 a 5.5% interest factor.

The following summarizes pledges receivable:

	2011	2010
Post dated check books and bank draft agreements	\$ 82,628	76,884
Proposed future campus relocation	833,034	858,180
Pledges for operations	42,000	44,400
	957,662	979,464
Less allowance for potential uncollectible pledges	(210,300)	(218,900)
Less discount to present value of future cash flows	(69,800)	(75,100)
Total pledges receivable	\$ 677,562	685,464

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

Pledges for unrestricted operations	\$ 113,128	109,584
Campaign pledges for future campus relocation	564,434	575,880

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

2012	\$ 279,100
2013	44,500
2014	184,300
2015	88,700
2016	60,700
years thereafter	20,262
	\$ 677,562

(6) **Property, Plant and Equipment**

Components of property, plant and equipment are as follows:

	2011	2010
Land	\$ 496,871	496,871
Proposed campus architectural and other costs	1,155,834	1,086,622
Proposed campus land	5,031,793	4,919,901
Buildings	5,224,583	5,164,720
Equipment	2,077,717	2,050,378
Library books	812,074	794,135
	14,798,872	14,512,627
Loan costs net of amortization of \$-0- in 2011 and \$14,438 in 2010	-	14,438
	14,798,872	14,527,065
Accumulated depreciation and amortization	4,836,658	4,608,474
Net investment in plant	\$ 9,962,214	9,918,591
Depreciation and amortization charged to expenditures	\$ 228,184	238,657
Interest capitalized as proposed campus costs	\$ 117,573	96,589

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(7) **Line of Credit Agreements**

Line of credit agreements are as follows:

Free Will Baptist Foundation at 1% over prime rates, with a maximum amount of \$500,000 expiring May 2016. Secured by endowment fund investments. No amount was outstanding at May 31, 2011 or 2010.

Pinnacle National Bank at 5%, with a maximum amount of \$500,000, expiring September 2011. Secured by residential property. The amount outstanding at May 31, 2011 was \$215,000, and at May 31, 2010 was \$-0-.

(8) **Notes Payable and Long-Term Debt**

Notes payable:

Permanently Restricted Funds - Student Loan Funds	\$ 93,506	90,584
5% unsecured demand notes payable to individuals		
Unrestricted Funds - Currently Due:	50,000	50,000
5% unsecured demand notes payable to individual	\$ 143,506	140,584

Notes Payable

Long Term Debt:

5% term loans held by Pinnacle National Bank:

These loans relate to the following needs:

Term loan relating to renovation costs on West End Avenue campus	N/A	1,380,414
Term loan relating to purchase of property for relocation	N/A	2,108,743
Draws on construction line of credit for relocation up to \$600,000	N/A	120,295

On January 28, 2011, the above loan agreement was refinanced with the Free Will Baptist Foundation as follows:

4.5% term loan requiring interest only monthly payments through July 2012. Beginning August 2012 monthly payments of \$7,592 are required including principal and interest. This loan is subject to call on January 28, 2016 which will require a payment of \$1,059,644 or to be refinanced.

\$ 1,200,000 N/A

4.5% term loan requiring interest only monthly payments through July 2012. The interest rate is adjusted quarterly to yield 1% to 1.25% above the published prime lending rate in the Wall Street Journal. Beginning August 2012 monthly payments including principal and interest are required based on a twenty (20) year amortization (scheduled maturity date is July 2032) based on current interest rates the monthly payment will approximate \$15,300.

2,417,050 N/A

Subsequent to May 31, 2011 the above loans were restructured to increase the fixed rate loan and decrease the variable rate loan by \$1,000,000.

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.

3,617,050 3,609,452

172,579

Less current portion of long-term debt

\$ 3,617,050 3,436,873

Long-term debt

Principal maturities of unrestricted fund long-term debt are as follows: 2013 - \$94,782; 2014 - \$118,521; 2015 - \$123,966; 2016 - \$1,174,752; 2017 - \$90,625; and 2018 and thereafter - 2,014,404.

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.

Accounting principles generally accepted in the United States of America require 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. The original required adjustment amounted to \$1,296,891 at May 31, 2009. The effect of transactions during year ended May 31, 2010 reduced this liability to \$1,001,546. The actuarial rules governing calculation of the liability changed during year ended May 31, 2011, which resulted in an increase in the liability to \$1,431,894. This change in actuarial assumption relates to applying a discount rate more in line with current yield from bond markets, instead of applying a consistent discount rate each period. This change in assumption resulted in an increase in the liability of \$736,970 over the previous method used to calculate the liability.

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 \$293,100 in 2011 and \$207,900 in 2010, and deposits are scheduled totaling \$324,000 during 2012 fiscal year. These deposits will be recognized as an expense, net of change in current accrued liability or prepaid 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.

	2011	2010
Reconciliation of benefit obligations:		
Benefit obligation at beginning of year	\$ 3,318,176	3,375,412
Service cost	-	-
Interest cost	247,728	252,523
Plan amendments	-	-
(Gain) loss due to actuarial experience	26,420	(104,456)
Gain due to changes in actuarial assumptions	736,970	-
Curtailment gain	-	-
Benefits paid to plan participants	(214,364)	(205,303)
Benefit obligation at end of year	\$ 4,114,930	3,318,176
Reconciliation of asset value:		
Plan assets at beginning of year	\$ 2,331,178	2,035,861
Actual return of plan assets	480,005	292,720
Employer contributions	293,100	207,900
Benefits paid to plan participants	(214,364)	(205,303)
Plan assets at end of year	\$ 2,889,919	2,331,178
Reconciliation of funded status:		
Funded status at end of year (liability)	\$ (1,225,011)	(986,998)
Unrecognized net transition obligation asset	-	-
Unrecognized prior service cost	-	-
Unrecognized net loss	1,431,894	1,001,546
Amount included in accrued expense	\$ 206,883	14,548

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FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

	2011	2010
(9) Pension Plan, continued		
Accumulated benefit obligation at end of year	\$ 4,114,930	3,318,176
Vested benefit obligation at end of year	\$ 4,095,013	3,362,386
Reconciliation of unfunded status of pension plan:		
Unfunded status of pension plan at beginning of year	\$ 1,001,546	1,296,891
Amount of loss recognized during the year	(55,533)	(71,433)
(Gain) loss due to actuarial experience	26,420	(104,456)
(Gain) loss due to curtailment	-	-
(Gain) loss due to changes in actuarial assumptions	736,970	-
(Gain) loss due to assets	(277,509)	(119,456)
Unfunded status of pension plan at end of year	\$ 1,431,894	1,001,546
Net periodic benefit cost:		
Service cost at end of year	\$ 247,728	252,523
Interest cost on projected benefit obligation	(202,496)	(173,264)
Expected return on plan assets	-	-
Amortization of transition obligation	-	-
Amortization of prior service costs	55,533	71,433
Amortization of net loss	\$ 100,765	150,692
Net periodic benefit cost	\$ -	-
Expected Future Benefit Payments:		
The expected benefit payments for the next ten fiscal years ended May 31, are: \$249,328 in 2012; \$250,325 in 2013; \$267,685 in 2014; \$279,286 in 2015; \$275,348 in 2016; and \$1,504,554 in years 2017 through 2021.		
Assumptions used for determination of net pension cost:		
Assumed discount rate	7.75%	7.75%
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	5.75%	7.75%
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 and others. 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	\$ 61,000	
Funds invested with Free Will Baptist Foundation	1,281,000	
Marketable securities	326,000	

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FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

(11) Asset Retirement Obligation - Asbestos Removal

The College recognizes the fair value of the liability related to the legal obligation to perform asset retirement activities on tangible long-lived assets. The liability recorded, amounting to \$244,848 at May 31, 2011 and \$229,366 at May 31, 2010 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
2012 \$	16,527	261,375
2013	17,643	279,018
2014	18,834	297,852
2015	20,105	317,957
2016	21,462	339,419

(12) Net Assets

Net assets of the College consist of the following as of May 31, 2011 and 2010.

	2011			Total 2011	Total 2010
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Operations	\$ 6,352,211	-	-	6,352,211	6,507,940
Excess pension liabilities	(1,431,894)	-	-	(1,431,894)	(1,001,546)
Cumulative endowment losses	-	-	-	-	-
Unexpended funds restricted for:					
Operating purposes	-	16,141	-	16,141	21,661
Scholarships:					
Donor gifts	-	159,125	-	159,125	151,194
Available for distributions from endowment returns	-	180,100	-	180,100	32,229
Potential relocation	-	273,385	-	273,385	227,880
Student loan funds	-	-	453,405	453,405	479,187
True endowment funds	-	-	160,020	160,020	149,623
Scholarship endowment funds	-	-	1,004,578	1,004,578	934,459
Total net assets	\$ 4,920,317	628,751	1,618,003	7,167,071	7,502,627

(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	\$ 100,758
Federal Supplemental Educational Opportunity Grant	16,511
Federal Work Study Program	13,105
Other instructional and institutional	13,828
Unrestricted endowment income allocated	8,001
Potential relocation	263,736
Net assets released from restrictions	\$ 415,939

Certain federal grants to students amounting to \$495,909 and \$513,092 for 2011 and 2010, 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

Concentrations

The College has funds invested with the Free Will Baptist Foundation totaling approximately \$1,281,000 or 64% of its total cash and cash equivalents, and investments. Further, the College has \$3,617,050 of debt with the Foundation and an available line of credit amounting to \$500,000. The outstanding obligations amounts to 60% of the College's total liabilities.

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 \$50,270 in 2011 and \$45,318 in 2010 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.

(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)
MANAGEMENT SUMMARY OF MAY 31, 2011, FINANCIAL INFORMATION

Fiscal Year Ends with Deficit

After eight continuous years of balanced or surplus operations, FWBBC closed the fiscal year with \$4,768,939 income against \$4,923,748 in expenses, a \$154,809 deficit. While decreasing gift and student income factored into the deficit, other issues impacted the outcome. Some of those factors are listed below, with last year's audit comparables:

	2010-11	2009-10	Difference
Increased Expenses			
Accreditation (Team Visits 2010-11)	\$ 65,470	\$ 13,656	\$ 51,814
Physical Plant (Accreditation Preparation)*	36,921	-0-	36,921
Utilities	304,144	268,886	35,258
Health Insurance Premiums	202,560	190,013	12,547
Totals			\$136,540

*Does not include capitalized expenses of \$59,863 related to accreditation preparation

Unrestricted Giving

Gifts to the unrestricted fund amounted to \$1,113,917. Of that amount, \$1,007,604 was general fund unrestricted gifts (which included \$32,073 gifts of stock); \$30,062 was FWB Foundation income; \$76,151 was estate gifts, and \$100 was library gifts.

General Fund Giving Subsidizes Average Full-Time Student \$4,470 Tuition Equivalent

Students enrolled in 2010-2011 were subsidized \$149 per semester hour through general fund gifts. In other words, students would have paid \$597 per hour had no gift income been received. Therefore, tuition was \$448 per semester hour. Full-time students typically enroll for 30 semester hours per year, which means those students were spared paying \$4,470.

Tuition, Fees, Room and Board Charges Remain Unchanged for 2011-2012

In an effort to assist new and continuing students during the economic downturn, pricing for tuition, fees, room and board costs will remain identical to the previous academic year. By contrast, many public colleges and universities are raising tuition 10%, or more. Preliminary projections for dormitory enrollment this fall are positive.

Warehoused Earnings to Fund Future Scholarships & Unrestricted Endowment Income

During fiscal year ended May 31, 2011, the college implemented the Board-mandated spending policy to 5% of endowed funds, which made available for scholarships \$45,942 and \$8,001 for unrestricted endowment income. This spending policy has allowed the accumulation of \$180,100 to be distributed in future years for scholarships of \$149,833 and unrestricted endowment income of \$30,267. This accumulation was made possible due to the recovery of the financial markets from the losses recognized in 2007-2008.

Pension Plan Status

The college's defined benefit pension plan remains frozen by Board of Trustee action, due to its continuing underfunded status. The funding is in its third year of recovery, with payments of \$207,900 in 2009-2010, and \$293,100 in 2010-2011, with \$324,000 budgeted for 2011-2012. Regrettably, recent changes in mandated requirements have caused the underfunded amount to increase from \$1,001,546 to \$1,431,894.

Our representative from the actuarial firm indicated the amount necessary to close the defined benefit pension plan through the purchase of individual annuities for all plan participants would approximate the \$1.4 million liability which we were required to record.

The heavily regulated plan is under review by FWBBC and its actuarial firm to determine possible courses of action.

Free Will Baptist Foundation Secures FWBBC Long-Term Debt

In a win-win move, FWBBC and the FWB Foundation have partnered with regard to FWBBC's long-term loan obligations. Positives include lowering the interest rate for FWBBC's indebtedness from 6.75% to 4.5%, while providing the Foundation a better rate of return on this portion of their investment portfolio. All funds relating to long-term debt are secured by college properties. See the audit Notes to Financials for more details.

Notes Payable and Long-Term Debt

Notes payable to individuals for use toward student loans amounts to \$93,506.

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

Long-term debt amounts to \$3,617,050. The debt includes \$2,108,743 for the purchase of the Gallatin property, \$120,295 for architectural and engineering, \$1,380,414 for the renovation of several campus buildings and the purchase of West End Avenue property, and \$7,598 for costs related to the transfer of debt from Pinnacle National Bank to the FWB Foundation.

Cash Flow Statement

The combined cash flows of the college's operating, investing, capital, and financing activities report cash and cash equivalents decreased \$119,905 in unrestricted funds, unchanged in temporarily restricted funds, and decreased \$5,208 in permanently restricted funds for a cumulative cash decrease of \$125,113.

Cash and Cash Equivalents for Operations

Cash for operations has decreased from the previous year. Last year's total was \$370,623 against this year's \$250,718, which includes a \$215,000 draw against the operational line of credit on May 31, 2011. Without this draw, the decrease in cash would have been \$334,806 instead of \$119,905.

Operational Lines of Credit

The college has two lines of credit for operating purposes. The first is with Pinnacle National Bank for \$500,000, while the second is with the FWB Foundation for \$500,000. As of May 31, 2011, the Pinnacle National Bank line of credit had been accessed for \$215,000, while the FWB Foundation line of credit had no balance. The operational deficit and unrestricted negative cash flow necessitated closing the fiscal year with operational debt.

Investments in Marketable Securities

Investments held for operational purposes increased from \$202,786 to \$364,731. Investments held for endowments remained unchanged at \$1,082,336. Of the total investments, approximately \$1,281,000 is held by the FWB Foundation.

Asset to Debt Ratio

Total assets amount to \$13,222,063. Long-term liabilities total \$5,048,944, giving a 2.62 to 1 debt ratio. Adding all other liabilities brings the total to \$6,054,992, and provides a 2.18 to 1 debt ratio.

FREE WILL BAPTIST BIBLE COLLEGE Budgets for the years ending May 2011-2013

	Budget May 31, 2011	Audit May 31, 2011	Proposed Budget May 31, 2012	Strategic Budget May 31, 2013
Revenues				
Tuition and fees	2,679,350	2,254,490	2,519,723	2,623,750
Private Gifts:				
Together Way/Unrestricted General Fund	1,150,000	975,531	1,230,000	1,350,000
Estate, grant, stock, special gift, and miscellaneous income	514,000	161,046	413,000	664,000
Gifts in kind	-	-	-	-
Investment and endowment income	10,000	30,135	29,500	12,500
Sales and services of auxiliary enterprises	1,039,805	931,798	984,100	965,250
Other sources:				
Net assets released from restrictions	300,000	415,939	300,000	300,000
Total Revenues	5,693,155	4,768,939	5,476,323	5,915,500
Expenditures				
Educational and general:				
Instructional	1,779,465	1,414,494	1,515,393	1,784,849
Academic Support	457,504	368,449	388,834	485,572
Student Services	718,416	637,266	750,874	730,840
Institutional Support	1,710,009	1,576,206	1,806,747	1,847,098
Total educational and general expenditures	4,665,394	3,996,415	4,461,848	4,848,359
Auxiliary enterprises:				
Expenditures	1,027,761	927,333	1,014,475	1,067,141
Total Expenditures	5,693,155	4,923,748	5,476,323	5,915,500



Executive Director's Report

This section will give you the vital signs needed before getting into the narrative. You will find Randall House healthy, growing, and preparing for more growth. We have a strong team and workable plans. Here are just a few vitals to get you started.

- Curriculum sales are trending upward
- Book sales are trending upward
- Elements Kids Worship sales are strong
- Balance sheet is strong
- D6 Conference as an event was profitable
- 88 eBooks are being released
- 22 theological, historical, and reference titles now in Logos Bible Software
- We overcame the tragedy of the historical flood very well

PURPOSE

Randall House is the Free Will Baptist Christian publisher dedicated to promoting the cause of Christ and serving the Church through the development and distribution of Bible based curriculum and quality Christian products. Randall House is the Christian education partner of our churches who we are privileged to serve by providing resources and training. Simply put we seek to "build believers through church and home."

In these types of reports, I am obligated to talk about dollars and show graphs indicating the number of units sold over time but that is not our goal. Our goal is to serve our pastors, all of them. How do we make decisions on what books, curriculum, and events are needed among such diversity? We use the following filter in the order listed to determine if it would be beneficial to our churches.

Does it fit our **Fundamentals or Theology**?

Is it **Relevant**?

What **Methods** accomplish this goal?

How do we **Communicate** it?

What are the **Economics** of it? (Investment verse return)

Some people may think we focus too closely on the bottom line in product production and events. One can see from the criteria listed above, we start with our identity then move to what churches most need and only then do we ask if we can fund it. You will see creativity, quality, and substance combined in every product and event we do, because every Free Will Baptist deserves a publisher who listens and responds.

Randall House comes along side the pastor and church to help with these difficult transitions by "building believers through church and home." We desire to be the publisher of every generation by providing content you can trust. Randall House is the friend of the pastor.

RESOURCES YOU CAN TRUST

Elements Kids Worship is our new children's church resource and can be found at ElementsKidsWorship.com. It rivals similar products four times more expensive. Focusing on one theme each month complimenting the family theme taught in all D6 curriculums.

AccessBibleStudies.com provides the most affordable elective or topical studies for men, women, adults, teens, and children in your church. There are nearly sixty studies currently available with that number growing regularly. Access Bible Studies is your resource for midweek and small group elective studies. We are just beginning to have these studies translated into Portuguese and Spanish.

The **Heritage Series** by Dale Burden is on track to release in the fall of this year. His writing is excellent. The Heritage Series is another way to connect with our churches. As this resource reaches more Free Will Baptists it becomes a solid component for adult Sunday Schools and for Randall House. Howard Bass writes the teacher's lessons and Dale Burden the student's. Dale Burden has agreed to write the *Heritage Series* curriculum to fit into the D6 line of curriculum giving more generational discipleship opportunity for those not using *Fusion*. The *Heritage Series* shows Randall House's intent to minister to our diverse group of Free Will Baptists and show our willingness to listen and respond to our churches.

607 features a two-pronged approach by offering a book that can be used to launch the 607 experience entitled *Impress Your Faith on Your Kids* by Mark Holmen. 607 offers an intergenerational experience for churches nine times a year. It provides everything needed for a service or part of a service. 607 will feature material, sermon outlines for adults and children based on the major holidays of the school year. It launches in the summer and begins in the fall but one will find a sample at D6family.com/607 along with more information.

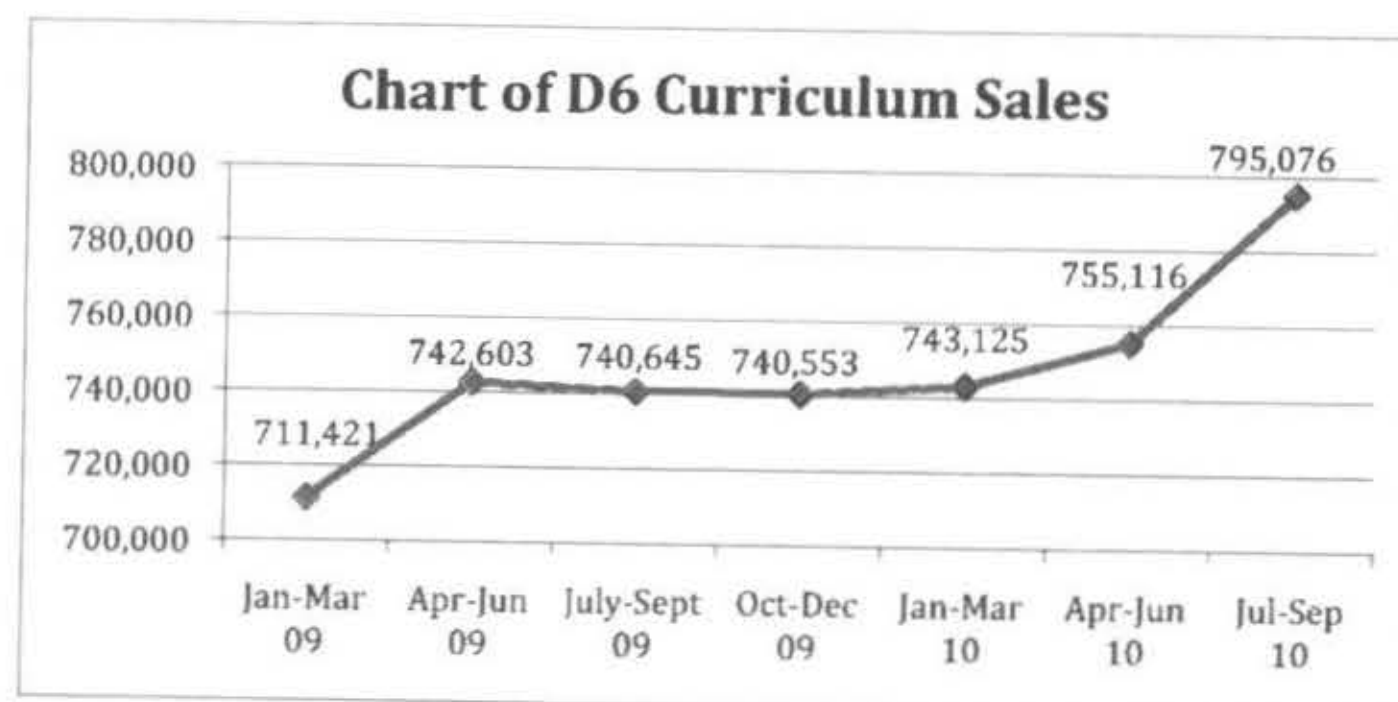
Home Connection is the "one page for every age" giving parents a single page that shows how the D6 theme is developed in each age group taught that week. Home Connection provides a helpful devotion plan with the outline: read, pray, do; which gives the family another opportunity to drive faith at home. Teachers can download this resource and give to every parent in the class to better help connect with kids at home.

EDUCATION AND TRAINING EVENTS

As we approach the third **D6 Conference**, the predicted return on investments are significant. This one single event is the most powerful means in which God is using to strengthen churches and families while allowing Randall House to grow in a most difficult time. The one question I am personally asked most often is how Randall House pulled off such an event by attracting such a great number of people and creating a platform for self-promotion. After giving a brief insight into our biblical motivation by explaining our love for families and the desire to resource churches, I then stop and quote Art Rorheim who says, "If I could fully explain it then it would diminish God's involvement."

We are seeing churches wanting to host local D6 events and are teaching their congregations what we have been championing. Our denomination is not typically known as early adopters, but Free Will Baptists are embracing the D6 movement within our denomination and the body of Christ.

The training and education this event has provided to our churches has caused sales of both curriculum and books to trend upward. Upward is a word that does not describe very many publishers much less denominational publishers. We have seen growth in a market that produces shrinking sales for 95% of other publishers. We share our sales percentages (not dollars) with others in the Protestant Church-owned Publishers Association (PCPA) in annual studies. The results revealed Randall House was one of two publishers who experienced growth in curriculum sales last year and one of two with growth in others sales last year. WE were the **ONLY ONE** with increased sales in both. You will notice the trends for our D6 curriculum is at a pace we have never before seen.



The sales we are experiencing show our pastors are embracing generational discipleship as a result of our education through the D6 Conference and other training methods. Following this generational discipleship command allows pastors to experience stronger families. Thank you

for supporting your publisher and making us the leader in family resources that help our pastors, teachers, and parents.

The Legacy Tour will invest in current and future Free Will Baptist generations by helping pastors retain the younger generations as they grow into adulthood as solid Free Will Baptist members. The Legacy Tour features our theology, history, and distinctives by not only teaching them "what" we believe but also showing "how to" span the generations in their value and practice. We are looking at teaching one major theme per year like Free Will Baptist history or our doctrinal distinctives. We are looking to work with two to three state leaders for one regional event duplicated with other states working together. We would like at least 5,000 leaders and parents to attend as we teach them how to transfer our values and beliefs on to the next generation using the prescribed methods God used with the Hebrew children proven effective for 6,000 years.

BOOK UPDATES

Why do we publish books? What we publish preserves who we are as a movement. It defines and marks our beliefs. Today's titles are tomorrow's history. It is our role as the Free Will Baptist publisher to provide books to teach, train, inform and preserve who we are as movement through genres of theology, reference, history and Christian living.

The following books have 2011 release or re-release dates

- The Biblical Basis of Missions (Repackage)* - by Laura Bell Barnard - Jan 2011
- Choosing to Run* - by Jennifer Devlin - Feb 2011
- Back From Captivity* - by Jennifer Johnson - Feb 2011
- Classical Arminianism* - By Leroy Forlines and Matthew Pinson - February 2011
- Impress Faith on Your Kids* - by Mark Holmen - Apr 2011
- Grace in Empty Spaces* - By Mark McPeak and Emily White Youree - Apr 2011
- The Legacy Path* - by Brian Haynes - Jun 2011
- The Heritage of the English Bible* - By Danny Conn - Jul 2011
- First Aid Topical Booklets - (Second Set)* - By Dr. Edward Moody - Jul 2011
- Intentional Integrity* - by Dr. Garnett Reid - Sep 2011

Future releases will include the repackaging of the Randall House Minister's Manual, the Minister's Manual New Testament, New Believers Study and some others still in the balance. We are releasing some stellar titles this year.

Eighty-eight books from our front list and backlist will release soon as **eBooks**. These eBooks will be available for sale in the following formats, Amazon Kindle, Apple eBooks, Barnes and Noble, Google Books, and others.

The premier Bible study software is **LOGOS**. They are not inexpensive but offer the most advanced study tools and broadest library. By placing our titles into LOGOS we are making

some great Arminian reference works available into mainstream academic software libraries. We are pleased to have twenty-two references of theology and history titles released with LOGOS.

FINANCIAL OVERVIEW

We receive funds through events, products and services. In the last three years we have invested in major initiatives with the biggest being the D6 Conference. These investments have sustained us by heightening the awareness of God's intent for families. Our bottom line is always pretty close but has been even tighter through this challenging economy. The D6 Conference finished in the black. You will see Randall House finished \$15,000 in the red. The flood cost us \$19,000 after contributions and insurance payments. Without the May 2010 flood, we would be in the black.

We continue to do exactly what non-profits are supposed to do by reinvesting in our mission. We roll out products; provide services and training through educational events perpetuating this routine. While we would like to accelerate paying off our debt and place more money in reserves, this has not been the climate to do so. Expecting our sales to continue to rise and our expenses to remain level, we hope to place more money into reserves next year. This may be a modest amount but will be a priority for us.

SUMMARY

We have a tremendous team and Randall House is establishing a solid reputation in the body of Christ for the Free Will Baptist denomination. I want to see the next generation achieve excellence in spiritual formation within an even stronger denomination. This year has been difficult for many in Randall House both personally and professionally as we experienced the flood, a massive survey, an extended poor economy, and many other challenges. It is powerful to see how God's perseverance and grace has worked in every situation. We will continue to work hard for our local churches and provide resources you can trust.

Imagining Great Things,



Ron Hunter Jr.
Executive Director & CEO

RH/cc



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

We have audited the statements of financial position of Randall House Publications of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 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 Randall House'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 April 16, 2010, 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 Randall House Publications of the National Association of Free Will Baptists, Inc. as of December 31, 2010 and 2009, and 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.



Franklin, Tennessee
April 20, 2011

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

Statements of Financial Position

December 31, 2010 and 2009

Assets	2010	2009
Current assets:		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 74,794	73,714
Cash invested with the Free Will Baptist Foundation	226,223	269,232
Total cash and cash equivalents	301,017	342,946
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$10,000	256,940	83,732
Employees and other	1,000	1,292
Total receivables	257,940	85,024
Inventory	461,690	453,750
Deferred charges and prepaid expenses	147,753	125,207
Total current assets	1,168,400	1,006,927
Property, plant and equipment, at cost:		
Land	110,341	110,341
Building	944,539	944,539
Printing service equipment	1,237,807	1,194,138
Office and administrative equipment	312,205	284,441
Automobiles and trucks	108,008	101,391
	2,712,900	2,634,850
Less accumulated depreciation and amortization	1,898,538	1,766,147
Net property, plant and equipment	814,362	868,703
	\$ 1,982,762	1,875,630
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 136,882	131,696
Current portion of long term debt	101,528	96,221
Deferred revenues	176,684	24,058
Accrued expenses	84,294	74,457
Total current liabilities	499,388	326,432
Long term debt	190,899	241,649
Total liabilities	690,287	568,081
Unrestricted net assets	1,292,475	1,307,549
	\$ 1,982,762	1,875,630
Commitments		

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2010 and 2009

	2010	2009
Revenues:		
Gross profit:		
RHP product lines (including curriculum)	\$ 3,120,571	1,694,195
RHP books	186,323	119,990
D6 Conference (gross profit \$4,824 in 2010) and		
National Convention (gross profit of \$6,252 in 2010)	510,208	499,132
Printing sales	264,503	207,678
Third party sales	104,077	74,638
FWBBC bookstore and snack shop	72,050	63,754
Gross profit	\$ 4,257,732	2,659,387
Other operating revenues:		
Freight and handling		164,084
Commissions		40,439
Interest income		6,991
Other		8,822
Total revenues		1,818,681
Expenses:		
Selling, general and administrative:		
Administrative / Accounting		371,324
Sales / Marketing		638,386
Distribution center		358,572
IT division		49,507
Plant maintenance		95,996
General		148,731
One Magazine		113,302
Depreciation		125,939
Interest expense, including finance charges		113,780
Total selling, general and administrative expenses		1,822,482
Increase (decrease) in net assets from operations		(3,801)
Other income (expense):		
May 2010 Flood deemed a Federal disaster by FEMA, net		(19,506)
Vertical 3 (formerly SCM)		23,683
Denominational ministries, net		(3,450)
Printing contributed to the denomination		(12,000)
Net other income (expense)		(11,273)
Decrease in net assets		(15,074)
Net assets, beginning of year		1,307,549
Net assets, end of year	\$ 1,292,475	1,307,549

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Decrease in net assets	\$ (15,074)	(92,333)
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation and amortization	155,815	145,892
(Increase) decrease in:		
Receivables	(172,916)	71,807
Inventories	(7,940)	(14,270)
Deferred charges and prepaid expenses	(22,546)	9,779
Increase (decrease) in:		
Accounts payable	5,186	1,235
Deferred revenues	152,626	1,794
Accrued expenses	9,837	4,550
Net operating activities	<u>104,988</u>	<u>128,454</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(101,474)	(217,374)
Net investing activities	<u>(101,474)</u>	<u>(217,374)</u>
Cash Flows from Financing Activities		
Debt proceeds from Free Will Baptist Foundation	51,000	400,000
Repayments of long term debt	(96,443)	(275,059)
Net financing activities	<u>(45,443)</u>	<u>124,941</u>
Increase (decrease) in cash and cash equivalents	<u>(41,929)</u>	<u>36,021</u>
Cash and cash equivalents:		
Beginning of year	342,946	306,925
End of year	<u>\$ 301,017</u>	<u>342,946</u>
Cash and cash equivalents, as reported on statement of financial position, as follows:		
Cash and interest bearing deposits	\$ 74,794	73,714
Cash invested with the Free Will Baptist Foundation	<u>226,223</u>	<u>269,232</u>
	<u>\$ 301,017</u>	<u>342,946</u>
Supplemental disclosures:		
Interest paid	<u>\$ 19,143</u>	<u>19,579</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2010 and 2009

Randall House operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

As required by generally accepted accounting principles, Randall House reports information regarding its financial position and activities according to three classes of net assets, if applicable:

Unrestricted net assets - Net assets not subject to donor imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing body. The amount of unrestricted net assets is presented in the statements of financial position, and the net change is presented in the statements of activities.

Randall House does not have amounts to report in the remaining two classes of net assets which are:
Temporarily restricted and permanently restricted net assets.

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 efforts 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, 2010 and 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.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Deferred Revenues

Deferred revenues consist of revenues collected or billed for services to be rendered in the following year. These deferred revenues consist of the following:

	2010	2009
2011 D6 Conference registrations received during 2010	\$ 58,834	24,058
2011 Truth and Peace leadership training billed during 2010. This is the first time this procedure has been implemented and partially explains the increase in accounts receivable.	117,850	-
	<u>\$ 176,684</u>	<u>24,058</u>

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. There is no unrelated business income for 2010 and 2009. Further, management believes there are no activities which will lead to income taxes being levied.

Compensated Absences

Employees of 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 \$66,494 in 2010 and \$70,963 in 2009.

Subsequent Events

Subsequent events were evaluated through April 20, 2011 which is the date these financial statements were available to be issued.

Changes in Presentation

Certain amounts in the prior period financial statements have been reclassified to conform to current presentation. These reclassifications did not change originally reported balances of net assets. These reclassifications adjusted cost of sales between RHP product lines, RHP books and printing sales, with no overall change in cost of sales.

(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 \$226,223 in 2010 and \$269,232 in 2009 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.

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

Notes to Financial Statements, continued

(3) Inventory

Inventory consists of the following:

	2010	2009
Finished curriculum	\$ 174,386	\$ 173,981
Work in progress	119,910	99,754
Printing raw materials	68,024	62,319
Hymnals	14,352	34,307
Warehoused other books and merchandise	\$ 132,018	180,389
Less allowance for loss	47,000	97,000
	<u>\$ 461,690</u>	<u>\$ 453,750</u>

(4) Long - Term Debt

4.5% monthly installment obligation payable to Free Will Baptist Foundation with monthly payments of \$9,384 including interest and principal, with final payment due September 2013. Note is secured by equipment.

	2010	2009
Current portion of long-term debt	\$ 101,528	96,221
Long - term debt	<u>\$ 190,899</u>	<u>241,649</u>

Maturities of long-term debt is as follows:

	2011	2012	2013	Total
	\$ 101,528	106,193	84,706	292,427

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, 2010 or 2009.

(5) Vertical 3 (formerly SCM - Student and Children Ministries)

The purpose of the Vertical 3 is to provide resources and services to youth and children's workers of the National Association of Free Will Baptists, Inc. The following is a summary of the department's activities:

	2010	2009
Revenue from conferences and related services	\$ 258,442	211,130
Expenditures:		
Conferences and related services	179,107	154,757
Expenses for facility use and other services	13,500	13,500
General and administrative expenses	42,152	44,513
	<u>234,759</u>	<u>212,770</u>
Excess of revenues over expenses	<u>\$ 23,683</u>	<u>(1,640)</u>

(6) Related Party Transactions

Pension

Randall House participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. The plan is contributory and is matched up to a maximum of 5% of compensation. Employees with one year of service may participate at anniversary date of employment. Pension expense amounted to \$55,586 in 2010 and \$54,117 in 2009. 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.

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

Notes to Financial Statements, continued

(6) **Related Party Transactions, continued**

Agreement with Affiliated Organization to Distribute Hymnals

Randall House has an agreement to pay royalties to the Executive Office of the National Association of Free Will Baptists, Inc. at \$2.45 for each hymnal sold. Expenses relating to these hymnal sales amounted to \$11,868 in 2010 and \$18,088 in 2009. Randall House had a liability relating to these payments of \$1,926 and \$948 at December 31, 2010 and 2009, respectively.

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:

	2010	2009
Revenues	\$ 72,050	83,502
Operating expenses, including merchandise purchased, salaries and other operating costs	63,754	92,382
Gain (loss) from operations	\$ 8,296	(8,880)

This operating agreement will terminate at the end of the spring 2011 semester.

One Magazine

One Magazine is the combined publication of certain Free Will Baptist agencies and organizations, and is funded by contributions from each of those respective agencies and organizations. Randall House provided \$44,377 and \$33,639 as their share of the funding requirement during 2010 and 2009, respectively. Further, Randall House prints and provides mailing services for One Magazine, and reported revenues of \$219,860 and \$239,351 for these services during 2010 and 2009, respectively.

Free Will Baptist Foundation

Randall House maintains interest bearing accounts with and is indebted to Free Will Baptist Foundation as follows:

	2010	2009
Interest bearing accounts	\$ 226,223	269,232
Indebtedness	\$ 292,427	337,870

(7) **Commitments and Contingencies**

Merchandise Held on Consignment

Randall House holds inventory on consignment with a sales value of approximately \$200,000. Randall House receives 33% of the proceeds from sale of the merchandise which amounted to \$4,549 during 2010.

Leased Equipment

Randall House has entered into noncancelable lease arrangements relating to mailing and copy equipment. Total rent expense amounted to \$31,644 for 2010 and \$24,766 for 2009. The minimum payments required are \$20,016 for 2011 and 2012; and \$9,460 for 2013.

Litigation

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

(8) **Loss from Flood**

During May 2010, Middle Tennessee was victim to flooding that was deemed by FEMA to be a Federal disaster. Randall House experienced a net loss, included as other income (expense) on the statements of activities, from this event amounting to \$19,506 (total losses of \$47,206 net of insurance proceeds of \$25,000 and contributions of \$2,700).

	Budget 2012	Budget 2011	Budget 2010	Actual 2010
Income				
RHP Product Lines	\$3,495,000	\$3,331,000	\$3,809,600	\$3,251,086
RHP Books	\$190,000	\$223,000	\$381,500	\$186,323
Event/ Off Site Sales	\$606,000	\$605,000	\$315,000	\$510,208
Third Party Sales (Non RHP)	\$103,000	\$105,000	\$125,000	\$129,077
Other Revenue	\$491,000	\$489,000	\$562,100	\$444,400
Commission Income	\$51,000	\$31,000	\$37,600	\$40,439
FWBBC Bookstore Sales	\$0	\$85,500	\$104,000	\$72,050
Wholesale Discounts	\$0	\$0	-\$680,000	-\$130,515
Total Revenue	\$4,936,000	\$4,869,500	\$4,654,800	\$4,503,068

COS - RHP Product Lines	\$90,000	\$70,000	\$67,700	\$62,557
COS - RHP Books	\$90,500	\$93,750	\$120,450	\$32,592
COS - Events/ Off Site	\$510,500	\$507,500	\$310,000	\$499,132
COS - 3rd Party Sales (Non RHP)	\$64,200	\$65,000	\$79,100	\$72,378
COS - Other	\$2,500	\$7,500	\$7,500	-\$17,521
Total Cost of Goods Sold	\$757,700	\$743,750	\$584,750	\$649,139

Printing Production	\$1,059,600	\$1,112,600	\$1,094,100	\$1,035,339
Depreciation Printing Equipment	\$90,000	\$60,000	\$60,000	\$89,312
Editorial	\$525,000	\$514,000	\$476,000	\$475,659
Administrative/Accounting	\$400,900	\$341,000	\$386,000	\$371,663
Sales/Marketing	\$731,120	\$671,000	\$606,000	\$638,386
Design	\$328,500	\$332,000	\$327,000	\$309,455
RHP Book Division	\$84,250	\$85,100	\$86,200	\$75,296
Distribution Center	\$382,500	\$322,200	\$350,200	\$358,879
IT Division	\$54,800	\$60,200	\$73,700	\$49,507
Plant Maintenance	\$157,300	\$144,800	\$142,300	\$151,726
FWBBC Bookstore	\$0	\$99,050	\$99,550	\$63,754
General	\$241,000	\$221,000	\$201,500	\$216,683
Total Departmental Expense	\$4,054,770	\$3,962,950	\$3,902,550	\$3,835,559

Youth Department				
9100 - Youth Revenues	\$237,750	\$229,500	\$199,500	\$258,442
450 - Youth Department Expenses	-\$246,750	-\$227,750	-\$196,780	-\$234,759
	-\$9,000	\$1,750	\$2,720	\$23,683

Denominational Ministries				
9200 - Revenues Denom. Ministries	\$10,000	\$0	\$10,000	\$6,394
445 - Denominational Ministries Expenses	-\$65,000	-\$65,000	-\$60,000	-\$63,521
	-\$55,000	-\$65,000	-\$50,000	-\$57,127

Total Expense	\$4,876,470	\$4,769,950	\$4,534,580	\$4,518,142
Projected Profit/Loss	\$59,530	\$99,550	\$120,220	-\$15,074

Income				
300.03 - Dated Studies/ SS-Curriculum	\$3,350,000	\$3,250,000	\$3,700,000	\$3,185,776
300.09 - Mid Week Teens	\$0	\$0	\$0	\$2,205
300.12 - 607	\$50,000	\$0	\$0	\$0
300.15 - Children's Church Sales	\$40,000	\$40,000	\$500	\$35,223
300.18 - Online Non Dated Studies-(A)	\$25,000	\$0	\$50,000	\$339
300.24 - Church Supplies	\$10,000	\$20,000	\$29,100	\$7,368
300.27 - RHP/D6 T-Shirts/Merchandise	\$10,000	\$6,000	\$10,000	\$7,488
300.30 - Competition Materials	\$10,000	\$15,000	\$20,000	\$12,687
Total 300 - RHP Product Lines	\$3,495,000	\$3,331,000	\$3,809,600	\$3,251,086

303.03 - Pastoral/Church Leadership	\$30,000	\$35,000	\$0	\$20,451
303.06 - Family/Parenting	\$60,000	\$35,000	\$0	\$42,015
303.09 - Drama/Plays	\$1,000	\$5,000	\$0	\$1,072
303.12 - Missions	\$5,000	\$5,000	\$0	\$8,513
303.15 - Small Group Studies	\$10,000	\$5,000	\$0	-\$5,006
303.18 - Biblical Studies	\$20,000	\$20,000	\$0	\$14,731
303.21 - Theology/Doctrine	\$20,000	\$20,000	\$0	\$14,261

	Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
303.24 - Bibles	\$1,000	\$5,000	\$0	\$0
303.27 - Christian Living	\$10,000	\$25,000	\$0	\$6,178
303.30 - Fiction	\$1,000	\$5,000	\$0	\$1,145
303.33 - Children	\$1,000	\$5,000	\$0	\$488
303.36 - International Languages	\$1,000	\$500	\$500	\$1,121
303.39 - Rejoice FWB Hymnal Sales	\$40,000	\$25,000	\$75,000	\$49,675
303.42 - Rejoice Worship Hymnal Sales	\$10,000	\$20,000	\$0	\$9,582
303.45 - Lightning Source	\$8,000	\$7,500	\$6,000	\$4,703
303.48 - Tracts	\$2,000	\$5,000	\$0	\$1,484
303.48 - (Off Site RH Book Sales)	-\$30,000	\$0	\$0	-\$30,409
303.51 - (Books' Sales History)	\$0	\$0	\$300,000	\$44,515
303.60 - Miscellaneous	\$0	\$0	\$0	\$1,772
303 - RHP Books - Other	\$0	\$0	\$0	\$31
Total 303 - RHP Books	\$190,000	\$223,000	\$381,500	\$186,323
305.03 - D6 Conference Registration	\$450,000	\$450,000	\$300,000	\$354,227
305.06 - D6 Conference Sponsorship	\$45,000	\$45,000	\$0	\$39,175
305.09 - D6 Conference Sales	\$95,000	\$85,000	\$0	\$94,352
305.15 - National Sales	\$15,000	\$15,000	\$15,000	\$22,454
305.21 - Misc. Event Sales	\$1,000	\$5,000	\$0	\$0
305.24 - RHP Sales - Misc Events (N)	\$0	\$5,000	\$0	\$0
Total 305 - Event/ Off Site Sales	\$606,000	\$605,000	\$315,000	\$510,208
307.03 - Curriculum (Dated)	\$45,000	\$25,000	\$35,000	\$47,984
307.06 - VBS	\$20,000	\$30,000	\$35,000	\$19,165
307.09 - Children's Church	\$0	\$0	\$0	\$130
307.12 - Church Supplies	\$7,500	\$10,000	\$14,000	\$7,445
307.15 - Bibles (Non RHP Imprint)	\$2,000	\$5,000	\$10,000	\$1,860
307.18 - Books (Non RHP Imprint)	\$25,000	\$25,000	\$25,000	\$24,110
307.21 - Music	\$1,000	\$5,000	\$5,000	\$1,063
307.24 - Miscellaneous	\$2,500	\$5,000	\$1,000	\$27,304
307 - Third Party Sales (Non RHP) - Other	\$0	\$0	\$0	\$16
Total 307 - Third Party Sales (Non RHP)	\$103,000	\$105,000	\$125,000	\$129,077
308.03 - Printing Sales	\$300,000	\$325,000	\$350,000	\$264,503
308.06 - Freight and Handling Income	\$175,000	\$150,000	\$150,000	\$164,084
308.09 - Interest Income	\$10,000	\$10,000	\$12,000	\$6,991
308.12 - Service Charges	\$5,000	\$3,000	\$3,500	\$7,663
308.15 - Sale/Disposal of Assets	\$0	\$0	\$0	\$64
308.18 - In House Functions	\$1,000	\$1,000	\$1,000	\$285
308 - Other Revenue - Other	\$0	\$0	\$45,600	\$811
Total 308 - Other Revenue	\$491,000	\$489,000	\$562,100	\$444,400
309.03 - Bulletins	\$30,000	\$30,000	\$35,900	\$27,538
309.06 - Signs	\$1,000	\$1,000	\$1,000	\$105
309.09 - Furniture/Steeple/etc.	\$0	\$0	\$700	\$425
309.12 - Advertising/Other	\$20,000	\$0	\$0	\$12,372
Total 309 - Commission Income	\$51,000	\$31,000	\$37,600	\$40,439
320.40 - FWBBC - Textbooks	\$0	\$67,500	\$85,000	\$57,250
320.42 - FWBBC - Snacks/School Supplies	\$0	\$12,000	\$13,000	\$10,368
320.44 - FWBBC - Apparel	\$0	\$1,000	\$1,000	\$903
320.46 - FWBBC - Shorts	\$0	\$0	\$500	\$77
320.48 - FWBBC - Bibles/Books/Gifts	\$0	\$5,000	\$4,500	\$3,452
Total 320 - FWBBC Bookstore Sales	\$0	\$85,500	\$104,000	\$72,050
321 - Wholesale Discounts	\$0	\$0	-\$680,000	-\$130,515
Total Income	\$4,936,000	\$4,869,500	\$4,654,800	\$4,503,068
310.03 - COS - Dated Studies/ SS-Cur	\$30,000	\$30,000	\$50,000	\$24,750
310.09 - COS - Mid Week Teens	\$0	\$0	\$0	\$865
310.12 - COS - 607	\$10,000	\$0	\$0	\$0
310.15 - COS - Children's Church Sales	\$20,000	\$20,000	\$500	\$15,404
310.18 - COS - Online Non Dated Studies	\$15,000	\$0	\$0	\$0

	Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
310.24 - COS - Church Supplies	\$5,000	\$9,500	\$12,200	\$2,247
310.27 - COS - RHP/D6 T-shirt Merch.	\$5,000	\$3,000	\$0	\$19,196
310.30 - COS - Competition Materials	\$5,000	\$7,500	\$5,000	\$3,181
310 - COS - RHP Product Lines - Other	\$0	\$0	\$0	-\$3,084
Total 310 - COS - RHP Product Lines	\$90,000	\$70,000	\$67,700	\$62,557
313.03 - COS - Pastoral/Ch. Leadership	\$10,000	\$15,000	\$0	\$9,862
313.06 - COS - Family/Parenting	\$25,000	\$15,000	\$0	\$20,785
313.09 - COS - Drama/Plays	\$500	\$2,500	\$0	\$343
313.12 - COS - Missions	\$2,500	\$2,500	\$0	\$5,469
313.15 - COS - Small Group Studies	\$3,500	\$2,500	\$0	\$1,625
313.18 - COS - Biblical Studies	\$9,000	\$7,500	\$0	\$8,472
313.21 - COS - Theology/Doctrine	\$9,000	\$7,500	\$0	\$7,594
313.24 - COS - Bibles	\$500	\$2,500	\$0	\$0
313.27 - COS - Christian Living	\$3,000	\$10,000	\$0	\$1,233
313.30 - COS - Fiction	\$500	\$2,500	\$0	\$1,311
313.33 - COS - Children	\$500	\$2,500	\$0	\$123
313.36 - COS - International Language	\$500	\$500	\$200	\$844
313.39 - COS - Rejoice FWB Hymnals	\$20,000	\$10,000	\$40,000	\$26,895
313.42 - COS - Rejoice Workshop Hymnals	\$5,000	\$7,500	\$250	\$4,667
313.45 - COS - Lightning Source	\$0	\$3,750	\$0	\$72
313.48 - COS - Tracts	\$1,000	\$2,000	\$0	\$560
313.51 - COS - (Books' Sales History)	\$0	\$0	\$80,000	\$12,317
313.60 - COS - Miscellaneous	\$0	\$0	\$0	\$1,523
313 - COS - RHP Books - Other	\$0	\$0	\$0	-\$71,105
Total 313 - COS - RHP Books	\$90,500	\$93,750	\$120,450	\$32,592
315.03 - COS - D6 Conf Registration	\$435,000	\$445,000	\$300,000	\$425,622
315.09 - COS - D6 Conf Sales	\$60,000	\$50,000	\$0	\$57,308
315.15 - COS - National Sales	\$15,000	\$7,500	\$10,000	\$16,202
315.21 - COS - Misc. Event Sales	\$500	\$2,500	\$0	\$0
315 - COS - Events/ Off Site - Other	\$0	\$2,500	\$0	\$0
Total 315 - COS - Events/ Off Site	\$510,500	\$507,500	\$310,000	\$499,132
317.03 - COS - Curriculum (Dated)	\$30,000	\$17,500	\$20,000	\$32,597
317.06 - COS - VBS	\$12,000	\$17,500	\$20,000	\$11,728
317.09 - COS - Children's Church	\$0	\$0	\$0	\$65
317.12 - COS - Record Keeping Supplies	\$4,000	\$6,000	\$8,100	\$4,218
317.15 - COS - Bibles (Non RHP)	\$1,200	\$3,000	\$3,000	\$1,339
317.18 - COS - Books (Non RHP)	\$15,000	\$15,000	\$20,000	\$16,947
317.21 - COS - Music	\$500	\$3,000	\$4,500	\$438
317.24 - COS - Miscellaneous	\$1,500	\$3,000	\$3,500	\$125
317 - COS - 3rd Party Sales (Non RHP) - Other	\$0	\$0	\$0	\$4,922
Total 317 - COS - 3rd Party Sales (Non RHP)	\$64,200	\$65,000	\$79,100	\$72,378
318.03 - Freight in RHP	\$2,500	\$7,500	\$7,500	\$2,145
318.09 - COS - Yearbook	\$0	\$0	\$0	-\$12,000
318.15 - COS - Change in Inventory	\$0	\$0	\$0	-\$7,939
318 - COS - Other - Other	\$0	\$0	\$0	\$274
Total 318 - COS - Other	\$2,500	\$7,500	\$7,500	-\$17,521
Total Cost of Goods Sold	\$757,700	\$743,750	\$584,750	\$649,139
	\$4,178,300	\$4,125,750	\$4,070,050	\$3,853,929
Expense				
350.02 - PP - Salaries	\$278,000	\$270,000	\$243,000	\$264,673
350.04 - PP - Travel Expense	\$0	\$0	\$0	\$122
350.06 - PP - Supplies	\$2,500	\$2,500	\$3,000	\$2,315
350.07 - PP - Equipment Maint.	\$5,000	\$1,000	\$1,000	\$4,585
350.12 - PP - Dues & Subscriptions	\$1,500	\$1,000	\$1,000	\$1,182
350.16 - PP - Entertainment	\$100	\$100	\$100	\$0
350.18 - Outside Printing	\$250,000	\$325,000	\$310,000	\$242,181
350.19 - Outside Bindery	\$60,000	\$50,000	\$60,000	\$52,169
350.23 - PP - Telephone	\$0	\$0	\$0	\$62
350.26 - PP - FICA	\$18,500	\$19,500	\$18,500	\$17,574

	Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
350.29 · PP - Retirement	\$9,000	\$9,000	\$9,000	\$7,336
350.32 · PP - Insurance	\$25,000	\$25,000	\$26,000	\$21,102
350.34 · Pressroom Supplies	\$15,000	\$11,000	\$16,000	\$12,175
350.36 · Pressroom Maintenance	\$15,000	\$12,500	\$15,000	\$27,297
350.38 · Pressroom Parts	\$10,000	\$10,000	\$10,000	\$10,731
350.40 · Pressroom Stock	\$200,000	\$195,000	\$195,000	\$200,949
350.42 · Pressroom Ink	\$15,000	\$11,000	\$12,000	\$12,257
350.44 · Bindery Supplies	\$500	\$500	\$1,000	\$0
350.46 · Bindery Maintenance	\$3,500	\$2,500	\$4,000	\$3,451
350.48 · Bindery Parts	\$500	\$500	\$1,000	\$0
350.50 · Pre-Press Supplies	\$5,000	\$10,000	\$7,500	\$4,631
350.52 · Proofing Supplies	\$3,500	\$5,000	\$5,500	\$3,061
350.54 · CTP Maintenance	\$1,000	\$5,000	\$6,000	\$0
350.56 · Digital Press Supplies	\$500	\$1,000	\$0	\$441
350.62 · Plates	\$30,000	\$50,000	\$75,000	\$29,420
350.88 · Outside Purchases-Ess. Pkts	\$45,000	\$45,000	\$50,000	\$40,667
350.89 · Digital Press Maintenance	\$65,000	\$50,000	\$24,000	\$69,419
350.90 · PP - Miscellaneous	\$500	\$500	\$500	\$7,540
Total 350 · Printing Production	\$1,059,600	\$1,112,600	\$1,094,100	\$1,035,339
355.00 · Depreciation Printing Equipment	\$90,000	\$60,000	\$60,000	\$89,312
360.02 · Edit - Salaries	\$285,500	\$265,000	\$245,000	\$270,688
360.03 · Edit - Housing Allowance	\$27,000	\$30,500	\$29,000	\$27,000
360.04 · Edit - Travel	\$2,000	\$2,000	\$2,000	\$705
360.06 · Edit - Supplies	\$2,000	\$2,000	\$2,000	\$967
360.07 · Edit - Equipment Maintenance	\$1,000	\$500	\$1,000	\$743
360.09 · Product Development	\$2,500	\$0	\$0	\$0
360.10 · Edit - Conventions & Seminars	\$1,000	\$2,000	\$2,000	\$732
360.11 · Software Supply	\$500	\$500	\$500	\$107
360.12 · Edit - Dues & Subscriptions	\$1,500	\$1,000	\$2,000	\$1,250
360.16 · Edit - Entertainment	\$1,500	\$1,500	\$1,000	\$1,267
360.23 · Edit - Telephone	\$1,000	\$1,000	\$0	\$590
360.26 · Edit - FICA	\$19,000	\$19,000	\$18,000	\$17,967
360.29 · Edit - Retirement	\$12,000	\$10,000	\$10,000	\$10,198
360.32 · Edit - Insurance	\$30,000	\$30,000	\$34,000	\$26,919
360.34 · Curriculum Development	\$10,000	\$15,000	\$25,000	\$1,503
360.35 · Product Improvement	\$10,000	\$2,000	\$2,000	\$6,070
360.36 · Writer's Fees	\$100,000	\$90,000	\$80,000	\$97,935
360.37 · Register of Copyrights	\$2,500	\$5,000	\$5,000	\$1,995
360.88 · Outside Editing/Proofing	\$10,000	\$10,000	\$15,000	\$8,881
360.89 · Access-Contract Work	\$5,000	\$25,000	\$500	\$0
360.90 · Edit - Miscellaneous	\$1,000	\$2,000	\$2,000	\$42
Total 360 · Editorial	\$525,000	\$514,000	\$476,000	\$475,559
400.02 · AD/AC - Salaries	\$237,000	\$200,000	\$240,000	\$224,554
400.03 · AD/AC - Housing Allowance	\$29,400	\$32,000	\$32,000	\$29,400
400.04 · AD/AC - Travel Expense	\$25,000	\$30,000	\$33,000	\$20,616
400.06 · AD/AC - Supplies	\$7,500	\$5,000	\$7,000	\$6,036
400.07 · AD/AC - Equipment Maintenance	\$1,000	\$2,000	\$1,500	\$616
400.10 · AD/AC - Conventions & Seminars	\$20,000	\$1,500	\$2,000	\$16,296
400.12 · AD/AC - Dues & Subscriptions	\$2,500	\$1,500	\$1,000	\$2,002
400.16 · AD/AC - Entertainment	\$7,500	\$5,000	\$5,000	\$6,813
400.23 · AD/AC - Telephone	\$3,500	\$4,000	\$4,500	\$3,263
400.26 · AD/AC - FICA	\$15,500	\$12,000	\$14,000	\$14,774
400.29 · AD/AC - Retirement	\$14,000	\$12,000	\$13,000	\$13,177
400.32 · AD/AC - Insurance	\$30,000	\$30,000	\$27,000	\$27,693
400.70 · AD/AC - Automobile Expense	\$7,500	\$5,000	\$5,000	\$6,098
400.90 · AD/AC - Miscellaneous	\$500	\$1,000	\$1,000	\$326
Total 400 · Administrative/Accounting	\$400,900	\$341,000	\$386,000	\$371,663
410.02 · Sales/Mkt - Salaries	\$350,000	\$325,000	\$267,500	\$289,535
410.03 · Sales/Mkt - Housing Allowance	\$37,620	\$22,000	\$22,000	\$26,100
410.04 · Sales/Mkt - Travel Expense	\$25,000	\$20,000	\$25,000	\$24,905
410.06 · Sales/Mkt - Supplies	\$7,500	\$7,500	\$8,000	\$6,677
410.07 · Sales/Mkt - Equipment Maint.	\$500	\$3,000	\$3,000	\$99
410.11 · Sales/ - Conventions & Seminars	\$7,500	\$2,000	\$2,000	\$8,144

410.12 · Sales/Mkt - Dues & Subscriptions
 410.15 · National Expense
 410.20 · Sales/Mkt - Postage
 410.23 · Sales/Mkt - Telephone
 410.26 · Sales/Mkt - FICA
 410.29 · Sales/Mkt - Retirement
 410.32 · Sales/Mkt - Insurance
 410.34 · Sales/Mkt - Advertising
 410.36 · Sales/Mkt - Promotion
 410.88 · Sales/Mkt - Entertainment
 410.90 · Sales/Mkt - Miscellaneous
Total 410 · Sales/Marketing

420.02 · Design - Salaries
 420.04 · Design - Travel Expense
 420.06 · Design - Supplies
 420.07 · Design - Equipment Maintenance
 420.10 · Design - Conventions & Seminars
 420.12 · Design - Dues & Subscriptions
 420.14 · Art Services
 420.16 · Design - Entertainment
 420.20 · Design - Postage
 420.23 · Design - Telephone
 420.26 · Design - FICA
 420.29 · Design - Retirement
 420.32 · Design - Insurance
 420.90 · Design - Miscellaneous
Total 420 · Design

425.02 · RB - Salaries
 425.04 · RB - Travel Expense
 425.06 · RB - Supplies
 425.07 · RB - Equipment Maintenance
 425.10 · RB - Conventions & Seminars
 425.11 · Royalty Payments
 425.12 · RB - Dues & Subscriptions
 425.23 · RB - Telephone
 425.26 · RB - FICA
 425.29 · RB - Retirement
 425.32 · RB - Insurance
 425.66 · Workshops Expense
 425.88 · RB - Entertainment
 425.89 · Product Development
 425.90 · RB - Miscellaneous
Total 425 · RHP Book Division

430.02 · DC - Salaries
 430.04 · DC - Travel Expense
 430.06 · DC - Supplies
 430.07 · DC - Equipment Maintenance
 430.08 · DC - Equipment Rental
 430.09 · DC - Software Fees and Services
 430.12 · DC - Dues & Subscriptions
 430.16 · DC - Entertainment
 430.20 · DC - Postage
 430.26 · DC - FICA
 430.29 · DC - Retirement
 430.32 · DC - Insurance
 430.40 · DC - Freight Expense
 430.90 · DC - Miscellaneous
Total 430 · Distribution Center

435.02 · IT - Salaries
 435.04 · IT - Travel
 435.06 · IT - Supplies

Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
\$15,000	\$1,000	\$1,000	\$14,163
\$30,000	\$30,000	\$30,000	\$39,130
\$0	\$2,000	\$2,500	\$2
\$17,500	\$15,000	\$15,000	\$15,922
\$20,000	\$25,000	\$22,000	\$19,200
\$11,000	\$9,500	\$9,500	\$10,268
\$45,000	\$45,000	\$35,000	\$42,517
\$80,000	\$80,000	\$80,000	\$66,494
\$80,000	\$80,000	\$80,000	\$71,556
\$4,000	\$3,500	\$3,000	\$3,674
\$500	\$500	\$500	\$0
\$731,120	\$671,000	\$606,000	\$638,386
\$220,500	\$205,000	\$202,500	\$210,369
\$500	\$1,000	\$1,000	\$214
\$2,500	\$2,500	\$3,000	\$2,338
\$0	\$1,000	\$1,000	\$0
\$500	\$1,000	\$1,000	\$122
\$500	\$500	\$500	\$130
\$50,000	\$60,000	\$65,000	\$44,680
\$2,000	\$2,000	\$2,000	\$1,549
\$0	\$0	\$0	\$18
\$0	\$0	\$0	\$89
\$14,500	\$16,000	\$15,500	\$13,965
\$7,000	\$7,500	\$7,500	\$6,692
\$30,000	\$35,000	\$27,500	\$28,718
\$500	\$500	\$500	\$574
\$328,500	\$332,000	\$327,000	\$309,455
\$47,500	\$46,000	\$44,000	\$45,110
\$1,000	\$2,000	\$2,000	\$38
\$500	\$1,000	\$1,000	\$130
\$0	\$500	\$500	\$0
\$500	\$1,000	\$1,000	\$122
\$20,000	\$20,000	\$25,000	\$18,494
\$1,000	\$500	\$500	\$520
\$1,000	\$1,000	\$0	\$861
\$3,250	\$3,600	\$3,500	\$2,993
\$2,500	\$2,500	\$2,200	\$2,200
\$4,500	\$4,500	\$4,000	\$4,186
\$500	\$1,000	\$1,000	\$0
\$500	\$1,000	\$1,000	\$262
\$1,000	\$0	\$0	\$321
\$500	\$500	\$500	\$60
\$84,250	\$85,100	\$86,200	\$75,296
\$150,000	\$105,000	\$140,000	\$142,465
\$0	\$0	\$0	\$122
\$20,000	\$21,000	\$21,000	\$19,855
\$2,000	\$2,000	\$2,000	\$0
\$10,000	\$7,500	\$7,500	\$8,968
\$1,000	\$1,200	\$1,200	\$0
\$500	\$500	\$500	\$100
\$750	\$750	\$750	\$409
\$32,500	\$30,000	\$23,000	\$31,045
\$10,000	\$10,000	\$11,000	\$9,616
\$5,500	\$5,000	\$5,500	\$5,176
\$30,000	\$24,000	\$22,500	\$27,366
\$120,000	\$115,000	\$115,000	\$113,757
\$250	\$250	\$250	\$0
\$382,500	\$322,200	\$350,200	\$358,879
\$39,000	\$42,000	\$42,000	\$37,066
\$500	\$500	\$1,000	\$0
\$500	\$2,500	\$2,500	\$489

	Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
435.07 - IT - Equipment Maintenance	\$1,500	\$3,000	\$4,000	\$740
435.08 - IT - Software Services	\$1,000	\$2,000	\$2,000	\$199
435.10 - IT - Conventions/Seminars	\$500	\$500	\$1,000	\$0
435.12 - IT - Dues & Subscriptions	\$4,000	\$1,500	\$500	\$3,936
435.16 - IT - Entertainment	\$0	\$0	\$500	\$0
435.23 - IT - Telephone	\$500	\$0	\$0	\$496
435.26 - IT - FICA	\$2,600	\$3,200	\$3,200	\$2,460
435.32 - IT - Insurance	\$4,500	\$4,500	\$4,000	\$4,122
435.90 - IT - Miscellaneous	\$0	\$0	\$12,500	\$0
435 - IT Division - Other	\$0	\$500	\$500	\$0
Total 435 - IT Division	\$54,600	\$60,200	\$73,700	\$49,507

440.02 - PM - Salaries	\$22,000	\$19,000	\$19,000	\$19,608
440.06 - PM - Supplies	\$10,000	\$7,500	\$7,500	\$9,250
440.07 - PM - Equipment Maintenance	\$12,000	\$7,500	\$5,000	\$10,909
440.08 - PM - Overhead (Youth Department)	\$13,500	\$0	\$0	\$13,500
440.23 - PM - Telephone	\$2,000	\$0	\$0	\$1,937
440.26 - PM - FICA	\$1,500	\$1,500	\$1,500	\$1,199
440.34 - PM - Building Maintenance	\$31,000	\$25,000	\$25,000	\$30,231
440.40 - Utilities	\$60,000	\$55,000	\$55,000	\$59,052
440.45 - Building Insurance	\$32,000	\$29,000	\$29,000	\$33,039
440.90 - PM - Miscellaneous	\$300	\$300	\$300	\$0
Total 440 - Plant Maintenance	\$157,300	\$144,800	\$142,300	\$151,726

460.02 - FWBBC - Salaries	\$0	\$17,500	\$17,500	\$12,840
460.04 - FWBBC - Travel Expense	\$0	\$1,000	\$1,000	\$142
460.05 - FWBBC - Building Rental	\$0	\$5,000	\$5,000	\$0
460.06 - FWBBC - Supplies	\$0	\$500	\$500	\$101
460.12 - FWBBC - Dues & Subscriptions	\$0	\$100	\$100	\$35
460.26 - FWBBC - FICA	\$0	\$1,200	\$1,200	\$858
460.40 - FWBBC - Textbooks	\$0	\$60,000	\$63,000	\$42,272
460.42 - FWBBC - Snacks/School Supplies	\$0	\$10,000	\$7,500	\$5,603
460.44 - FWBBC - Apparel	\$0	\$500	\$500	\$0
460.46 - FWBBC - Shorts	\$0	\$500	\$500	\$0
460.48 - FWBBC - Bibles/Books/Gifts	\$0	\$2,500	\$2,500	\$1,899
460.90 - FWBBC - Miscellaneous	\$0	\$250	\$250	\$3
Total 460 - FWBBC Bookstore	\$0	\$99,050	\$99,550	\$63,754

490.06 - GE - Supplies	\$3,000	\$5,000	\$5,000	\$2,315
490.07 - GE - Equipment Maintenance	\$1,000	\$5,000	\$5,000	\$420
490.08 - GE - Equipment Rental	\$25,000	\$20,000	\$20,000	\$22,676
490.14 - Depreciation	\$80,000	\$75,000	\$75,000	\$66,503
490.15 - Interest Expense	\$20,000	\$20,000	\$15,000	\$19,143
490.18 - Bank Service Charges	\$30,000	\$15,000	\$10,000	\$29,045
490.20 - Insurance	\$15,000	\$15,000	\$0	\$13,833
490.25 - RHP - Board Expense	\$20,000	\$20,000	\$20,000	\$20,337
490.30 - Legal & Audit	\$15,000	\$15,000	\$15,000	\$13,946
490.35 - GE - Automobile Expense	\$2,000	\$2,500	\$2,500	\$1,358
490.40 - Bad Debts	\$1,000	\$1,000	\$1,000	\$0
490.45 - In House Functions	\$12,000	\$10,000	\$12,000	\$11,032
490.50 - Taxes	\$6,000	\$5,000	\$9,000	\$5,724
490.55 - Payroll Services	\$9,000	\$7,500	\$7,000	\$8,930
490.90 - GE - Miscellaneous	\$2,000	\$5,000	\$5,000	\$1,422
Total 490 - General	\$241,000	\$221,000	\$201,500	\$216,683

9000 - Youth Department				
300.62 - NYC 2011	\$0	\$115,000	\$0	\$0
300.63 - NYC 2012	\$125,000	\$0	\$100,000	\$133,627
300.64 - Truth & Peace Fees - 2011	\$0	\$105,000	\$0	\$0
300.65 - Truth & Peace Fees 2012	\$110,000	\$0	\$90,000	\$106,821
300.66 - NYET Fees - 2011	\$0	\$7,500	\$0	\$0
300.67 - NYET Fees 2012	\$10,000	\$0	\$7,500	\$15,479
300.70 - Youth Collections	\$2,500	\$2,000	\$2,000	\$2,443
300.73 - Buck-A-Week Revenues	\$250	\$0	\$0	\$72
Total 9100 - Youth Revenues	\$247,750	\$229,500	\$199,500	\$258,442

	Budget 2012	Budget 2011	Budget 2010	Actual \$2,010
450.02 - YD - Salaries	\$23,000	\$30,000	\$20,000	\$21,892
450.03 - YD - Housing Allowance	\$5,400	\$6,000	\$6,000	\$5,400
450.04 - YD - Travel Expense	\$3,500	\$3,500	\$3,000	\$3,346
450.06 - YD - Supplies	\$1,000	\$1,000	\$1,000	\$222
450.07 - YD - Equipment Maint.	\$0	\$0	\$0	\$30
450.08 - YD - Overhead	\$13,500	\$0	\$0	\$13,500
450.10 - YD - Conventions & Seminars	\$500	\$1,000	\$1,000	\$280
450.12 - YD - Dues & Subscriptions	\$500	\$500	\$500	\$115
450.16 - YD - Entertainment	\$500	\$500	\$500	\$265
450.23 - YD - Telephone	\$500	\$0	\$0	\$358
450.26 - YD - FICA	\$2,350	\$2,500	\$1,530	\$2,239
450.29 - YD - Retirement	\$1,000	\$750	\$750	\$810
450.32 - YD - Insurance	\$4,000	\$3,500	\$3,500	\$3,014
450.34 - NYC Expense 2011	\$0	\$85,000	\$0	\$0
450.35 - SCM - NYC 2012	\$95,000	\$0	\$85,000	\$80,607
450.36 - Truth & Peace - 2011	\$0	\$85,000	\$0	\$0
450.37 - SCM - Truth & Peace 2012	\$95,000	\$0	\$65,000	\$86,307
450.38 - NYET 2011	\$0	\$7,500	\$0	\$0
450.39 - SCM - NYET 2012	\$10,000	\$0	\$7,500	\$12,193
450.89 - Extra 34	\$0	\$0	\$1,000	\$0
450.90 - YD - Miscellaneous	\$1,000	\$1,000	\$500	\$4,181
Total 450 - Youth Department Expenses	\$256,750	\$227,750	\$196,780	\$234,759

9200 - Revenues Denom. Ministries	\$0	\$0	\$0	\$2,700
300.82 - Tri-State Conference Fees	\$0	\$0	\$0	\$3,694
300.89 - Ohio Conference Fees	\$10,000	\$0	\$10,000	\$0
9200 - Revenues Denom. Ministries - Other	\$10,000	\$0	\$10,000	\$6,394
Total 9200 - Revenues Denom. Ministries				

445.45 - Team Church Travel	\$0	\$0	\$0	\$924
445.53 - WV SS Conference	\$0	\$0	\$0	\$30
445.58 - Ohio Conference	\$0	\$0	\$0	\$6,191
445.65 - Yearbook Printing	\$12,000	\$12,000	\$12,000	\$12,000
445.66 - ONE Magazine	\$50,000	\$50,000	\$45,000	\$44,377
445.93 - Scholarships	\$3,000	\$3,000	\$3,000	\$0
Total 445 - Denominational Ministries	\$65,000	\$65,000	\$60,000	\$63,521

EXECUTIVE DIRECTOR & CEO RONALD HUNTER, JR

	2011 PACKAGE	2012 PROJECTED PACKAGE
SALARY ***	\$55,573	\$59,821
HOUSING ALLOWANCE	\$29,400	\$29,400
CHRISTMAS BONUS	\$1,634	\$1,716
COMPENSATION TOTAL		\$90,937
SOCIAL SECURITY	\$0	\$0
RETIREMENT	\$4,249	\$4,461
BENEFITS TOTAL		\$4,461
TOTAL PAY PACKAGE		\$95,398

Medical, Dental, Life and Long Term Disability Insurances in 2011 is \$12,756.84. A slight increase is projected for 2012.

*** Salary subject to change dependent on the performance of the company for the year.

Summary of the Minutes For the Randall House Publications Board 2010-2011

The Board had three regular meetings. The first meeting was held at the National Association July 21, 2010 in Oklahoma City, Oklahoma. At that meeting, we elected officers and determined committees.

The second meeting was held at Randall House December 8-9, 2010 after the National Leadership Conference. We welcomed our two newest Board Members, Charles Cook and Mike Trimble. We authorized an additional adult Sunday School Curriculum to be offered. We approved five writers. We heard a report on the September D6 Conference. We approved the statement that "RHP will not support or use secular Rock Music as a publishing house." We approved the statement, "The Board states that Randall House desires to reassure our constituents that we remain committed to the FWB Denomination and our doctrine." We approved the speakers for the Youth Worship Services for NYC 2011.

The third meeting was held May 2-3, 2011 at Randall House. At that meeting, we accepted the 2010 audit and approved the 2012 budget. We approved up to a 5% pay increase for our Executive Director. We instituted a policy where the Board Finance Committee would review all salaries at each Board meeting. We voted to offer to contribute \$2.00 per NYC registrant to the Executive Office toward convention expenses beginning in 2012. We voted to offer the following items for sale to the Bookstores (Brink, Heritage Teacher CDs) with commission contingent on the Bookstores attending yearly sales training.

Free Will Baptist International Missions

Interim General Director's Report

Faith tested

The American Crisis is a collection of articles written by Thomas Paine in 1776 during the American Revolutionary War. General George Washington found some of these essays so inspiring that he ordered they be read to the troops at Valley Forge. One of the better-known quotes from the essays is: "These are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country; but he that stands by it now, deserves the love and thanks of man and woman."

Fortunately, we are facing neither war nor revolution; but we are facing some of the toughest financial days of our 75-year history. Obviously, the present financial crisis is not limited to IM; yet, it has had a nearly crippling effect on us. While we are a long way from being back to our former financial position, we believe we are on track to recovery. Daily, we realize we are not alone; we are surrounded by faithful friends, supporters, missionaries, and national believers.

Faithful supporters

Many of you have not shrunk from your service for the King during these trying days. You are standing arm-in-arm with us as we continue to reach the unreached. You deserve our thanks. We sincerely express our love and appreciation for all who have stood by us.

Eighty-seven FWB churches gave over \$10,000 each in the past year. We are very grateful for their efforts and for each and every dollar given to our ministries. (See Graph A.)

Faithful workers

Time and space will not permit me to share all the joys and victories on the fields where IM personnel are serving. However, it is overwhelmingly evident that our missionaries continue to faithfully share the Word, disciple believers, develop leaders, and plant churches. In each country, we are seeing people come to Christ, follow Him in baptism, and become engaged in a local church.

Not only are our missionaries keeping their shoulders to the wheel, but we also have many trained leaders who are stepping up and taking the helm of the work in their countries.

In the past year we have seen:

over 1,600 individuals make conversions of faith
1,270 people baptized
444 leaders seeking training

Faithful servant

In February of this year, Brother James Forlines stepped down as general director of FWBIM. After nearly 13 years of passionate, visionary, faithful leadership, he tendered his resignation. I, Clint Morgan, was asked by the board to step in as interim for an undetermined time frame. The board has committed itself to a thorough search for the next general director.

Brother James was a faithful servant at IM and will certainly continue to be faithful to God's call wherever he goes. We at FWBIM are determined to stay the course and to ensure that we fulfill our mission statement: *We exist to facilitate church planting movements among the unreached.*

Faithfulness

All that we have done, or hope to do, will be built on the foundation of our faithfulness. May we not be "summer soldiers and sunshine patriots" but rather be counted among those who "stand" in the service of our Lord so that His Kingdom might be expanded to the most remote corners of this world.

Clint Morgan
Clint Morgan

Churches Giving Over \$10,000 in 2010 (Graph A)

Church	City	State	Amount
Unity FWB Church	Greenville	NC	\$136,488.09
Donelson FWB Church	Nashville	TN	\$107,761.17
Horse Branch FWB Church	Turbeville	SC	\$79,476.54
Trinity FWB Church	Bridgeton	MO	\$63,364.00
Macedonia FWB Church	Purdy	MO	\$57,283.00
Cofer's Chapel FWB Church	Nashville	TN	\$50,002.13
Calvary Chapel FWB Church	Buffalo	MO	\$45,477.28
Ina FWB Church	Ina	IL	\$45,027.00
First FWB Church	Beaufort	NC	\$41,806.22
Calvary Fellowship FWB Church	Fenton	MO	\$40,397.72
First FWB Church	Russellville	AR	\$39,590.10
First FWB Church	Washington	NC	\$36,001.07
First FWB Church	Albany	GA	\$32,517.13
First FWB Church	N Little Rock	AR	\$32,419.32
Westside FWB Church	Johnsboro	SC	\$31,953.65
Cross Timbers FWB Church	Nashville	TN	\$30,164.66
New Hope FWB Church	Jordan	TN	\$29,176.81
Good Springs FWB Church	Pleasant View	TN	\$28,763.38
Central FWB Church	Royal Oak	MI	\$28,757.66
Sherwood Forest FWB Church	New Bern	NC	\$28,309.52
Bethel FWB Church	Kinston	NC	\$27,063.00
Peace FWB Church	Florence	SC	\$26,409.84
Limestone FWB Church	Limestone	TN	\$24,948.50
Grace FWB Church	Lake City	SC	\$23,766.22
Peace FWB Church	Wilson	NC	\$23,354.92
Zephyr Hills FWB Church	Asheville	NC	\$23,286.81
Bethany FWB Church	Broken Arrow	OK	\$22,992.80
Winfield First FWB Church	Winfield	AL	\$22,910.23
First FWB Church	Pocahontas	AR	\$22,729.05
Allen Chapel FWB Church	Batesville	AR	\$22,256.26
First FWB Church	Gastonia	NC	\$20,395.77
Bethany FWB Church	Timmonsville	SC	\$20,090.50
Sand Hill FWB Church	Coward	SC	\$19,971.77
Blue Point FWB Church	Cisne	IL	\$19,546.88
First FWB Church	Star City	AR	\$18,902.70

Ebenezer FWB Church	Glennville	GA	\$18,246.24
Temple FWB Church	Winterville	NC	\$18,231.62
Union Grove FWB Church	Atkins	AR	\$18,150.16
Hillsboro FWB Church	Hillsboro	OH	\$18,078.18
Garner FWB Church	Garner	NC	\$17,115.34
First FWB Church	O Fallon	MO	\$16,958.89
Fellowship FWB Church	Kingsport	TN	\$16,339.02
Red Bay FWB Church	Red Bay	AL	\$16,154.50
Porter FWB Church	Wheelersburg	OH	\$16,007.66
Temple FWB Church	Darlington	SC	\$15,973.32
New Liberty FWB Church	Bankston	AL	\$15,557.57
Cavanaugh FWB Church	Fort Smith	AR	\$15,147.65
Black River FWB Church	Andrews	SC	\$15,049.47
Rose Hill FWB Church	Monticello	AR	\$14,882.31
Bethlehem FWB Church	Ashland City	TN	\$14,365.57
Sutton FWB Church	Pocahontas	AR	\$14,317.58
Hannon FWB Church	Liberal	MO	\$14,074.04
Head's FWB Church	Cedar Hill	TN	\$14,062.45
First FWB Church	Mountain Grove	MO	\$13,561.70
Tupelo FWB Church	Tupelo	MS	\$13,385.00
Goshen FWB Church	Mt. Holly	NC	\$13,035.16
First FWB Church	Florence	SC	\$12,994.00
Grace For The World Ministries	Dickson	TN	\$12,986.00
Stuart FWB Church	Stuart	OK	\$12,764.14
Philadelphia FWB Church	Folkston	GA	\$12,439.60
Harmony FWB Church	Fresno	CA	\$12,111.72
Townsend FWB Church	Townsend	DE	\$12,086.71
Fellowship FWB Church	Bryan	TX	\$12,003.62
Liberty FWB Church	Lawley	AL	\$11,983.89
Tippet's Chapel FWB Church	Clayton	NC	\$11,965.31
First FWB Church	Walnut Ridge	AR	\$11,949.50
First FWB Church	Springfield	OH	\$11,885.99
Piney Grove FWB Church	Guin	AL	\$11,549.96
Mt. Zion FWB Church	Pell City	AL	\$11,528.55
Kirby FWB Church	Flat Rock	MI	\$11,385.23
Northridge FWB Church	Dayton	OH	\$11,293.10
Cross Creek FWB Church	Olive Branch	MS	\$11,211.82
Union Chapel FWB Church	Chocowinity	NC	\$11,200.00
Sulphur Springs FWB Church	Northport	AL	\$11,157.11
Colquitt FWB Church	Colquitt	GA	\$11,136.95
North Warren FWB Church	Warren	MI	\$11,035.15
First FWB Church	Bakersfield	CA	\$11,032.42
Westerville FWB Church	Westerville	OH	\$10,902.81
Mt. Olive FWB Church	Guin	AL	\$10,874.04
First FWB Church	Owensboro	KY	\$10,785.00
New Lebanon FWB Church	Tishomingo	MS	\$10,775.40
First FWB Church	Darlington	SC	\$10,535.25

Bethel FWB Church	Chapmansboro	TN	\$10,433.75
New Hope FWB Church	Jesup	GA	\$10,351.91
Lebanon FWB Church	Effingham	SC	\$10,344.40
New Hope FWB Church	Ewing	IL	\$10,270.40
Mullins-Marion FWB Church	Mullins	SC	\$10,118.00

10 States Gave Over \$5.3 Million

Tennessee*	\$1,261,330.84
North Carolina	\$774,234.83
Missouri	\$619,154.49
Oklahoma	\$568,021.34
Arkansas	\$548,944.26
South Carolina	\$519,437.36
Alabama	\$431,397.00
Georgia	\$367,874.58
Illinois	\$242,508.79

*Includes WNAC corporate giving and national COOP giving

21 Churches Contributed Over \$3,000 Each to the World Missions Offering

Church	City	State	Amount
Zephyr Hills FWB Church	Asheville	NC	\$18,112.81
First FWB Church	Beaufort	NC	\$11,134.25
Peace FWB Church	Wilson	NC	\$10,186.50
Tupelo FWB Church	Tupelo	MS	\$8,600.00
Davis FWB Church	Davis	NC	\$7,357.50
Peace FWB Church	Florence	SC	\$7,267.00
Fellowship FWB Church	Bryan	TX	\$6,905.12
First FWB Church	Gastonia	NC	\$6,715.50
Cross Timbers FWB Church	Nashville	TN	\$6,585.20
Philadelphia FWB Church	Folkston	GA	\$5,158.84
Trinity FWB Church	La Grange	NC	\$4,100.00
Damascus FWB Church	Marianna	FL	\$4,051.33
New Hope FWB Church	Jordan	TN	\$3,959.88
Free Will Baptist Church	Christiansted	VI	\$3,905.24
Coker's Chapel FWB Church	Nashville	TN	\$3,729.11
Ina FWB Church	Ina	IL	\$3,300.00
Freedom Way FWB Church	Swanboro	NC	\$3,250.00
Cross Creek FWB Church	Olive Branch	MS	\$3,245.40
Nolan FWB Church	Williamson	WV	\$3,200.00
Red Bay FWB Church	Red Bay	AL	\$3,078.00
Allen Chapel FWB Church	Batesville	AR	\$3,000.00

Footnote: These numbers reflect only designated gifts to the annual Word Missions Offering.

Board Meetings Summary

The Board of International Missions met four times, conducted nine email ballots, and held three phone conferences from December 21, 2009, to April 26, 2011.

Financial concerns occupied a large portion of the regular meetings. Strategies for increasing donations and cutting budgets were discussed. Budgets were heavily cut, hires to replace personnel who departed delayed, and additional personnel (Charolette Tallent—field operations stateside manager, Lori McCraney—financial operations, accounts receivable) layed off to meet new budgetary constraints.

A special called meeting, February 9-10, 2011, addressed continued financial concerns. During this session, General Director James Forlines submitted his resignation. The board asked Clint Morgan to serve as interim general director for an indefinite time. Transitional plans for state meetings, etc. were put in place.

Additional resignations accepted throughout the year were: Eddie and LaRhonda Bowerman (health needs, December 21, 2009), David and Annette Aycock (March 1, 2010), Andy and Andrea Moore (March 1, 2010), Caleb Dement (health needs, April 13, 2010), Ledge and Sharon Ferguson (April 28, 2010), Barry Simpson, director of development (December 9, 2010), and Mark McPeak, deputy director of stateside operations (January 31, 2011).

Three missionaries requested retirement and received approval as well as immense appreciation for their faithful service: Jim and Vicki Sturgill (Brazil, 40 years, April 28, 2010), and Alice Smith (Côte d'Ivoire, 36 years, April 26, 2011).

Seven career missionaries were appointed: Heath and Joni H. in Spain with The Hanna Project (April 26, 2010), Jennifer S. in Spain with The Hanna Project (April 26, 2010), Patrick and Jill M. in France with The Hanna Project (December 8, 2010), and Jonathan and Amy Postlewaite, Bulgaria (December 8, 2010).

Additionally, Don Robirds received a six-month professional servant assignment to the Bible institute in Campinas, Brazil (April 26, 2011).

Business concerning The Hanna Project: Mike Cousineau resignation accepted, Clint Morgan appointed interim director (April 27, 2010); Clint Morgan elected as administrative director and board members approved—Jeff Turnbough (chairman), Mark McPeak, Rob Conley, Dale Bishop, Tim Keener, Stan Bunch (June 30, 2010); New position of stateside administrator approved, Joe Wilson selected to fill the role (June 30, 2010).

Additional: Rachel Dennis seconded to CAMA (August 3, 2010); pilot program—Missionaries in the Marketplace—adopted (December 8, 2011); plans for securing a new general director were initiated with hopes to finalize a selection process outline, job description, candidate profile, and timeline for selection in July 2011 (April 27, 2011).

Free Will Baptist International Missions

2012 Operational Budget Summary

Category	2010 Budget	2010 Actuals	2011 Proposed Budget	2012 Proposed Budget
Field Ministries & Projects	\$ 1,831,147.67	\$ 874,709.70	\$ 1,772,111.96	\$ 924,587.02
Missionary Compensation & Benefits	\$ 4,065,415.50	\$ 3,661,543.24	\$ 3,675,558.03	\$ 3,870,334.88
Missionary Travel/Transportation	\$ 555,443.72	\$ 422,009.76	\$ 509,701.29	\$ 446,073.83
Mobilization & Development	\$ 901,176.16	\$ 921,553.84	\$ 825,951.85	\$ 874,105.40
Administration	\$ 1,196,816.85	\$ 979,971.89	\$ 1,015,667.04	\$ 1,034,901.07
Grand Totals	\$ 8,500,000.00	\$ 6,858,887.23	\$ 7,800,000.00	\$ 7,250,000.00

Does not include Non-Governmental Organization Projects, YISOR, Television and other "Potential" Budgets approved by the Board of International Missions.
Operational: All projects and ministries funded by or through the Global Evangelism Fund (GEF) and Strategic Missions Partnerships (SMPs).

2012 Operational Budget Breakout

Functional Description	2012 Amt	Functional Description	2012 Amt
Missionary Salary	1,147,040.38	Miscellaneous Mailings	5,757.81
Missionary COLA	570,978.56	Books and Subscriptions	2,746.03
Missionary Housing - Field	726,639.79	Together Way Campaign	2,037.38
Missionary Housing - US	121,914.94	Surveys	177.16
Missionary Vacation Allowance	37,436.12	Reentry	1,771.63
Missionary Social Security Taxes	261,012.87	Seminary/Training Expense	13,021.50
Missionary Fieldside Transportation	242,959.12	National Convention	32,952.38
Missionary Auto Purchase	160,598.55	Int'l Missions Month	5,314.90
Missionary Insurance-Medical	466,116.70	Impulse Video Magazine	39,861.75
Missionary Deputational Expense	89,458.62	One Magazine	60,235.53
Missionary Overseas Travel	166,134.91	Board Expenses	14,396.95
Missionary Children's Schooling	70,821.04	Board Overseas Travel	3,986.17
Missionary Language/Cont Ed	115,510.49	Honorariums	1,328.72
Missionary Furniture	61,697.13	Office Travel Domestic	23,208.40
Missionary College Expense	8,858.17	Travel Insurance	763.57
Missionary Retirement	51,830.90	Department Insurance	1,328.72
Missionary Non US Taxes	73,478.49	Candidate Expenses	6,643.62
Missionary Special Projects	120,028.15	Recruiting	2,214.54
Missionary Newsletters	55,372.40	Employee Recognition	1,195.85
Missionary Miscellaneous	37,974.96	Strategic Planning Retreat	1,993.09
Missionary Equipment	77,597.53	Compassion/Relief	88.58
Missionary Meeting Places	81,672.29	Cell Phone Usage	5,226.32
Missionary Maintenance Mission Prop	46,726.83	Meals/Enter/Lodging Others	5,890.68
Missionary Evangelism	207,103.92	Orientation for New Missionary	2,303.12
Missionary National Workers	169,678.17	Mission Community Development	8,902.46
Missionary Other Supporting	205,695.47	Advisory Council	7,086.53
Missionary Overseas Shipping	15,723.24	2010 Celebration Accrual	33,845.28
Missionary Dental & Optical	68,252.17	Office Travel International	19,930.67
Missionary Customs Charges	4,517.66	Off-Site Storage	1,771.63
Missionary COLA Equalization	45,706.31	Professional Services	10,718.38
Missionary Severance Accrual	8,238.09	Office Expenses	1,550.18
Missionary Health Supplement	35,290.93	Auditing Expenses	10,629.80
Missionary Other Insurance	17,007.68	Rent - 5233 Mt View Rd	79,723.49
Missionary Field Admin Expenses	1,328.72	Software Expense	11,737.07
Office Salary	530,520.14	Office/Computer Equipment	10,186.89
Office Housing	62,587.68	Office Equip Maint	4,429.08
Office Social Security	66,445.65	Office Supplies	16,387.61
Office Insurance	112,848.50	Other Expenses	1,993.09
Office Retirement	28,902.44	Bank Service Charges	708.65
Misc. Office Help	6,865.08	Depreciation Expense	63,187.96
Audio Visual	221.45	Credit Card Process Fees	1,771.63
Film and Art	3,631.85	Website	13,287.25
Video	13,287.25	Internet Service Provider	8,503.64
Promotional Materials	6,200.72	Video Conferencing Services	6,200.72
Services and Dues	354.33	Missionary/Field Projects	203,737.82
Info Services Materials	38,090.11	Vehicle Fuel	12,135.69
Telephone	6,200.72	Vehicle Maintenance	3,543.27
Copier Expense	3,277.52	Vehicle Repairs	2,214.54
Regular Postage	21,259.60	Vehicle Registration	531.49
Return Postage	1,328.72	Vehicle Insurance	8,415.26
Total	\$ 7,250,000.00		

Free Will Baptist International Missions Compensation Detail

	Approved 2010	Approved 2011	Actual 2011	Proposed 2012
General Director	38,963	40,222	34,055	40,222
Salary	28,227	28,792	27,000	28,792
Housing and Utilities	10,835	11,129	9,846	11,129
Social Security	3,359	3,451	1,832	3,451
Retirement	12,555	10,832	10,832	10,832
Insurance	1,292	1,327	1,174	1,327
Christmas Bonus	95,232	95,753	84,739	95,753
Total Cost of Employment				
Deputy Director - Fieldside Operations	35,364	37,643	34,740	37,643
Salary	28,000	28,560	28,000	28,560
Housing and Utilities	10,218	10,676	10,117	10,676
Social Security	3,168	3,310	1,882	3,310
Retirement	10,800	10,343	10,343	10,343
Insurance	1,219	1,273	1,207	1,273
Christmas Bonus	88,766	91,805	86,289	91,805
Total Cost of Employment				
Director of Financial Operations	53,288	54,833	48,422	54,833
Salary	-	-	-	-
Housing and Utilities	8,491	8,737	7,716	8,737
Social Security	2,664	2,742	1,453	2,742
Retirement	16,368	15,178	15,178	15,178
Insurance	1,025	1,054	931	1,054
Christmas Bonus	81,835	82,544	73,699	82,544
Total Cost of Employment				
Director of Development	38,219	38,983	5,570	24,833
Salary	15,068	15,369	2,500	30,000
Housing and Utilities	8,593	8,765	1,301	8,842
Social Security	2,664	2,718	404	2,742
Retirement	16,368	15,178	-	15,178
Insurance	1,025	1,045	-	1,054
Christmas Bonus	81,837	82,057	9,775	82,649
Total Cost of Employment				

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, 2010 and 2009, 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, 2010 and 2009, 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 2010 and 2009 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 basic consolidated financial statements taken as a whole.

April 9, 2011

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

ASSETS		
	2010	2009
Cash and cash equivalents	\$ 1,230,505	\$ 1,021,161
Investments in trusts	415,198	1,054,923
Investments	1,960	3,060
Prepaid expenses	45,605	108,605
Receivables from employees and missionaries	337,909	358,322
Note receivable	54,108	54,108
Property and equipment, net	<u>1,206,497</u>	<u>1,368,761</u>
Total assets	<u>\$ 3,291,782</u>	<u>\$ 3,968,940</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 205,552	\$ 386,209
Benevolent supplemental insurance obligation	-	532,144
Notes payable	259,882	333,817
Accrued severance payable	<u>146,618</u>	<u>161,364</u>
Total liabilities	<u>612,052</u>	<u>1,413,534</u>
Net assets:		
Unrestricted	2,312,429	428,216
Temporarily restricted	341,060	2,100,949
Permanently restricted	<u>26,241</u>	<u>26,241</u>
Total net assets	<u>2,679,730</u>	<u>2,555,406</u>
Total liabilities and net assets	<u>\$ 3,291,782</u>	<u>\$ 3,968,940</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, 2010 AND 2009**

	2010	2009
Unrestricted:		
Revenue:		
Contributions	\$ 3,576,300	\$ 1,691,659
Release of benevolent supplemental insurance obligation	489,005	-
Investment income	21,931	59,066
Other income	29,145	22,887
Gain on disposal of property and equipment	11,943	-
Net assets released from restrictions:		
Restrictions satisfied by payments	4,925,034	6,467,028
Total revenue	<u>9,053,358</u>	<u>8,240,640</u>
Expenses:		
General fund	1,411,403	1,467,741
Missionaries	5,570,095	6,108,505
IMPact/VISION campaign	187,647	417,067
Total expenses	<u>7,169,145</u>	<u>7,993,313</u>
Increase in unrestricted net assets	<u>1,884,213</u>	<u>247,327</u>
Temporarily restricted:		
Revenue:		
Contributions	3,165,145	5,411,732
Net assets released from restrictions:		
Restrictions satisfied by payments	(4,925,034)	(6,467,028)
Decrease in temporarily restricted net assets	<u>(1,759,889)</u>	<u>(1,055,296)</u>
Total increase (decrease) in net assets	124,324	(807,969)
Net assets, beginning of year	<u>2,555,406</u>	<u>3,363,375</u>
Net assets, end of year	<u>\$ 2,679,730</u>	<u>\$ 2,555,406</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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Cash flows from operating activities:	\$ 124,324	\$ (807,969)
Increase (decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	202,581	200,724
Unrealized gain on investments	(21,354)	(58,393)
Loss on disposal of property and equipment	47,851	9,150
Decrease (increase) in receivables from employees and missionaries	20,413	(22,117)
Decrease (increase) in prepaid expenses	63,000	(99,275)
(Decrease) increase in accounts payable and accrued expenses	(180,657)	108,978
Decrease in benevolent supplemental insurance obligation	(532,144)	(13,379)
Decrease in accrued severance payable	(14,746)	(6,396)
Net cash used in operating activities	<u>(290,732)</u>	<u>(688,677)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(230,797)	(192,168)
Proceeds from sale of property and equipment	142,629	-
Purchases of investments	-	(635)
Proceeds from sale of investments	662,179	650,000
Collection on note receivable	-	5,982
Net cash provided by investing activities	<u>574,011</u>	<u>463,179</u>
Cash flows from financing activities:		
Payments on notes payable	(73,935)	(81,259)
Net cash used in financing activities	<u>(73,935)</u>	<u>(81,259)</u>
Increase (decrease) in cash and cash equivalents	209,344	(306,757)
Cash and cash equivalents, beginning of year	1,021,161	1,327,918
Cash and cash equivalents, end of year	<u>\$ 1,230,505</u>	<u>\$ 1,021,161</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid during the year	<u>\$ 20,941</u>	<u>\$ 25,556</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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Board of International 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.

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 2010 and 2009.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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.

During 2010, the Organization adopted a new funding approach that places a greater emphasis on united, unrestricted contributions. Accordingly, the statements of financial position and statements of activities reflects an increase in unrestricted contributions and decrease in unrestricted contributions, respectively.

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 four (five for 2009) 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
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Benevolent Supplemental Insurance Obligation

Prior to 2010, the Organization provided a monthly cash supplement to employees that retire with fifteen years of service (of which the last five was with the Organization). This supplement was intended to assist retirees with purchasing supplemental health insurance. The obligation was calculated as the present value of the expected future payments attributed to the employees' years of service. As more fully described in Note 8, during 2010, the Organization discontinued this benefit.

NOTE 3 - INVESTMENTS IN TRUSTS

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

	2010	2009
Benevolent Trust	\$ 386,405	\$ 809,267
Support Services Endowment	22,999	163,080
Foundation Trust	-	76,952
St. Sebastian Trust	3,679	3,571
Scholarship Endowment	<u>2,115</u>	<u>2,053</u>
	<u>\$ 415,198</u>	<u>\$ 1,054,923</u>

The total investment income was \$21,931 and \$59,066 for 2010 and 2009, respectively.

The fair value of investments at December 31, 2010 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
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009 consisted of equity securities. Unrealized gains were \$1,100 and \$1,660 for 2010 and 2009, 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 \$291,783 and \$350,749 in 2010 and 2009, 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 note secured by land owned by the Free Will Baptist Mission of Korea. The 8% mortgage note had a maturity date of January 1, 2008. No payments have been made by the mortgagee during 2010 and 2009 and the Organization is in the process of foreclosing on the property. Management estimates that the net realizable value of the property is in excess of the loan balance of \$54,108.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2010	2009
Land	\$ 253,303	\$ 266,981
Buildings	759,909	800,942
Office furniture and equipment	39,979	39,979
Cameras and projectors	149,325	149,325
Automobiles	944,718	1,003,607
Computer equipment	115,355	115,355
	<u>2,262,589</u>	<u>2,376,189</u>
Less accumulated depreciation	<u>(1,056,092)</u>	<u>(1,007,428)</u>
Total	<u>\$1,206,497</u>	<u>\$1,368,761</u>

Depreciation expense amounted to \$202,581 and \$200,724 for 2010 and 2009, respectively. Depreciation expense in the amount of \$101,832 and \$75,263 is included in the general fund expenses for 2010 and 2009, respectively, while the remainder is included in missionaries' expenses.

Gains on disposal and expenses for donation of property and equipment totaled to a net loss of \$47,851 for 2010. This net loss consisted of gains on sale totaling \$12,500 (\$11,943 included in a separate line item on the consolidated statement of activities and \$557 in missionaries' expenses on the consolidated statements of activities) and a donation of land and buildings of \$60,351 also 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.

NOTE 8 - BENEVOLENT SUPPLEMENTAL INSURANCE OBLIGATION

During 2010, the Organization discontinued the benevolent supplemental insurance program. Accordingly, a onetime increase in unrestricted net assets of \$489,005 is reflected in the statements of activities during 2010. Amounts paid out during 2010 included \$6,539 for benefits and \$36,600 for employee buyouts.

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
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 - NOTES PAYABLE

Notes payable consist of the following as of December 31:

	2010	2009
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 matured in October 2010.	\$ -	\$ 46,729
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 note matured in April 2010.	-	10,000
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.	102,881	112,048
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>157,001</u>	<u>165,040</u>
	<u>\$ 259,882</u>	<u>\$ 333,817</u>

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

Year ending December 31,	
2011	\$ 18,361
2012	19,595
2013	20,910
2014	22,316
2015	23,815
Thereafter	<u>154,885</u>
	<u>\$ 259,882</u>

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Missionaries	\$ 77,878	\$ 1,685,600
IMpact/VISION campaign	237,706	325,084
Subsidiary	<u>25,476</u>	<u>90,265</u>
	<u>\$ 341,060</u>	<u>\$ 2,100,949</u>

These net assets are restricted due to donor restrictions.

Permanently restricted net assets are restricted to:

	2010	2009
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 - 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 \$101,369 and \$66,480 for 2010 and 2009 respectively. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 - LEASE

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$88,384 and \$78,199 for 2010 and 2009, respectively.

NOTE 14 - COMMITMENTS

The Organization has entered into an Indemnity and Hold Harmless Agreement with Regions Bank. As part of the agreement, Regions Bank will guarantee to Citibank that it will honor checks written on the Organization's Regions Bank account by the Board of International Missions' Cote d'Ivoire Mission employees up to \$20,000 per check. In exchange, the Organization will indemnify and hold harmless Regions Bank from any and all claims, liabilities, actions or causes of action that arise as a result of Regions Bank's agreement to guarantee checks to Citibank.

NOTE 15 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 9, 2011 which is the date the financial statements were available to be issued.

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
General fund:		
Salaries	\$ 423,427	\$ 590,952
Health insurance	105,675	99,797
Depreciation	101,832	74,429
Missionary stateside assignment	88,509	-
Housing	88,500	83,413
Office rent	88,383	78,199
Legal and professional	63,981	35,832
One publication	57,963	53,424
Employer payroll taxes	53,584	67,724
Department auto	48,882	23,118
Department travel	35,136	31,038
Website	29,619	17,780
Office supplies and equipment	29,524	28,293
Publicity and promotion	28,670	16,308
WMO Ambassador travel	24,014	24,741
Telephone and internet	23,004	34,002
Fees and service charges	17,801	11,335
Postage	16,172	34,052
WMO coin bank	13,598	345
Retirement	13,554	8,224
Board members	12,783	10,759
WMO Ambassador honorariums	9,040	7,680
COLA indexes	6,565	6,465
Department insurance	5,767	3,682
Seminars, training and retreats	4,813	8,402
WMO campaign	3,807	21,231
Recruiting and candidate	3,459	1,976
Convention	2,845	73,425
Video and audio visual	2,577	7,490
Staff recognition	2,307	5,473
Donor development	1,923	6,396
Visitor meals, entertainment and lodging	1,807	1,999
Other field ministry	1,233	806
Advisory council	605	2,292
Impulse video magazine	44	6,604
WMO disbursements to missionaries	-	9,622
2010 consultation	-	7,023
Funding system restructure	-	6,032
Everyone campaign	-	878
Total general fund before transfer	1,411,403	1,501,241
Less internal transfer to missionary accounts	-	(33,500)
Total general fund	1,411,403	1,467,741

BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Missionaries' expenses:	\$ 1,033,564	\$ 1,033,375
Japan	918,639	962,330
France	627,672	1,078,299
Subsidiary	466,885	575,947
Brazil	435,571	475,408
Spain	364,158	317,969
Uruguay	308,013	340,082
India	295,233	344,390
Panama	267,150	156,157
Other projects	237,438	196,578
Ivory Coast	230,991	252,364
Student ministries	202,439	250,207
Field operations	75,232	63,237
Bulgaria	56,338	48,364
Russia	47,536	62,640
Unreached people	8,240	-
Korea	(5,004)	(48,842)
Missionary medical		
Total missionaries' expenses	5,570,095	6,108,505
Impact/VISION campaign expenses:		
Project expenses	187,647	417,067
Total functional expenses	\$ 7,169,145	\$ 7,993,313



Home Missions North America 2010

Faithful Friends of Home Missions,

Because of your faithful support, Free Will Baptist Home Missions closed the year 2010 with a small number of 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.

Missions That Became Autonomous

Summit Chapel Free Will Baptist Church, Tim and Jessica Lewis, Ogden, UT
Faith Free Will Baptist Church, Allen and Nancy Whitt, Danese, WV

Church Planters Appointed, United States

Jose and Suhey Correa, Gurabo, PR
Mark and Danielle McCraney, Castle Rock, CO
Timothy and Amanda York, Buffalo, NY
Randall and Collette Wright, Dallas, TX
Daryl and Michelle Grimes, Erie, PA
Heath and Amanda Webb, Boise, ID

Free Will Baptists of Mexico

The churches in Mexico are growing in number as both associations have strong church planting programs.

Association of Mexico, eight district associations, fifty churches and missions listed.

Mexico Association, five district associations, twenty-six churches and missions listed.

Hispanic Ministries

Home Missions is grateful for the opportunity to partner with state mission boards to open Hispanic missions in numerous cities. Home Missions has thirty-three mission works in progress. We have training seminaries in Inman, SC, Houston, TX, Johnson City, TN and Los Angeles, California.

Missionary Chaplains

Our department continues to endorse chaplains for the United States Army, Air Force, Navy, National Guard and Reserve Forces.

CH (MAJ) Richard G. Anderson, Maxwell Air Force Base, AL
CH (COL) Terry Austin, South Korea
CH (MAJ) John Carey, Fort Leonard Wood, MO
CH (CPT) Tracy Kerr, Lehrberg, Germany
CH (MAJ) Steven Simpson, Fort Eustis, VA
CH (MAJ) David Spears, Sanford, NC
CH (LT COL) Tim Sturgill, Dover Air Force Base, DE
CH (CPT) Kevin Trimble, Fort Campbell, TN
CH (MAJ) David Trogon, Fort Rucker, AL
CH (CPT) W. Lee Frye Jr. Fort Gordon, GA.

Our chaplains are engaged in a tremendous ministry. They connect with hundreds of people in uniform who need Jesus. Pray for their success in winning many to Christ. Please pray for all our brave men and women in the uniform of our country.

Rev. Larry A. Powell
General Director
Home Missions North America

Home Missions Department

Synopsis of Board Minutes

April 27, 2010

MSC to approve Mark and Danielle McCraney as missionaries to Castle Rock, CO.

MSC to approve Timothy and Amanda York as missionaries to Buffalo, NY.

Prayer was offered for our new missionaries and a right hand of fellowship was extended.

June 25, 2010

MSC to approve Daryl and Michelle Grimes as missionaries to Erie, PA.

July 7, 2010

The finance committee recommended lowering the interest rate on investments in the Church Extension Loan Fund by 0.5%. MSC the Home Missions Board voted to do so.

July 14, 2010

MSC to approve Heath and Amanda Webb as a joint project with Gateway FWB Church, Virginia Beach, VA to start a work in Boise, ID.

MSC to approve Randall and Collette Wright as a joint project to start a work in Dallas/Ft. Worth, TX.

December 6, 2010

Matter of information: Dr. Paul Park has retired and is no longer serving with National Home Missions.

Randy Ledbetter in Salt Lake, Utah has completed his ministry. Scott Warren will stay and continue to serve as Missionary Pastor.



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Board of Home Missions of the National
Association of Free Will Baptists of the
United States of America, Inc.
Antioch, Tennessee

I have audited the accompanying statement of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2009 were audited by other auditors whose report dated February 23, 2010, expressed an unqualified opinion on those statements.

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 Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2010, 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.

My 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 11 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 21, 2011

Joel D. Collum, Jr., CPA

**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, 2010 and 2009**

	2010	2009
ASSETS		
Cash	\$ 309,481	\$ 547,372
Investments	3,288	5,133
Investments in Church Extension Fund	728,536	506,781
Accounts receivable - related party	300,659	177,248
Inventory	38,321	31,085
Property & equipment, at cost less accumulated less accumulated depreciation of \$122,389 (\$107,315 in 2009)	171,719	177,057
TOTAL ASSETS	\$ 1,552,004	\$ 1,444,676
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 45,508	\$ 28,550
Capital lease payable	16,518	4,704
Total liabilities	62,026	33,254
COMMITMENTS		
NET ASSETS		
Unrestricted		
Operating	911,366	1,032,841
Board designated	343,255	343,255
Total Unrestricted	1,254,621	1,376,096
Temporarily Restricted	235,357	35,326
Total net assets	1,489,978	1,411,422
TOTAL LIABILITIES AND NET ASSETS	\$ 1,552,004	\$ 1,444,676

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, 2010 and 2009**

	2010	2009
UNRESTRICTED		
REVENUES		
Cooperative program	\$ 144,488	\$ 184,751
Designated contributions	732,065	782,835
Management fees - Note 4	240,000	192,000
Interest income	33,755	29,192
Gain (loss) on sale of property & equipment	680	1,793
Unrealized gain (loss) on value of investment	(1,845)	2,785
Net assets released from restrictions:		
Restrictions satisfied by payments	3,620,809	3,314,360
Total revenue	4,769,952	4,507,716
EXPENSES		
Administrative expenses	1,270,618	1,142,905
Missionary expenses	3,399,640	3,047,704
Missionary land & building	221,169	266,656
Total expenses	4,891,427	4,457,265
Increase (decrease) in unrestricted net assets	(121,475)	50,451
TEMPORARILY RESTRICTED		
REVENUES		
Cooperative program	787,871	742,111
Designated contributions	3,032,969	2,535,929
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,399,640)	(3,047,704)
Missionary land & building	(221,169)	(266,656)
Increase (decrease) in temporarily restricted net assets	200,031	(36,320)
Total increase (decrease) in net assets	78,556	14,131
Net assets - beginning of year	1,411,422	1,397,291
Net assets - end of year	\$ 1,489,978	\$ 1,411,422

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, 2010 and 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 78,556	\$ 14,131
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Deprecation	27,567	24,597
(Gain) loss on sale of property & equipment	(680)	(1,793)
(Gain) loss on value of investment	1,845	(2,785)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(123,411)	226,516
(Increase) decrease in inventories	(7,236)	(3,411)
Increase (decrease) in accounts payable and accrued expenses	16,958	21,880
Net Cash Provided (Used) By Operating Activities	(6,401)	279,135
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments	5,000	188,226
Acquisition of investments	(226,755)	(432,944)
Proceeds from the sale of property & equipment	-	3,000
Purchases of property and equipment	(6,896)	(37,282)
Net Cash Provided (Used) By Investing Activities	(228,651)	(279,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease payments made	(2,839)	(3,302)
Net Cash Provided (Used) by Financing Activities	(2,839)	(3,302)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(237,891)	(3,167)
Cash and cash equivalents at beginning of years	547,372	550,539
Cash and cash equivalents at end of years	<u>\$ 309,481</u>	<u>\$ 547,372</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 1,346</u>	<u>\$ 520</u>
Purchases of property and equipment	\$ 25,684	\$ -
Less: capital lease	(18,788)	-
Cash paid for property and equipment	<u>\$ 6,896</u>	<u>\$ -</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.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

I. 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 2010 or 2009.

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, 2010 and 2009.

**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, 2010 and 2009**

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, 2010 and 2009**

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2010	2009
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	66,699	66,699
Office furniture & equipment	122,409	112,673
	294,108	284,372
Less: Accumulated depreciation	(122,389)	(107,315)
	<u>\$ 171,719</u>	<u>\$ 177,057</u>
Depreciation for the year	<u>\$ 27,567</u>	<u>\$ 24,597</u>

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Missionaries	\$ 235,357	\$ 31,721
Church Extension Loan Fund	-	3,605
	<u>\$ 235,357</u>	<u>\$ 35,326</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 \$240,000 (\$192,000 at December 31, 2009) 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 \$728,536 (\$506,781 at December 31, 2009). 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 \$300,659 (\$177,248 at December 31, 2009).

**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, 2010 and 2009**

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 \$57,264 (\$50,405 for the year ended December 31, 2009).

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, 2010, the excess amount over the federally insured limit was \$59,481 (\$297,373 in 2009). 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 \$728,536 (\$506,781 in 2009) 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, 2010 and 2009**

9. INVESTMENTS

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

	December 31, 2010		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 144,684	\$ 3,288	\$ (141,396)

Investment return is summarized as follows:

Net realized and unrealized income (loss) \$ (1,845)

	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

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 \$64,541 (\$49,516 in 2009). 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, 2010 and 2009**

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 \$4,764.

Future minimum payments under the lease are as follows:

2011	\$ 4,764
2012	4,764
2013	4,764
2014	4,764
2015	1,191
	<u>20,247</u>
Less amount representing interest	<u>(3,729)</u>
Present value of net minimum lease payments	<u>\$ 16,518</u>

The depreciation expense related to this office equipment amounted to \$3,444.

12. COMMON CONTROL

The Board controls the Church Extension Loan Fund as they are both governed by the same board of directors. Accordingly, the following data is disclosed about the Church Extension Loan Fund.

	2010	2009
Total assets	<u>\$ 39,239,155</u>	<u>\$ 36,309,181</u>
Total liabilities	<u>\$ 36,950,882</u>	<u>\$ 34,042,313</u>
Net assets	<u>\$ 2,288,273</u>	<u>\$ 2,266,868</u>
Revenue	<u>\$ 2,749,706</u>	<u>\$ 2,505,796</u>
Expenses	<u>\$ 2,728,301</u>	<u>\$ 2,392,649</u>

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 21, 2011 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, 2010 and 2009**

	2010	2009
ADMINISTRATIVE EXPENSES		
Salaries and wages	\$ 323,677	\$ 316,193
Payroll taxes	11,996	11,654
Housing allowance and employee benefits	65,080	75,415
Retirement	14,022	7,831
Cost of literature	6,355	11,954
Promotion expense	85,131	119,087
Utilities	17,758	16,985
Office expense	30,861	37,053
Printing and postage	126,751	87,583
Rent expense	57,264	50,405
Professional fees	6,600	6,950
Auto and travel expense	286,236	224,919
Board meeting expense	11,501	14,135
Insurance expense	72,329	73,632
Telephone	3,020	3,398
Scholarships	2,000	1,000
Flowers and gifts	3,854	3,375
Miscellaneous	49,922	4,866
One magazine	67,348	51,353
Interest expense	1,346	520
Depreciation	27,567	24,597
Total administrative expenses	<u>1,270,618</u>	<u>1,142,905</u>
MISSIONARY EXPENSES		
Salary and wages	2,652,056	2,487,879
Retirement	50,519	41,685
Promotion expense	18,334	3,842
Printing and postage	103,826	93,636
Literature	179,699	78,111
Auto and travel expense	236,347	164,226
Insurance expense	45,145	35,640
Designated contributions	24,604	33,786
Miscellaneous other expense	89,110	108,899
Total missionary expenses	<u>3,399,640</u>	<u>3,047,704</u>
MISSIONARY LAND & BUILDINGS	<u>221,169</u>	<u>266,656</u>
Total Expenses	<u>\$ 4,891,427</u>	<u>\$ 4,457,265</u>

	2010	2011	2012
General Director: Larry Powell			
Salary	\$65,301.32	\$67,560.35	\$68,911.55
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,100.00	\$3,200.00	\$3,500.00
Retirement	\$3,915.00	\$4,278.01	\$4,350.00
Insurance*	\$10,701.19	\$11,000.00	\$12,000.00
TOTALS	\$101,017.51	\$104,038.36	\$106,761.55
Office car furnished			
Director of Missionary Assistance: Richard Atwood			
Salary	\$48,425.00	\$50,525.75	\$51,968.26
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$3,100.00	\$3,200.00	\$3,500.00
Retirement	\$3,251.16	\$3,606.28	\$3,700.00
Insurance*	\$14,988.91	\$15,500.00	\$12,000.00
TOTALS	\$91,365.07	\$94,432.03	\$92,768.26
Office car furnished			
Director of Church Growth/Development: David Crowe			
Salary	\$52,025.00	\$54,125.75	\$55,568.26
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$3,100.00	\$3,200.00	\$3,500.00
Retirement	\$3,251.16	\$3,606.28	\$3,700.00
Insurance*	\$14,988.91	\$15,500.00	\$12,000.00
TOTALS	\$91,365.07	\$94,432.03	\$92,768.26
Office car furnished			
Insurance: Travel, Life, Health, Dental			

Year 2010:	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$475,000.00	\$382,556.52	\$3,000,000.00	\$2,652,056.24	\$3,475,000.00	\$3,034,612.76
Personal Revivals	\$15,000.00	\$7,400.00			\$15,000.00	\$7,400.00
Retirement	\$10,000.00	\$14,022.30	\$55,000.00	\$50,518.93	\$65,000.00	\$64,541.23
Insurance	\$80,000.00	\$72,260.54	\$45,000.00	\$45,145.03	\$125,000.00	\$117,405.57
Auto and Travel	\$150,000.00	\$292,886.17	\$250,000.00	\$239,397.72	\$400,000.00	\$532,283.89
Postage	\$25,000.00	\$52,512.36	\$55,000.00	\$32,546.36	\$80,000.00	\$85,058.72
Printing	\$60,000.00	\$81,873.46	\$70,000.00	\$71,719.91	\$130,000.00	\$141,873.46
Promotion/Advertising	\$70,000.00	\$85,131.13	\$8,000.00	\$18,334.50	\$78,000.00	\$103,465.63
Office Supplies/Maintenance	\$30,000.00	\$29,341.76			\$30,000.00	\$29,341.76
Copier Lease	\$4,000.00	\$5,925.49			\$4,000.00	\$5,925.49
ONE Magazine	\$51,000.00	\$67,348.20			\$51,000.00	\$67,348.20
Utilities	\$15,000.00	\$17,521.97			\$15,000.00	\$17,521.97
Board Expense	\$15,000.00	\$13,260.52			\$15,000.00	\$13,260.52
Literature	\$15,000.00	\$6,355.38	\$90,000.00	\$180,363.06	\$105,000.00	\$186,718.44
Rent	\$60,000.00	\$57,264.00			\$60,000.00	\$57,264.00
Phone and FAX	\$5,000.00	\$3,019.83			\$5,000.00	\$3,019.83
Depreciation	\$15,000.00	\$25,832.27			\$15,000.00	\$25,832.27
Payroll Taxes	\$12,000.00	\$9,721.71			\$12,000.00	\$9,721.71
Medicare Taxes	\$3,000.00	\$2,273.63			\$3,000.00	\$2,273.63
Legal and Audit	\$7,000.00	\$6,600.00			\$7,000.00	\$6,600.00
Misc.	\$2,500.00	\$3,526.99	\$40,000.00	\$37,368.75	\$42,500.00	\$40,895.74
Scholarships	\$5,000.00	\$2,000.00			\$5,000.00	\$2,000.00
Flowers/Gifts	\$2,000.00	\$3,853.59			\$2,000.00	\$3,853.59
Misc. Receipts			\$25,000.00	\$55,870.42	\$25,000.00	\$55,870.42
Land/Building			\$225,500.00	\$221,168.57	\$225,500.00	\$221,168.57
Foreign Missions Exchange			\$10,000.00	\$9,177.26	\$10,000.00	\$9,177.26
TOTALS	\$1,126,500.00	\$1,242,487.82	\$3,873,500.00	\$3,613,666.75	\$5,000,000.00	\$4,844,434.66

2012 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

2012 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		\$15,000.00
Literature	\$10,000.00	\$80,000.00	\$90,000.00
Rent	\$60,000.00		\$60,000.00
Phone/Fax	\$4,000.00		\$4,000.00
Depreciation	\$20,000.00		\$20,000.00
Payroll Taxes	\$10,000.00		\$10,000.00
Medicare Taxes	\$2,500.00		\$2,500.00
Legal/Audit	\$7,000.00		\$7,000.00
Misc.	\$2,500.00	\$35,000.00	\$37,500.00
Scholarships	\$4,000.00		\$4,000.00
Flowers/Gifts	\$3,000.00		\$3,000.00
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



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of the Church Extension Loan Fund (a nonprofit organization), as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Church Extension Loan Fund, as of December 31, 2009, were audited by other auditors whose report dated February 23, 2010, expressed an unqualified opinion on those statements.

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

In my 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, 2010, 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 21, 2011

Joel D. Collum, Jr., CPA

CHURCH EXTENSION LOAN FUND STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 and 2009

	2010	2009
ASSETS		
Cash	\$ 3,270,943	\$ 2,255,192
Certificates of deposit	752,259	-
Notes receivable, net of allowance for doubtful accounts of \$259,980 (\$54,980 in 2009)	34,945,434	33,793,079
Accrued interest receivable	220,034	211,550
Prepaid unrelated business taxes	-	1,200
Property & equipment, at cost less accumulated depreciation of \$29,597 (\$17,860 in 2009)	50,485	48,160
TOTAL ASSETS	\$ 39,239,155	\$ 36,309,181
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable - related party	\$ 300,659	\$ 177,247
Accrued interest	422	369
Revocable and irrevocable trusts	1,608,082	1,689,403
Notes payable	35,041,033	32,174,608
Other accrued liabilities	686	686
Total liabilities	36,950,882	34,042,313
NET ASSETS		
Unrestricted	2,288,273	2,266,868
Total net assets	2,288,273	2,266,868
TOTAL LIABILITIES AND NET ASSETS	\$ 39,239,155	\$ 36,309,181

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

**CHURCH EXTENSION LOAN FUND
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009**

	2010	2009
OPERATING		
REVENUES		
Investment income	\$ 11,114	\$ 23,611
Interest income on notes receivable	2,573,946	2,369,777
Gain on disposition of collateral property	143,241	-
Loss on sale of property and equipment	-	(739)
Total revenue	<u>2,728,301</u>	<u>2,392,649</u>
EXPENSES		
Interest expense	1,876,569	1,737,914
Office expense	15,164	5,744
Management fee - Note 4	240,000	192,000
Promotion	17,532	100
Professional fees	8,325	9,200
Depreciation	11,737	5,463
Build My Church Project expense	53,315	55,000
Transfer to Free Will Baptists Home Missions	300,659	332,248
Bad debt expense	205,000	54,980
Unrelated business income tax	-	-
Total expenses	<u>2,728,301</u>	<u>2,392,649</u>
Increase (decrease) in operating net assets	<u>-</u>	<u>-</u>
BUILD MY CHURCH - NOTE 5		
REVENUES		
Designated Contributions	21,405	113,147
EXPENSES		
Increase (decrease) in Build My Church net assets	<u>21,405</u>	<u>113,147</u>
Total increase (decrease) in net assets	<u>21,405</u>	<u>113,147</u>
Net assets - beginning of year	<u>2,266,868</u>	<u>2,153,721</u>
Net assets - end of year	<u>\$ 2,288,273</u>	<u>\$ 2,266,868</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, 2010 and 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 21,405	\$ 113,147
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,737	5,463
Loss on disposition of property and equipment	-	739
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(8,484)	(20,910)
(Increase) decrease in prepaid unrelated business income tax	1,200	(956)
Increase (decrease) in accounts payable	123,412	(226,517)
Increase (decrease) in accrued interest payable	53	54
Increase (decrease) in other accrued liabilities	-	(30,950)
Net Cash Provided (Used) By Operating Activities	<u>149,323</u>	<u>(159,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable	(4,267,075)	(5,546,890)
Collection on notes receivable	2,909,720	2,201,295
Purchase of certificates of deposit	(1,002,530)	-
redemption of certificates of deposit	250,271	-
Increase in allowance for doubtful accounts	205,000	54,980
Purchases of new equipment	(14,062)	(33,875)
Net Cash Provided (Used) By Investing Activities	<u>(1,918,676)</u>	<u>(3,324,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to trust	104,411	107,437
Terminations of trust	(185,732)	(164,461)
Additions to notes payable	7,012,114	10,412,903
Repayment of notes payable	(4,145,689)	(5,453,046)
Net Cash Provided (Used) by Financing Activities	<u>2,785,104</u>	<u>4,902,833</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,015,751</u>	<u>1,418,413</u>
Cash and cash equivalents at beginning of years	<u>2,255,192</u>	<u>836,779</u>
Cash and cash equivalents at end of years	<u>\$ 3,270,943</u>	<u>\$ 2,255,192</u>
SUPPLEMENTAL DISCLOSURES		
Interest received	<u>\$ 2,565,462</u>	<u>\$ 2,414,298</u>
Interest paid	<u>\$ 1,876,516</u>	<u>\$ 1,737,968</u>

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

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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 2010 (\$-0- for 2009).

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, 2010 and 2009

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 2009) 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:

2011	\$ 1,754,619
2012	1,890,835
2013	2,037,625
2014	2,195,812
2015	2,366,278
Thereafter	24,700,265
	<u>\$ 34,945,434</u>

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Allowance for Doubtful Accounts

Management considers most of the notes receivable to be fully collectible. However, there are several notes that management feels it will have trouble collecting. Accordingly, an allowance for doubtful accounts of \$259,980 (\$54,980 in 2009) 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:

	2010	2009
Automobile	\$ 21,837	\$ 21,837
Office equipment	58,245	44,183
	80,082	66,020
Less: Accumulated depreciation	(29,597)	(17,860)
	<u>\$ 50,485</u>	<u>\$ 48,160</u>

3. NOTES PAYABLE

Notes payable consist of 3.5 - 5% (4 - 5.5% in 2009) 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. The new interest rates were effective September 1, 2010.

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 \$240,000 (\$192,000 at December 31, 2009) 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 \$300,659 (\$332,248 at December 31, 2009).

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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 \$53,315 (\$55,000 at December 31, 2009) 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. Subsequent to year end the Board voted to discontinue this program and transfer the funds to Home Missions for missionary assistance. The total amount given through the end of the year for the entire program is \$2,258,789 (\$2,237,385 at December 31, 2009).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2010, the excess amount over the federally insured limit was \$2,025,733 (\$1,505,152 in 2009). 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, 2010 and 2009.

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, 2010 and 2009.

8. CONCENTRATION

Included in notes receivable at December 31, 2010 are forty-nine loans which total \$25,362,722 (forty-six which total \$19,145,863 in 2009). This balance represents 72.04% (56.56% in 2009) of total notes receivable.

CHURCH EXTENSION LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

8. CONCENTRATION (CONTINUED)

Notes payable include fifty-five notes which total \$19,874,340 or 56.72% (forty-eight notes which total \$17,167,663 or 53.36% in 2009) of total notes payable. Of these fifty-five (forty-eight in 2009) notes payable, six total \$5,283,746 or 15.081% (six notes total \$5,344,846 or 16.61% in 2009) of total notes payable.

9. REVOCABLE AND IRRECOVABLE 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, 2010 amounted to \$122,469 (\$128,190 at December 31, 2009).

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:

	2010	2009
Current payable	\$ -	\$ -
Deferred taxes	-	-
	\$ -	\$ -

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 21, 2011 which is the date the financial statements were available to be issued.



One of the main goals of Master's Men has been and continues to be the working arm of Free Will Baptist.

As 2010 began, our denomination called on Master's Men for disaster relief following the earthquake in Haiti. After weeks of trying to get in, we were finally able to lead a medical team to Haiti in February. Then in May, we led another group to help construct a dorm at a children's home that had been destroyed by the quake. Later in the year we built a 40X60 foot greenhouse that continues to produce starter plants that are distributed to local residence for them to plant and harvest. In addition to these projects, we are helping build water filters that will make clean water possible.

We continued our ongoing Ridge Church restoration. In August we were able to paint and refinish all the pews as well as several other smaller projects.

In October, we assisted National Home Missionary James Kilgore in Greenfield, California with Operation Saturation. More than seventy people participated that day and we were able to contact every home in the city.

Master's Men kicked off our newest ministry, the CMI (Count Me In) Conferences. These two-day conferences focus on men's issues and emphasize men mentoring other men. We held conferences in Tennessee, Alabama, and Ohio.

Finally, we continued our sports fellowships with great attendance at our Deep South Golf Tournament in March and our National Golf and Softball Tournaments in Nashville in August.

We want to thank all those that continue to support Master's Men by attending our events, becoming a chartered chapter, donating gifts, and giving through the Father's Day Offering.

Your Fellow Servant,

Kenneth W. Akers,
 Director

Synopsis of 2010 Board Meetings

Tuesday April 13, 2010

Seven Board members met along with Director Akers in Pigeon Forge, TN. Reviewed and approved minutes and financial report from previous meeting. Approved Director's report. Agreed for director to become Impact Coordinator. Set fall meeting date. Adjourned

Monday November 29, 2010

All nine Board members along with Director Akers met by conference call. Board approved minutes and financial report that they had previously received. Discussed Father's Day Offering, BAH and Board vacancies. Received Director's report. Approved 2012 budget. Set 2011 board meeting date. Adjourned.

P.O. Box 5002
 Antioch, TN 37011

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JASON L. DARBY
Certified Public Accountant

5006 Paddy Trace
Spring Hill, TN 37174
Phone: (615) 714-5024

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, 2010, 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 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, 2010, 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 1, 2011
Spring Hill, Tennessee

Jason L. Darby, CPA

THE MASTER'S MEN STATEMENT OF FINANCIAL POSITION December 31, 2010

Current Assets			
Cash	\$	15,265.85	
Trust Account - Build a House		2,791.64	
Revocable Trust - Build a House		594.03	
Disaster Relief Trust		90,162.62	
Trust Account - Lifetime Members		83,744.28	
Inventory		430.00	
Accounts Receivable		54,977.99	
Total Current Assets			\$ 247,966.41
Fixed Assets			
Equipment and Furniture		90,118.62	
Accumulated Depreciation		(66,438.64)	
Capitalized Leases		4,017.80	
Accumulated Amortization		(3,918.01)	
Total Fixed Assets			23,779.77
TOTAL ASSETS			\$ 271,746.18
Liabilities			
Accounts Payable		5,000.00	
Payroll Tax Payable		1,712.45	
Total Liabilities			6,712.45
Net Assets			
Temporarily Restricted		269,032.07	
Unrestricted		(6,274.14)	
Total Net Assets			265,033.73
TOTAL LIABILITIES AND NET ASSETS			271,746.18

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Temporarily Restricted Assets	Unrestricted Net Assets	Total
Revenue & Gains			
Gifts and Donations	\$ 61,803.20	\$ 16,308.86	\$ 78,112.06
Dues from Members		12,498.10	12,498.10
Haiti Income		23,860.00	23,860.00
Cooperative Program		66,957.10	66,957.10
BAH Sale Income	5,000.00	-	5,000.00
Promotion/Sales/Other Income		13,824.09	13,824.09
Tournament and Conference Income		34,721.21	34,721.21
Interest Income		3,205.00	3,205.00
Miscellaneous Income		8,655.38	8,655.38
Total Revenue & Gains	66,803.20	180,029.74	246,832.94
Net Assets Released from Restrictions			
Disaster Relief	(2,500.00)	2,500.00	-
Build A House		-	-
Lifetime Memberships		-	-
Total Revenues, Gains, & Other Support	\$ 64,303.20	\$ 182,529.74	\$ 246,832.94
Expenses			
Salaries and Wages		70,096.41	70,096.41
PR Taxes and Benefits		17,425.95	17,425.95
Cost of Sales and Printing		9,343.88	9,343.88
Travel Expense		9,592.52	9,592.52
Conferences and Conventions		983.34	983.34
Office Expense		4,756.18	4,756.18
Equipment Expense		6,290.53	6,290.53
Telephone		2,325.35	2,325.35
Postage		1,544.72	1,544.72
Rent Expense		22,458.00	22,458.00
Professional Fees		2,000.00	2,000.00
Bookkeeping Expense		825.00	825.00
Ministry and Resource Development		7,459.31	7,459.31
Ministry Expense - Haiti	62,682.45		62,682.45
Tournament Expense		9,738.70	9,738.70
Interest Expense		64.00	64.00
Depreciation Expense		5,776.25	5,776.25
Amortization Expense		200.89	200.89
Miscellaneous Expense		14,146.87	14,146.87
Total Expenses	\$ 62,682.45	\$ 185,027.90	\$ 247,710.35
Change in Net Assets	1,620.75	(2,498.16)	(877.41)
Net Assets - Beginning of Year	267,411.32	(1,500.18)	265,911.14
Net Assets - End of Year	\$ 269,032.07	\$ (3,998.34)	\$ 265,033.73

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Flows from Operating activities		
Decrease in Net Assets		\$ (877.41)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	\$ 5,776.25	
Amortization	200.89	
Interest on Investments	(3,205.00)	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,827.37)	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,275.76	
Payroll Tax Payable	1,610.86	
Accrued Wages	(153.00)	
Total		5,678.39
Net Cash Provided by Operating Activities		4,800.98
Cash Flows from Investing Activities		
Transfers to Trusts & Investments	(2,273.94)	
Purchases of Equipment	(4,551.60)	
Interest Received	3,205.00	
Net Cash Used by Investing Activities		(3,620.54)
Net Increase in Cash and Cash Equivalents		1,180.44
Beginning Cash and Cash Equivalents		14,085.41
Ending Cash and Cash Equivalents		\$ 15,265.85

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 1 – Summary of Significant Accounting Policies

Governing Body

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

Basis of Accounting

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

Financial Statement Presentation

The Master's Men follows the Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS 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 Department that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets are reclassified to unrestricted net assets.

Receivables and Allowance for Doubtful Accounts

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

Investments

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

Inventories

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

Property, Equipment, and Depreciation

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

Income Taxes

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

Estimates

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

Cash and Cash Equivalents

For purposes 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, 2010:

Equipment and furniture	\$ 90,118.62
Less: Accumulated Depreciation	<u>(66,438.64)</u>
Property and Equipment, Net	\$ 23,679.98

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 2010 and accumulated amortization as of December 31, 2010 were \$200.89 and \$3,918.01 respectively.

Note 4 – Deferred Revenue

There were no deferred revenues for 2010.

Note 5 – Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2010:

Build a House Campaign	\$ 50,180.59
Lifetime Membership	101,250.00
Disaster Relief	<u>113,603.14</u>
Total	\$ 265,033.73

Note 6 – Compensated Absences

There was no compensated absence balance as of December 31, 2010.

2011 Master's Men Financial Report

Projected Expenses	2010 Budget	2010 Actuals	2011 Budget	Proposed Budget 2012
Salaries				
Director				
Salary	39,393.00	32,350.00	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	8,000.00	8,211.00	8,000.00	8,000.00
Total	70,783.00	63,541.00	70,783.00	70,783.00
Secretary				
Wages(40hrs/wk@8.50)	17,680.00	8,173.00	17,680.00	11,866.00
Payroll Tax Expense	1,354.00	664.00	1,097.00	720.00
Retirement		194.00	257.00	170.00
Insurance	1,100.00	1,230.00	1,200.00	2,272.00
Christmas Bonus		250.00		250.00
Total	20,134.00	10,511.00	20,234.00	15,278.00
Total Salaries	90,917.00	74,052.00	91,017.00	86,061.00
Office Operations				
Automobile	3,600.00	0.00	3,600.00	3,600.00
Rent	24,000.00	22,458.00	24,000.00	15,000.00
Equipment & Supplies	6,000.00	6,291.00	5,000.00	5,000.00
Telephone	2,500.00	2,325.00	2,700.00	2,700.00
Misc.		2,293.00	2,000.00	2,000.00
Postage	2,500.00	1,545.00	2,500.00	2,500.00
Total	38,600.00	34,912.00	39,800.00	30,800.00
Accounting				
Bookkeeping	900.00	825.00	900.00	900.00
Audit	2,000.00	2,000.00	2,000.00	2,000.00
Total	2,900.00	2,825.00	2,900.00	2,900.00
Resource Development				
Printed Materials	7,000.00	7,459.00	7,000.00	7,000.00
Department Travel	12,000.00	9,593.00	12,000.00	12,000.00
National Association	4,000.00	983.00	4,000.00	2,000.00
Total Expenses	155,417.00	129,824.00	156,717.00	140,761.00
Projected Income				
Dues	20,000.00	12,498.00	15,000.00	15,000.00
Father's Day Offering	13,600.00	7,020.00	15,000.00	12,000.00
Together Way	75,000.00	66,957.00	75,100.00	75,000.00
Softball	4,000.00	2,637.00	4,000.00	2,500.00
Golf	6,000.00	4,659.00	6,000.00	5,000.00
Gifts	14,817.00	10,039.00	15,000.00	10,000.00
Sales	5,000.00	2,527.00	5,000.00	3,000.00
Endowment Income	10,000.00	20,270.00	10,000.00	5,000.00
BAH	5,000.00	5,000.00	9,617.00	10,000.00
Master's Men Conferences	2,000.00	1,835.00	2,000.00	3,011.00
Total Income	155,417.00	133,442.00	156,717.00	140,511.00



Board of Retirement

This is my sixth annual report to this body as the General Director of the Board of Retirement & Insurance. I am in my 28th year with the Board. It is a privilege to serve Free Will Baptists. I'm still excited about what God is doing and is going to do in the future through this ministry.

I begin my report by recognizing two men who will be going off our Board at this meeting. First of all, Milburn Wilson who has served on our Board for twelve years. I appreciate the wisdom and insight he has brought to our meetings. Secondly I want to recognize Ron Barber. Ron has served our Board for twenty-four years and has rendered invaluable service to this Board. Both of these men have been faithful to the task they were elected to. They have served you well.

I would also like to commend my staff for the great job they do. I thank the Lord for John and Sara and the heart they have for serving in this ministry.

In spite of the economy and the general unrest in our country, 2010 was a good year for the Board of Retirement. Last year we distributed 10.93% earnings to the Default Fund and 10.36% to the Pro-Blend Fund.

Historical Plan returns for the Default Fund:

Time Period	Percentage
Since 1969	7.69%
Last 10 years (2001-2010)	5.030%
Last 5 years (2006-2010)	4.905%
Last 3 years (2008-2010)	-0.758%
One year (2010)	10.93%

Last year we added 35 new participants. I am especially pleased to see that again this year, over half of the new ones are in their 20's and 30's. Longevity is just as important as the amount of the deposit.

Just as the "early bird gets the worm," the early saver benefits as well. As an example, consider the 25-year old who contributes \$1,000 a year to his/her retirement account that is averaging a return of 8% per year. This young person puts in \$1,000 each year for ten years and then stops. At the end of 10 years the account would be worth almost \$16,000. However, if the money is left in the account, and no other deposits are made, and the account continues to grow at 8% per year, at age 65 the account will be worth over \$160,000. Not bad for a \$10,000 investment.

So let me encourage you, no matter what your age, if you aren't preparing for retirement, start now. People today are living longer, therefore we must save more to provide for a longer life span in retirement than previous generations. Although it can seem a challenging task, Free Will Baptists are fortunate to have an investment program that allows us to invest for retirement that also offers potential tax advantages.

We ended the year with 1,409 active participants. The breakdown of who makes up the 1,409 in the chart below. You can see from this chart that we still only have about one-third of our pastors in the program.

Classification	Number
Ordained Ministers (Pastors)	829
Ordained (non Pastors)	111
International Missionaries	85
Lay Employees	384

I am thankful for the number of churches that contribute to their pastor's retirement savings account. Of the 829 pastors enrolled in our Plan, 454 receive contributions from their church. Every church should contribute something toward the pastor's retirement. If you start out with the \$10 Club, that is just thirty-three cents a day.

So if you have been putting off setting up a retirement account, I urge you to come by our booth and talk to us. Our staff operates to serve you.

Last year we received \$2,647,354 in contributions. This does not include the \$330,880 in note payments. The total contributions were \$2,978,234. This was the fifth highest year in our history for contributions. In light of the present economy, that is great.

We also had \$2,191,560 in withdrawals last year. We disbursed the first retirement benefit in 1972. Since that time we have paid out \$27,177,365 in retirement benefits.

There were 111 participants who settled their accounts, making up \$1,226,508.51 of the withdrawals. The rest was monthly pay-outs for those who chose a self-directed settlement of their account. The number and type of settlements were:

Type of Settlement	Number	Value
Annuity	6	\$391,038.49
120-Month Payout	1	796.99
Minimum Req. Distribution	9	10,445.42
Rollover	14	101,475.03
Withdrawal	81	722,752.58

We had six participants settle their accounts by taking a lifetime annuity. We now have 94 annuity contracts totaling \$45,568.13 per month. There are 60 participants who chose a self-directed settlement for a specified number of months. The total monthly payments for these contracts is \$48,571.31.

Our assets on December 31st were \$43,184,483. That represents a 9.84% increase over 2009.

Our expense ratio for 2010 was .97%. This is the second lowest this figure has been. In 2007 the ratio was .96%. My goal is to see that down to .75% before I retire.

We are always looking for ways to cut costs so we can keep the expense ratio under 1%. One of the things we started back in December was sending our daily receipts electronically. This has been well received. We tell the participants in the email that if they prefer receiving their receipts via the postal service, all they have to do is respond to the email and tell us. This has the potential of saving our department between \$8,000 and \$10,000 per year in postage alone.

I'm happy to say that we were able to give our annuitants a 3% lifetime raise.

So 2010 was a good year, but it is over and we're already in the last half of 2011. As we face the future, the Board of Retirement continues to provide a retirement plan tailored to the needs of those employed by Free Will Baptist churches and agencies.

Our primary purpose is to provide our participants and their beneficiaries with retirement income. The plan is available to anyone who receives taxable income from a Free Will Baptist Church, church related school or association. This includes both ministers and non-ministerial employees as well as persons who are considered full time, part time or bi-vocational. Whether you are a pastor, teacher, office personnel or on the maintenance staff you have an opportunity to invest in your future through the Board of Retirement.

Two years ago we added the ProBlend Fund as an investment option. This is a conservatively invested fund, geared mainly toward the participants who are within a few years of retirement. We have 35 participants who have transferred some of their funds to the conservative fund. At the close of 2010 we had \$421,132.66 in this fund.

During our semi-annual Board meeting in March, the Board approved additional options. As soon as we can get the programming in place, we will have at least four options available to our participants ranging from conservative to aggressive.

The Board also authorized us to offer Critical Illness Insurance through Guardian Life Insurance Company. If you are diagnosed with a critical illness such as a heart attack, cancer, or stroke, the insurance will pay you the face value of the policy. There is also a hospital benefit that goes along with this coverage. We have representatives from Guardian in our booth to answer questions and enroll participants.

We were also authorized to look for an insurance carrier for long term care coverage.

The third item our Board authorized at our March meeting was the Labor of Love Endowment Fund. The Board of Retirement was established to help our ministers prepare for their retirement years. We have come a long way in 42 years. More and more of our people are reaching retirement with sufficient funds to live in retirement just as they lived while in ministry. That is not true for all however. Many of our men who have served Free Will Baptist throughout their entire ministry retire and have nothing but social security. Many struggle to meet their everyday expenses.

Our ultimate goal is to provide benefits for our ministers in need with supplemental income. Right now we do not have sufficient funds to do that.

Right now, when a participant retires, if they choose an annuity option, both the participant and the spouse receive a \$50 gift on their birthday and at Christmas. We also set up an interest bearing trust account in their name for \$500. Upon the death of the participant or the spouse, the survivor receives the proceeds of that trust as a death benefit.

We want to expand our benefits to a monthly supplement for those in need, whether they have been in our program or not. This is something we can not start until the funds are in place. So here at the National, we're launching our Labor of Love Endowment Fund campaign. The first phase of this campaign is to enlist 1,000 individuals, churches, Sunday School Classes, Master's Men's groups, WNAC chapters, youth groups, or any other individual or group to pledge \$10 per month for one year. For anyone who does that, we will give you your choice of a CD or cassette of Herman Hersey's Christmas album or his Golden Bells album.

We could meet the first phase of our campaign right here at the national this year. Will you help us take care of those who served us through their ministry?

At the very heart of the Board of Retirement is our motto (taken from Psalm 78:72), "Serving those who serve others with the integrity of our hearts and the skillfulness of our hands." We hope you will allow us to be of service to you by helping you prepare for your future retirement through the retirement plan established by Free Will Baptists for Free Will Baptists. Your decision to start investing in this plan could be one of the best decisions you can make for your church, your family and for yourself.

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

In His Service,

D. Ray Lewis
General Director

**The Board of Retirement and Insurance
Synopsis of Board Meetings**

March 29-30, 2010

In attendance: Ray Lewis, John Brummitt, Jack Daniel, Tim Hall, Ron Barber, Millburn Wilson, Jack Ward, Craig Cook, Rick Cason, Mark Ousley, Rick Dement

John Brummitt reviewed with the Board the Balance Sheet and Statement of Revenue and Expenditures for the period ended February 28, 2010.

Mr. Lewis presented the Director's report.

Mr. Art Rhodes, Executive Director of the Minister's Retirement Plan for the Church of God (Cleveland, Tenn) led a discussion on the fiduciary responsibility of trustees/directors of a retirement plan. He summarized the duties of trustees/directors by pointing to three primary concepts: (i) the duty of loyalty—a director must act in the best interests of the participants, (ii) the duty of care—a trustee/director must act as a prudent person, possessing the same knowledge and abilities as that trustee/director, would act, and (iii) duty of obedience—a director must adhere to the restrictions and requirements of the plan document(s).

The Board participated in a conference call with Seth Marsters of John Hancock Life Insurance Company and discussed John Hancock's annuity services.

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

Chris Long 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. The Board participated in conference calls with Bob Ruland of Atlanta Sosnoff Capital L.L.C. and Mr. Greg Frigara of Sage Advisor Services Ltd. They discussed the portfolios we have with their respective firms.

The proposed budget for the 2011 fiscal year was approved.

December 9, 2010

In attendance: Ray Lewis, John Brummitt, Tim Hall, Milburn Wilson, Jack Ward, Rick Cason, and Rick Dement. Craig Cook participated via teleconference.

Jack Daniel, Mark Ousley, & Ron Barber were absent

The Financial Reports through October 31, 2010, 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 investment managers.



Joel D. Collum, Jr.
Certified Public Accountant

INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying statement of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists, (the "Board") as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Board of Retirement and Insurance of the National Association of Free Will Baptists as of December 31, 2009, were audited by other auditors whose report dated March 11, 2010, expressed an unqualified opinion on those statements.

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 Board of Retirement and Insurance of the National Association of Free Will Baptists, as of December 31, 2010, 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.

Joel D. Collum, Jr., CPA

March 21, 2011

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 and 2009**

ASSETS

	2010	2009
OPERATING ASSETS		
Cash and cash equivalents	\$ 20,461	\$ 9,830
Funds invested with Free Will Baptist Foundation	36,376	38,177
Total Operating Assets	56,837	48,007
RETIREMENT ASSETS		
Cash and cash equivalents	1,747,193	1,700,689
Investment in marketable securities and instruments, at fair market value	41,271,090	37,451,880
Prepaid annuitant benefits	-	1,000
Notes receivable, net of allowance for doubtful accounts	405	12,634
Total Retirement Assets	43,018,688	39,166,203
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES at cost, net of accumulated depreciation	108,958	97,189
TOTAL ASSETS	\$ 43,184,483	\$ 39,311,399

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 7,305,492	\$ 6,780,237
Accounts payable, accrued expenses and other liabilities	19,097	14,046
Capital lease payable	11,465	-
Total liabilities	7,336,054	6,794,283
NET ASSETS		
Unrestricted		
Operations:		
Operating funds (deficit)	(6,238)	(645)
Designated for future assets purchases	36,376	38,177
Net invested in equipment	108,958	97,189
Total Operating Net Assets	139,096	134,721
Retirement Accounts:		
Net assets available for participants	35,548,277	31,802,819
Designated as reserve funds	161,056	579,576
Total Retirement Net Assets	35,709,333	32,382,395
Total net assets	35,848,429	32,517,116
TOTAL LIABILITIES AND NET ASSETS	\$ 43,184,483	\$ 39,311,399

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, 2010 and 2009**

	2010	2009
SUPPORT, REVENUE AND OTHER ADDITIONS		
Contributions from participants		
Contributions to participant accounts	\$ 2,647,354	\$ 2,910,043
Repayment of participant loans	330,880	293,699
	2,978,234	3,203,742
Investment income:		
Gains of investment portfolio:		
Net realized gains (losses)	1,824,723	(2,511,264)
Net unrealized gains (losses)	1,454,249	9,203,501
	3,278,972	6,692,237
Interest and dividends from investments (net investment fees)	679,450	548,172
Total investment income	3,958,422	7,240,409
Income earned from interest bearing notes:		
Interest income	17,598	16,715
Gain (loss) on sale of property and equipment	-	-
Total income earned from interest and sale of property	17,598	16,715
Gifts		
Miscellaneous income	73,171	77,478
Total other income	12,206	1
Total additions	73,178	77,479
Allocation for Operations	79,439	78,845
Net additions after allocation for operations	(6,261)	(305,057)
	\$ 420,919	\$ 10,539,711
	\$ 7,045,899	\$ 383,902

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, 2010 and 2009**

	2010		2009	
	Retirement Accounts	Operations	Retirement Accounts	Operations
Net additions after allocation for operations	\$ 6,624,980	\$ 420,919	\$ 10,155,809	\$ 383,902
		\$ 7,045,899		\$ 10,539,711
EXPENSES AND OTHER DEDUCTIONS				
Withdrawals from participants	1,864,610	-	2,513,477	-
Participant loans	326,950	-	339,216	-
Transfers to annuities by participants	374,814	-	590,614	-
Insurance deductions from participants accounts	32,035	-	33,237	-
Income allocated to annuitant obligations	694,828	-	645,044	-
Salaries	-	122,227	-	118,360
Housing	-	31,200	-	31,200
Fringe Benefits	-	53,072	-	51,947
Travel and promotional	-	35,913	-	41,668
Office supplies and expense	4,555	75,959	2,299	79,073
Occupancy	-	28,651	-	23,837
Board members expense	-	12,440	-	11,138
Legal and accounting	-	23,236	-	22,862
Depreciation	-	33,228	-	32,909
Miscellaneous	250	618	-	1,353
Total deductions	3,298,042	416,544	4,123,887	414,347
		3,714,586		4,538,234
Increase (decrease) in net assets	3,326,938	4,375	6,031,922	(30,445)
NET ASSETS - beginning of year	32,382,395	134,721	26,350,473	165,166
NET ASSETS - end of year	\$35,709,333	\$ 139,096	\$32,382,395	\$ 134,721
		\$35,848,429		\$32,517,116

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, 2010 and 2009**

	2010		2009	
	Retirement Accounts	Operations	Retirement Accounts	Operations
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from:				
Contributions from participants and employers	\$ 2,978,234	\$ -	\$ 2,978,234	\$ -
Gifts	-	73,171	-	77,478
Income earned from interest and sale of loan property	17,598	-	17,598	-
Investment income	679,450	1,219	680,669	1,366
Miscellaneous income	12,206	7	12,213	-
Cash paid for:				
Supplies and employees	(35,548)	(378,557)	(414,105)	(386,250)
Withdrawal of funds by participants	(2,566,374)	-	(2,566,374)	-
Income allocated to annuitant obligations	(694,828)	-	(694,828)	-
Net Cash Provided (Used) By Operating Activities	390,738	(304,160)	86,578	(307,405)
		86,578		(663,537)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of office furniture, equipment and automobiles	-	(34,020)	-	(39,887)
Investments:				
Purchases of investment securities	(29,381,507)	-	(29,381,507)	-
Funds invested with Free Will Baptist Foundation	-	1,801	-	20,296
Proceeds from sale of investment securities	28,841,269	-	28,841,269	-
Proceeds from sale of equipment	-	7,500	-	-
Notes receivable:				
New loans made	(326,950)	-	(326,950)	-
Collection of notes receivable	339,179	-	339,179	-
Net Cash Provided (Used) By Investing Activities	(528,009)	(24,719)	(552,728)	(19,591)
		(552,728)		(40,479)

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, 2010 and 2009**

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, missionaries 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)(9) of the Internal Revenue Code of 1986, which is an exempt church plan under the provisions of the code. The plan was amended and restated effective June 1, 2009.

Eligibility:

A person is eligible to participate if they work at least 20 hours per week for an eligible employer that has agreed to participate in the Plan. An eligible employer includes any church or agency that is participating cooperatively with the National Association of Free Will Baptists. In addition, Free Will Baptist ministers who are evangelists or otherwise self-employed and spouses of Free Will Baptist missionaries are eligible to participate in the Plan without regard to the number of hours worked in a week.

Contributions:

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 three 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. Plan 3 is available for members upon initial 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.

Participant accounts:

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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Payment of benefits:

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.

Vesting:

All contributions to the plan are 100% vested.

Termination of the plan:

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.

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, 2010 and 2009.

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, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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 5 years for automobiles and 5 - 10 years for furniture and equipment.

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.

Pension Plan:

The Board contributes to this Plan on behalf of its employees. Contributions for 2010 amounted to \$10,740 (\$10,529 for 2009).

2. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES

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

	2010	2009
Office furniture and fixtures	\$ 47,216	\$ 48,531
Computer hardware and software	124,983	123,903
Automobiles	56,627	51,941
	228,826	224,375
Less: Accumulated depreciation	(119,868)	(127,186)
	<u>\$ 108,958</u>	<u>\$ 97,189</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

3. NOTES RECEIVABLE

Following is a summary of notes receivable:

	2010	2009
Participant notes (net) secured by retirement account balances	<u>\$ 405</u>	<u>\$ 12,634</u>

The notes bear interest at 3.0% and mature at various dates from 2011 through 2015.

4. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

	2010		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Mutual Funds	\$ 11,186,117	\$ 10,741,819	\$ 444,298
Common Stocks	19,760,805	16,206,148	3,554,657
U.S. Government Issues	7,954,341	7,871,134	83,207
Corporate Bonds	2,369,827	2,289,735	80,092
Total Investments	<u>\$ 41,271,090</u>	<u>\$ 37,108,836</u>	<u>\$ 4,162,254</u>

For 2010, total investment gain (loss) relating to marketable securities and instruments amounted to \$3,958,422 and consisted of investment gains (losses) of \$3,278,972 and interest and dividends of \$679,450 (net of investment fees of \$296,450). Investment income (loss) represented yields of 10.06% and 11.02% based on the average market value and average cost of such investments for 2010.

	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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

5. LEASE

Under the terms of a lease agreement with an affiliate, the Board leases 2,324 square feet of office and storage space (3,933 square feet before September 1, 2010) for \$1.14 (\$1.00 in 2009) per square foot per month. The Board shares a portion of the space with the Free Will Baptist Foundation. Total lease payments were \$28,651 and \$23,837 for the years ended December 31, 2010 and 2009, 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, 2010 and 2009, the recorded liability amounted to \$7,305,492 and \$6,780,237 respectively. The actuary has determined that the reserve account exceeded the current periodic benefit at December 31, 2010 by \$371,987 (the current periodic benefit exceeded the reserve account by \$23,099 at December 31, 2009). Management has requested a 3% pension benefit increase for 2011.

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, 2010 and 2009:

	2010		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 405	\$ 405	\$ -
Cash and cash equivalents	145,309	145,309	-
Funds invested with the Free Will Baptist Foundation	36,376	36,376	-
Short-term liquid investments	1,622,345	1,370,340	252,005
Corporate bonds	2,369,827	-	2,369,827
Mutual funds	11,186,117	-	11,186,117
Common stocks	19,760,805	-	19,760,805
U.S. Treasury notes and bills	7,954,341	7,954,341	-
	<u>\$ 43,075,525</u>	<u>\$ 9,506,771</u>	<u>\$ 33,568,754</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED

	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>

8. RELATED PARTY TRANSACTIONS

The Board had \$36,376 and \$38,177 invested with the Free Will Baptist Foundation, Inc. at December 31, 2010 and 2009, 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, 2010 Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$11,186,117	\$11,186,117	\$ -	\$ -
Common Stocks	19,760,805	19,760,805	-	-
U.S. Government Issues	7,954,341	7,954,341	-	-
Corporate Bonds	2,369,827	2,369,827	-	-
	<u>\$41,271,090</u>	<u>\$41,271,090</u>	<u>\$ -</u>	<u>\$ -</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

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	Fair Value Measurements at December 31, 2009 Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (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>

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 prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Board uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Board measures fair value using Level 1 inputs because they provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based the closing price reported on the active market where the securities are traded.

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.

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009**

10. 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 \$4,964.

Future minimum payments under the lease are as follows:

2011	\$ 4,964
2012	4,964
2013	4,964
2014	827
	<u>15,719</u>
Less amount representing interest	<u>(4,254)</u>
Present value of net minimum lease payments	<u>\$ 11,465</u>

The depreciation expense related to this office equipment amounted to \$2,239.

The imputed interest included in the payments for this equipment amounted to \$2,167.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through March 21, 2011 which is the date the financial statements were available to be issued.

**Board of Retirement and Insurance
Proposed Budget for 2012**

	2010 Budget	2010 Actual	2011 Budget	2012 Proposed
INCOME				
Service Fees	\$383,000	\$341,479.76	\$383,128	\$394,000
Insurance Administrative Fees	1,200	2,377.58	1,200	1,200
The Together Way	72,000	67,267.79	75,000	75,000
Other State Gifts	500	1,131.85	700	700
Rest of the Family Offering	1,200	2,394.22	1,500	1,500
Interest Income	2,000	1,219.07	1,500	1,500
Gain/Loss On Sale of Assets		7,500.00	0	
Miscellaneous Income	100	7.14	100	100
TOTAL	\$460,000	\$423,377.41	\$463,128	\$474,000
EXPENSES				
Salaries	\$122,207	\$122,226.93	\$126,630	\$131,209
Employee Benefits	54,680	53,071.63	57,942	64,861
Housing	31,200	31,200.00	31,200	31,200
Travel/Promotion	45,000	32,014.55	44,000	44,000
Auto Maintenance	5,000	3,897.81	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	30,000	28,651.27	30,000	30,000
Office Expense	42,000	32,196.69	42,000	42,000
Equipment Lease	0	4,323.10	5,000	5,000
Equipment	5,000	0.00	5,000	5,000
Education/Training	10,000	11,187.64	12,000	12,000
Publications	30,000	26,170.32	30,000	30,000
Board Expense	20,000	12,440.47	14,500	14,500
Legal	15,000	9,411.09	12,000	12,000
Auditing	15,000	13,825.00	15,000	15,000
Offsite Backup Storage	2,400	150.00	1,000	1,000
Website Hosting/Maintenance	5,000	1,267.38	2,000	2,000
Software Maintenance	2,500	2,634.00	4,000	4,000
Depreciation Expense		33,280.84		
Miscellaneous	2,069	617.98	1,856	1,230
TOTAL	\$461,056	\$442,566.70	\$463,128	\$474,000

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

	2009	2010	2011	2012
Director: Ray Lewis				
Salary	41,383.40	42,835.07	44,315.77	45,826.08
Housing/Utilities	31,200.00	31,200.00	31,200.00	31,200.00
Social Security/Medicare	13,111.29	13,373.51	13,640.98	13,913.80
Christmas Check	1,647.97	1,680.93	1,714.55	1,748.84
Retirement	5,196.20	5,300.12	5,406.12	5,514.25
Insurance	8,308.66	9,139.53	10,053.48	11,058.83
Note: Office Car Furnished				
Total	100,847.52	103,529.16	106,330.91	109,261.80
CFO: John Brummitt				
Salary	43,447.87	44,316.83	46,532.67	48,859.30
Social Security/Medicare	3,387.68	3,455.43	3,628.21	3,809.62
Christmas Check	835.54	852.25	894.86	939.60
Retirement	3,099.84	3,161.84	3,319.93	3,485.92
Insurance	6,964.96	7,661.46	8,427.60	12,654.92
Note: Office Car Furnished				
Total	57,735.89	59,447.80	62,803.26	69,749.37
Administrative Assistant: Sara Poston				
Salary	31,282.47	31,908.12	32,546.28	33,197.21
Social Security/Medicare	2,439.13	2,487.91	2,537.67	2,588.42
Christmas Check	601.59	613.62	625.89	638.41
Retirement	2,231.88	2,276.52	2,322.05	2,368.49
Insurance	7,112.31	7,823.54	8,605.90	9,466.48
Total	43,667.38	45,109.71	46,637.79	48,259.01

FREE WILL BAPTIST FOUNDATION

Director's Report

Thank God for a good year in 2010. Our total assets increased by over \$2.2 million. Most endowment accounts have now fully recovered from the severe downturn in 2008. Endowment income impacted Free Will Baptist ministries with distributions of over \$242,000. Planned gifts have made some recovery, but are still down from their 2007 levels. It is difficult to recover the losses for planned gifts when we are required to pay out between 5%-8% of the earnings to the donors. Any recovery for these funds must exceed the payout rate. Money management trusts continue to attract new money with the best "money market" type rate in the country at 2.75%. Our net income was over \$85,000. We now have reserves in excess of \$355,000. The first part of 2011 also looks good as our total assets now stand at \$40.5 million which is the first time in our history that our assets have exceeded \$40 million. We have grown by over \$2.3 million for the first half of this year alone.

Managing the money management trust (MMT) fund continues to be a balancing act between trying to keep our investments in short term securities while at the same time offering a competitive return. So far we are managing to do so, thanks to some flexibility in our investment policy that was granted by the board. We have been able to shift some of our investments into shorter term "Build America Bonds" that are partially backed by the federal government but issued by municipalities. These bonds were created by an act of congress to allow municipalities to rebuild their infrastructure as a part of the economic stimulus package. Using these bonds has allowed us to acquire higher rates on shorter term investments. The board also approved allowing up to 10% in loans to Free Will Baptist agencies and churches. These loans have a balloon which allows the rate to be reset every five years. Again, these function as short term investments with higher rates.

We have been through an unprecedented period of extremely low interest rates for an extended period of time. The normal interest rate cycles have been suspended and this has challenged our ability to keep interest rates on MMTs at a competitive rate. Thus far we have succeeded, but more rough waters are ahead. When interest rates do begin to go up, they could rise very rapidly and make it difficult to keep our rate in the mainstream. Thankfully, the reserves we have been able to build over the last few years will help smooth out the increases. Our reserves will allow us to increase the rate even when our portfolio is lagging behind the interest rate curve. Please realize that if we use our reserves to stay competitive, red ink will be reported on our income statement. We will not stay in the red but, until we can reposition our portfolio to longer term rates, we could see temporary negative income.

We continue to spread the word about planned gifts. Many Free Will Baptists are now taking advantage of the tremendous benefits. Planned gifts allow an individual to receive an income for life, a partial tax deduction; and the income that is produced is tax advantaged. In some cases it is possible to receive tax free income and avoid capital gains on highly appreciated assets; but the best thing is knowing that when you go home to be with the Lord, you will leave behind assets that can be used in His kingdom. Please talk to me to learn more about how you can benefit from a planned gift.

More people and ministries are seeing the value of establishing endowments that generate income for ministries. It is possible to perpetuate your annual giving to a ministry through an endowment. For instance, if someone has been giving \$1,000 a year to a ministry, they can continue that gift till Jesus returns by establishing an endowment of \$20,000. Now that our endowments have recovered, endowment income is becoming an increasing portion of ministries overall income. Free Will Baptist Bible College can expect over \$100,000 a year from endowment income and International Missions should receive around \$50,000 a year. Please let us help you as you consider endowing a ministry.

We are publishing wills guides to help our people write their wills. There are a number of good reasons why everyone should have a will, but perhaps the most important is so that everyone can leave a bequest to Free Will Baptist ministries. We all believe the Bible teaches tithing, but have you considered tithing on your estate? Every Free Will Baptist should leave 10% to ministries they have supported throughout their lifetime. Please stop by our booth and pick up a wills guide to help you get started.

We are making it a goal to help every Free Will Baptist ministry reach their constituents and educate them about planned giving. We believe that promotional personnel from our various ministries are better at reaching their people than we are at the Foundation. We will be training representatives from every ministry in planned giving and then we will provide them with printed material to use as tools. This is already happening as several ministries have received training and now have wills guides and planned giving brochures specifically printed for their individual ministries. We want to partner with every ministry to see more planned gifts and endowments established. We want to see every ministry reach their supporters and receive bequests from wills, and income from planned gifts and endowments.

Thankfully, we are beginning to see our economy recover. It will still be a long-term process with unemployment remaining above normal levels for an extended period. Economic reports are indicating that job growth is still sluggish and many of our people remain unemployed which has made it difficult for all our ministries. When unemployment drops we will, hopefully, see giving rise. The stock market has been positive for the first half of this year. There is good reason to hope for at least average stock market returns for the next two years.

I am too young to remember the great depression of the 1930's, but the economy of the last few years has been the worst in my lifetime. It has shaken our faith in many financial institutions but not our faith in God. We all should give Him glory for the way He has had His hand on the Foundation through this crisis. We have been through rough economic times but have seen God continue to bless and restore what was lost and even increase our assets. Thank God for His blessings.

I think it is important that we remember the lessons taught in Deuteronomy 8: 17, 18: "And thou say in thine heart, my power and the might of mine hand hath gotten me this wealth. 18But thou shalt remember the LORD thy God: for it is he that giveth thee power to get wealth, that he may establish his covenant which he sware unto thy fathers, as it is this day."

Moses cautioned the people of Israel against saying that the wealth they received in the Promised Land was by their own power, by the might of their hand. He went on to say that they should remember the Lord who gave them the power to get wealth. Don't we need to be reminded of this as well in our nation?

It is quite clear that the United States has been blessed above all nations with wealth and power. I believe God has done so because He is blessing the efforts of many American Christians from the past

who have stood for God and He is blessing the efforts of those who stand for Him now. I certainly hope we can acknowledge His hand. Sometimes I am afraid we are like the character Charlie Anderson in the 1965 movie *Shenandoah* who said this blessing on the evening meal:

"Lord, we cleared this land. We plowed it, sowed it, and harvested it. We cooked the harvest. It wouldn't be here and we wouldn't be eating it if we hadn't done it all ourselves. We worked dog-bone hard for every crumb and morsel, but we thank you Lord just the same for the food we're about to eat, amen."

I hope we recognize that it is God who has given us the ability to gain wealth and, yes, all of us are wealthy in comparison to the average human being in this world. We have not become wealthy by our own power. We may think it is because of our superior education that we have obtained wealth. Well, who created us and gave us the ability to learn so well? Some of us believe we have become wealthy because we were willing to work harder and be stronger than everyone else. Again, who has blessed us with stamina and strength to be able to work so hard? Surely many of us recognize that we've had the good fortune of being in the right place at the right time. Should we really think that this is just coincidence instead of the hand of God that put us there?

No matter how we have accumulated assets we must acknowledge the hand of God. No Christian should ever refer to himself as a self-made man. We are all in the hands of God; and when He has given us wealth, we have a solemn duty to manage that wealth in accordance with His Word. We all have a responsibility to give faithfully to support His work while we are living; but managing our assets goes beyond our days on this earth and extends to eternity.

The last part of verse 18 explains why God had blessed Israel and I think it applies to us today. God says the reason he gave them such wealth was that "he may establish His covenant." What covenant is He referring to? I believe it is the Abrahamic covenant found in Genesis 12:1-3. "Now the LORD had said unto Abram, Get thee out of thy country, and from thy kindred, and from thy father's house, unto a land that I will shew thee: And I will make of thee a great nation, and I will bless thee, and make thy name great; and thou shalt be a blessing: And I will bless them that bless thee, and curse him that curseth thee: and in thee shall all families of the earth be blessed."

I want to focus on the last part of the covenant: "And in thee shall all the families of the earth be blessed." We know that it was God's intent that all the people of the earth be blessed and that salvation may come to all. So why did God bless Israel? He blessed them to be a blessing to others.

Why has God blessed America? He has blessed us to be a blessing to others. How can we bless others? We should continue to send forth His Word and the message of salvation. Free Will Baptists have been blessed with wealth so we can reach the world for Christ.

I appreciate the fact that International Missions is sending missionaries to the hard places. Places where no one else is going and establishing a church planting movement in those areas so that they can work themselves out of a job. The focus of Home Missions has been to go to places where there are no fundamental Bible-believing churches at all, not just a lack of Free Will Baptist churches. Places like Utah, Colorado, New York and other parts of the northeast. We have young men who are currently preparing to be missionaries and pastors at Bible college today. We are trying to reach unreached people.

But I would submit to you that we need to do a better job of reaching the largest unreached people group ever. Since many missions groups are striving to reach all of the people groups in the world you may ask, "Who are you talking about?" The largest unreached people group is the generation that has

not yet been born. In the next 25 years, 1 billion people will be born into the world. Who is going to reach them? I understand it is the responsibility of each generation to reach their own generation, but it is also the current generation's job to reach those who will follow by leaving resources for the next generation to use. We are blessed to be a blessing, not only for our generation but all those who follow.

Some of that coming 1 billion will be Americans born into an ever more pagan worldview here in our country. Our current churches, other Bible-believing churches and new church plants will reach them; but the current generation can help. Most of that 1 billion will be born to parents who have not yet heard the gospel themselves for the first time. How will they hear the Gospel? Missionaries from our missions agency and others will reach them now, and new missionaries will be sent out in future years. Even if we have gone on to be with the Lord, we can help.

I believe it is not just our job to reach the current generation but all future generations by providing assets the next generation can use to reach that largest of all people groups. Let us endow our ministries with resources to provide extra income to reach the world for Christ.

I am so glad to see the progress we have made over the last twenty years. In 1992, our endowment assets stood at \$291,000, which produced \$14,550 of income to ministries. Our endowment funds stand at approximately \$7.5 million today producing approximately \$375,000 in ministry income. Praise God! I have a goal of providing 10% of all national ministries income by 2031. In today's dollars we would need \$33 million in endowments to produce 10% of all national ministries income. We have further to go, but I know that together Free Will Baptists have the assets to reach this goal.

Many secular charities have done a better job of perpetuating the work of their charity than we have as Free Will Baptists. The endowments of Ivy League schools are staggering because they began early to recognize the importance of leaving assets for the next generation.

Let us all acknowledge that it is God who has blessed us all far beyond what we deserve and remember to give back a portion of not just our income but our assets to continue His work. Let's reach that large unreached people group called the next generation by making provisions for God's work beyond our lifetimes.

To borrow a phrase from a popular advertisement: "You can do it. We can help." Please let the Foundation help.

FREE WILL BAPTIST FOUNDATION

Synopsis of Board Meetings 2010

April, 19, 2010

All members present for all or significant portions of the meeting except Donnie Miles and Ray Lewis. Note that the WNAC director position was vacant during this meeting

Audit, Financial, Director's report and Proposed Budget were presented and approved. Investment committee proposed gradually moving small portions of our endowment pool investments into alternative investments with a cap of 10%. This proposal was approved by the full board. The Director Evaluation Committee report was presented and approved. A committee was appointed to review the rewording of our charter to allow the Foundation to manage non Free Will Baptist ministry's planned gifts, endowments and money management trusts for a service fee.

December 6, 2010

All members present for all or significant portions of the meeting except Matt Pinson and Larry Powell.

Financial and Director's report were presented and approved. Investment Committee presented the investment policies of all investment pools as information. Investment policy change proposed for Money Management Trusts to allow up to 35% in non-governmental agency investment. The 35% to consist of Build America Bonds (BAB) issued as municipal bonds for up to 25% and 10% in loans to denominational agencies and churches. Note BAB municipals must have a rating of AA or better and/or insurance. Loans must be secured on a 2 to 1 ratio with marketable real estate. This policy change was approved subject to our attorneys review. Note attorney review was positive. Special committee regarding charter changes report was presented and approved.



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of the Free Will Baptist Foundation, Inc., (the "Foundation") as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of the Free Will Baptist Foundation, Inc., as of December 31, 2009, were audited by other auditors whose report dated April 7, 2010, expressed an unqualified opinion on those statements.

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 Free Will Baptist Foundation, Inc., as of December 31, 2010, 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 12, 2011

Joel D. Collum, Jr., CPA

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 and 2009

ASSETS

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 2,219,816	\$ 984,165
Accrued earnings receivable	250,985	232,964
Other accounts receivable	-	582
Loan origination fees	-	940
Prepaid expenses	-	8,694
Office equipment and automobiles, net of accumulated depreciation	44,633	42,076
	<u>2,515,434</u>	<u>1,269,421</u>
Investments, at fair market value		
Certificates of deposit	311,984	1,158,765
U.S. Government instruments	17,043,394	21,462,691
Common stocks	2,543,826	2,357,655
Foreign stocks	-	701,883
Real estate investments	3,072,473	3,079,975
Mutual funds	5,070,888	3,543,384
Corporate bonds	887,104	522,868
Municipal bonds	5,278,667	849,457
Investment in FWBCC student loan fund	190,000	-
Trusts	240,403	224,960
Total investments	<u>34,638,739</u>	<u>33,901,638</u>
Notes receivable	<u>1,071,915</u>	<u>835,946</u>
TOTAL ASSETS	<u>\$ 38,226,088</u>	<u>\$ 36,007,005</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Operating liabilities:		
Accrued expense	\$ 67,882	\$ 11,698
Liabilities to beneficial owners		
Interest bearing revocable and savings trust	27,550,080	25,808,563
Future gifts interest payable	2,576,780	2,575,199
Funds held in trust	7,675,931	7,341,731
Total liabilities	<u>37,870,673</u>	<u>35,737,191</u>
NET ASSETS		
Unrestricted	355,415	269,814
Total net assets	<u>355,415</u>	<u>269,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,226,088</u>	<u>\$ 36,007,005</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, 2010 and 2009

	2010	2009
REVENUE AND SUPPORT		
Investment income:		
Interest and dividends, net of investment fees	\$ 1,459,060	\$ 1,746,581
Realized gains (losses) on sale of investments	469,998	297,929
Unrealized gains (losses) from investments	429,428	373,836
Total investment income	<u>2,358,486</u>	<u>2,418,346</u>
Support through "The Together Way" Plan and other contributions	26,972	30,006
Interest income - note receivable	42,682	21,801
Total revenue and support	<u>2,428,140</u>	<u>2,470,153</u>
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(1,876,903)	(1,847,448)
Revenue and support after allocations	<u>551,237</u>	<u>622,705</u>
EXPENSES		
Salaries and benefits	210,729	209,482
Equipment expense	14,290	14,095
Travel and promotion	62,427	54,434
Board expense	19,294	16,727
Office expense	27,853	26,044
Rent expense	32,098	23,604
Printing and publications	5,006	8,181
One magazine	46,923	40,537
Training and education	16,463	22,987
Legal and accounting	10,340	9,705
Depreciation	16,906	16,837
Amortization of loan origination fees	940	1,000
Miscellaneous	2,367	3,486
Total expenses	<u>465,636</u>	<u>447,119</u>
Increase (decrease) in operating net assets	85,601	175,586
Net assets - beginning of year	<u>269,814</u>	<u>94,228</u>
Net assets - end of year	<u>\$ 355,415</u>	<u>\$ 269,814</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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 27,554	\$ 36,544
Interest and dividends	1,441,039	1,858,747
Other income	42,682	21,801
Cash paid to suppliers and employees	(382,912)	(429,454)
Allocation of earnings to revocable trusts, savings trust, beneficiaries and annuitants	(1,876,903)	(1,847,448)
Net Cash Provided (Used) By Operating Activities	<u>(748,540)</u>	<u>(359,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(19,463)	-
New loans made	(338,431)	(900,000)
Principal payments received on notes receivable	102,462	141,153
Proceeds from sale or call of investment securities	14,629,247	21,701,865
Purchase of investment securities	(14,466,922)	(22,756,210)
Net Cash Provided (Used) By Investing Activities	<u>(93,107)</u>	<u>(1,813,192)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future gift interest, revocable and savings trusts	(3,864,846)	(5,945,184)
Contributions to funds held in trust	5,942,144	6,650,366
Net Cash Provided (Used) by Financing Activities	<u>2,077,298</u>	<u>705,182</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,235,651	(1,467,820)
Cash and cash equivalents at beginning of years	984,165	2,451,985
Cash and cash equivalents at end of years	<u>\$ 2,219,816</u>	<u>\$ 984,165</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 85,601	\$ 175,586
Depreciation	16,906	16,837
Realized and unrealized (gains) losses on investment transaction	(899,426)	(671,765)
Decrease (increase) in accrued investment income	(18,021)	112,166
Decrease (increase) in other accounts receivable	582	6,538
Decrease (increase) in loan origination fees	940	1,000
Decrease (increase) in prepaid expenses	8,694	(8,458)
Increase (decrease) in operating liabilities	56,184	8,286
Net Cash Provided (Used) By Operating Activities	<u>\$ (748,540)</u>	<u>\$ (359,810)</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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 or permanently restricted net assets at December 31, 2010 and 2009.

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 2010 and 2009.

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, 2010 and 2009

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:

	2010		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
Certificates of deposit	\$ 311,984	\$ 300,000	\$ 11,984
U.S. Government instruments	17,043,394	17,075,104	(31,710)
Common stocks	2,543,826	2,068,441	475,385
Mutual Funds	5,070,888	4,896,336	174,552
Corporate bonds	887,104	957,411	(70,307)
Municipal bonds	5,278,667	5,595,019	(316,352)
Trusts	240,403	240,403	-
Investment in FWBBC student loan fund	190,000	190,000	-
Land held for resale	225,717	225,717	-
Real estate investment trust	2,846,756	2,854,639	(7,883)
Total Investments	\$ 34,638,739	\$ 34,403,070	\$ 235,669

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

2. INVESTMENTS - CONTINUED

	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)

Total investment income (loss) amounted to \$2,358,486 for 2010, consisting of investment gains of \$899,426 and interest and dividends of \$1,460,260. This investment income (loss) represents yields of 6.88% and 6.85% based on the average market value and average cost of such investments for 2010.

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.

3. NOTES RECEIVABLE

Notes receivable consist of loans to other Free Will Baptist organizations. The monthly payment and the length of the note varies but the interest rate on all of the notes is 4.5%.

4. INTEREST BEARING REVOCABLE AND SAVINGS TRUST

The Foundation maintains revocable trusts and savings trusts which totaled \$27,550,080 and \$25,808,563 at December 31, 2010 and 2009, 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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

5. FUTURE GIFTS PAYABLE

The Foundation maintains charitable trusts amounting to \$1,619,605 and \$1,633,926 and gift annuities amounting to \$957,175 and \$941,273 as of December 31, 2010 and 2009, respectively. These future gift interests pay interest at specified rates ranging from 5.5% to 9.5%.

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, 2010 and 2009, the permanently restricted endowment funds totaled \$7,675,931 and \$7,341,731, 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, 2010 and 2009:

	2010		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 2,054,201	\$ 471,761	\$ 1,582,440
Short term liquid investments	165,615	165,615	-
Certificates of deposit	311,984	311,984	-
U.S. Government instruments	17,043,394	17,043,394	-
Common Stocks	2,543,826	-	2,543,826
Mutual funds	5,070,888	-	5,070,888
Corporate bonds	887,104	-	887,104
Municipal bonds	5,278,667	-	5,278,667
Land held for resale	225,717	225,717	-
Real estate investment trust	2,846,756	-	2,846,756
Trusts	240,403	-	240,403
Investment in FWBBC student loan fund	190,000	-	190,000
Receivables	1,071,915	-	1,071,915
Total Investments	<u>\$ 37,930,470</u>	<u>\$ 18,218,471</u>	<u>\$ 19,711,999</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

	2009		
	Account Balance	Amount Insured/ Secured	Amount of Accounting 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>

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

	2010	2009
Automobiles	\$ 43,400	\$ 43,400
Office equipment	11,203	11,203
Furnishings	19,463	-
Software	29,581	29,581
	103,647	84,184
Accumulated Depreciation	(59,014)	(42,108)
	<u>\$ 44,633</u>	<u>\$ 42,076</u>

9. LEASE AND OCCUPANCY EXPENSE

Under the terms of a lease agreement with an affiliate, the Foundation leases 3,105 square feet of office and storage space (3,933 square feet before September 1, 2010) for \$1.14 (\$1.00 in 2009) per square foot per month. The Board shares a portion of the space with the Free Will Baptist Board of Retirement. Total lease payments were \$32,098 and \$23,604 for the years ended December 31, 2010 and 2009, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

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, 2010 or 2009.

The Foundation obtained a \$5,000,000 line of credit with a local institution during the year ended December 31, 2010. The line is secured by the investments of the Foundation and carries an interest rate of 3.0% above the institution's index rate. This line of credit is open ended and there are no advances payable at December 31, 2010.

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 (\$8,488 in 2009). 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. 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, 2010 Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 311,984	\$ -	\$ 311,984	\$ -
U.S. Government instruments	17,043,394	17,043,394	-	-
Common stocks	2,543,826	2,543,826	-	-
Real estate investments	3,072,473	-	-	3,072,473
Mutual funds	5,070,888	5,070,888	-	-
Corporate bonds	887,104	-	887,104	-
Municipal bonds	5,278,667	-	5,278,667	-
Investment in FWBBC student loan fund	190,000	-	190,000	-
Trusts	240,403	-	240,403	-
	<u>\$34,638,739</u>	<u>\$24,658,108</u>	<u>\$ 6,908,158</u>	<u>\$ 3,072,473</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

12. FAIR VALUE MEASUREMENTS - CONTINUED

	Fair Value Measurements at December 31, 2009 Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (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>

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 prices 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 1 Fair Value Measurements - The fair value of the investments are based the closing price reported on the active market where the securities are traded.

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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 and 2009

12. FAIR VALUE MEASUREMENTS - CONTINUED

Level 3 Reconciliation:

	2010	2009
Real estate investments:		
Beginning balance	\$ 3,079,975	\$ 1,664,975
Purchases	-	1,415,000
Gains (losses) on value	(7,502)	-
Sales	-	-
Ending balance	<u>\$ 3,072,473</u>	<u>\$ 3,079,975</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.	<u>\$ (7,502)</u>	<u>\$ -</u>

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 12, 2011 which is the date the financial statements were available to be issued.

FREE WILL BAPTIST FOUNDATION

	Proposed 2012 Budget	2011 Budget	2010 Budget	2009 Budget	2008 Budget
INCOME					
Together Way	\$25,000	\$32,000	\$24,731	\$28,851	\$33,880
Gifts	\$100	\$100	\$10	\$0	\$157
Rest of the Family	\$1,500	\$1,500	\$1,900	\$1,900	\$1,568
Miscellaneous	\$100	\$100	\$330	\$160	\$0
Management Fees	\$513,000	\$501,200	\$560,248	\$593,794	\$477,898
Total Income	\$539,700	\$534,900	\$587,219	\$624,705	\$513,503
EXPENSES					
Salaries (2% raise)	\$183,004	\$179,416	\$172,790	\$165,650	\$148,392
Employee Benefits	\$38,500	\$37,953	\$37,939	\$43,832	\$56,217
Equipment	\$2,500	\$12,000	\$3,377	\$796	\$3,087
Equipment Maintenance	\$6,000	\$6,500	\$5,361	\$6,265	\$7,315
Equipment Depreciation	\$0	\$3,615	\$1,614	\$2,241	\$2,241
Travel	\$55,000	\$52,000	\$53,582	\$50,495	\$41,537
Promotion	\$18,000	\$21,500	\$16,861	\$21,110	\$8,093
Board Expense	\$19,500	\$17,000	\$19,294	\$16,727	\$15,919
Office Expense	\$7,500	\$8,000	\$7,004	\$7,060	\$8,845
Postage	\$2,500	\$3,000	\$2,392	\$2,565	\$2,099
Telephone	\$6,000	\$5,200	\$6,176	\$5,109	\$5,004
Rent	\$42,475	\$27,447	\$32,098	\$23,604	\$27,263
Printing	\$4,000	\$7,500	\$3,934	\$5,770	\$0
Publications	\$1,500	\$4,600	\$1,073	\$2,412	\$2,969
Subscriptions	\$5,000	\$0	\$5,031	\$2,115	\$0
Magazine	\$47,000	\$48,000	\$46,923	\$40,537	\$55,309
Training & Education	\$15,000	\$24,000	\$14,000	\$12,851	\$32,352
Auditing	\$10,500	\$9,500	\$9,950	\$9,660	\$9,660
Legal	\$500	\$600	\$390	\$45	\$20
Bank Fees	\$2,500	\$4,000	\$2,296	\$3,571	\$2,411
Depreciation	\$12,278	\$8,680	\$9,375	\$8,680	\$7,319
Software Depreciation	\$0	\$0	\$5,916	\$5,916	\$5,916
Miscellaneous	\$1,000	\$1,000	\$1,011	\$915	\$3,120
Software	\$8,700	\$0	\$7,250	\$9,194	\$9,640
Total Expense	\$488,957	\$481,511	\$465,637	\$447,120	\$454,728
Income Surplus/(Deficit)	\$50,743	\$53,389	\$121,582	\$177,585	\$58,775

**FREE WILL BAPTIST FOUNDATION
SALARIES AND BENEFITS**

APPROVED			APPROVED			PROPOSED		
2010	% Incr		2011	% Incr		2012	% Incr	
David Brown			David Brown			David Brown		
Salary	\$72,674.16	0.00%	Salary	\$75,581.13	4.00%	Salary	\$77,092.75	2.00%
Soc Security/Medicare	\$6,288.30		Soc Security/Medicare	\$6,539.83		Soc Security/Medicare	\$5,897.60	
Retirement	\$4,110.00		Retirement	\$4,274.40		Retirement	\$4,359.89	
Insurance Replacement	\$9,525.84		Insurance Replacement	\$9,906.87		Insurance Replacement	\$10,105.01	
Life Insurance	\$179.40		Life Insurance	\$154.20		Life Insurance	\$154.20	
Disability	\$484.98		Disability	\$504.38		Disability	\$514.47	
	\$93,262.68			\$96,960.81			\$98,123.91	
Richard Davis			Richard Davis			Richard Davis		
Salary	\$53,000.00	0.00%	Salary	\$55,120.00	4.00%	Salary	\$56,222.40	2.00%
Soc Security/ Medicare	\$4,054.50		Soc Security/ Medicare	\$4,216.68		Soc Security/ Medicare	\$4,301.01	
Retirement	\$2,650.00		Retirement	\$2,756.00		Retirement	\$2,811.12	
Hospitalization Insurance	\$12,368.64		Hospitalization Insurance	\$12,891.50		Hospitalization Insurance	\$13,588.80	
Life Insurance	\$179.40		Life Insurance	\$154.20		Life Insurance	\$154.20	
Dental Insurance	\$988.08		Dental Insurance	\$988.08		Dental Insurance	\$1,275.60	
Disability Insurance	\$312.70		Disability Insurance	\$325.21		Disability Insurance	\$331.71	
	\$73,553.32			\$76,451.67			\$78,684.85	
Dotty Moore			Dotty Moore			Dotty Moore		
Salary	\$30,450.00	0.00%	Salary	\$31,668.00	4.00%	Salary	\$32,301.36	2.00%
Soc Security/ Medicare	\$2,329.43		Soc Security/ Medicare	\$2,422.60		Soc Security/ Medicare	\$2,471.05	
Retirement	\$1,522.50		Retirement	\$1,583.40		Retirement	\$1,615.07	
Hospitalization Insurance	\$4,916.52		Hospitalization Insurance	\$5,751.50		Hospitalization Insurance	\$6,306.00	
Life Insurance	\$133.80		Life Insurance	\$107.40		Life Insurance	\$107.40	
Dental Insurance	\$350.52		Dental Insurance	\$280.08		Dental Insurance	\$313.68	
Disability Insurance	\$179.66		Disability Insurance	\$186.84		Disability Insurance	\$190.58	
	\$39,882.42			\$41,999.82			\$43,305.14	
Total Salaries	\$206,698.42		Total Salaries	\$215,412.30	4.22%	Total Salaries	\$220,113.90	2.18%

Media Commission Report

In 2010, the Media Commission ventured into an exciting, new technological frontier. During the 74th Annual Convention of the National Association of Free Will Baptists meeting in Oklahoma City, Oklahoma, almost 2,000 viewers watched convention services streamed live over the Internet. The Media Commission spearheaded the effort upon request of the Executive Department. Reports show 1,703 viewers from 16 countries tuned in to one or more of the seven services that were broadcast.

Three national agencies and at least a dozen local churches and state associations syndicated the live feed on their own websites. Doug Earls, emcee of Wednesday night's missions service, reported to the congregation that Pastor Gary Fry, who had been scheduled to lead the service, watched the feed from his hospital bed.

Plans are underway to stream services at the 75th Annual Convention, but higher costs for Internet services at the convention center in Charlotte will require the Media Commission to underwrite more of the expenses from reserve funds. Negotiations with service providers and the Executive Office were incomplete at press time.

In order to more wisely use funds and due to limited personnel available, the Media Commission decided not to set up an exhibitor's booth at the 2011 convention. To contact the commission, please go through the website www.fwbmedia.com. This is also the place for updates regarding access to streaming convention services.

Due to fluctuating costs related to the streaming video and in order to more accurately anticipate these expenses for 2012, the Media Commission will propose its annual budget during the convention. Financial reports and proposed annual budget will be distributed at the General Board meeting and in the regular business session.

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

**Media Commission
Financial Report for 2011**

Income	
Together Way	2,808.88
Designated	197.15
Misc. Income	<u>80.53</u>
Total Income	3,086.56
Expense	
National Expenses	647.23
Web Hosting	1,247.88
Miscellaneous	<u>100.00</u>
Total Expenses	1,995.11

**Media Commission
Proposed Budget for 2012**

Income	
Together Way	2,800.00
Designated & Misc.	<u>200.00</u>
Total Income	3,000.00
Expense	
National Expenses	700.00
Web Hosting	1,500.00
Board Expenses	500.00
Miscellaneous	<u>300.00</u>
Total Expenses	3,000.00

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 18-19, 2010, we sponsored our Fourteenth Annual Theological Symposium. We met at Free Will Baptist College in Nashville, TN. On October 17-18, 2011, our Fifteenth Annual Theological Symposium will be conducted at Hillsdale Free Will Baptist College in Moore, Oklahoma.

At our meeting in October, 2009, 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 upcoming meeting on October 17-18, 2011, at Hillsdale. Eventually, it is our plan to have these papers put together in a book.

It has been the privilege for the members of the Commission of Theological Integrity to meet on two different occasions with Executive Secretary Keith Burden, Moderator Tim York, and a select group of pastors at which time we discussed matters relating to denominational unity. These meetings have been fruitful. You will be hearing more about further meetings from Executive Secretary Keith Burden regarding these concerns.

There has been serious 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 Evangelical air we breathe. The detrimental influence of these movements can be felt in the Evangelical Church World Culture.

Dr. David F. Wells was one of the earliest outspoken voices who has written extensively about these areas of concern. Dr. J. Matthew Pinson, President of Free Will Baptist Bible College, will conduct a seminar: "Cultural Relevance and the Church's Enduring Mission: The Thought of David F. Wells." This seminar will be conducted Monday afternoon, July 18, 2011, from 2:00 to 3:30 PM. All are encouraged to attend.

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

**2010
Commission for Theological Integrity
Financial Report**

Bank Balance - January 1, 2010	\$2,821.38
Commission Income	
The Together Way	\$2,882.01
FWBBC Gift	1,500.00
Theological Symposium Papers	60.00
Other Gifts	72.36
Rest of the Family Offerings	18.44
Journal Income	0.00
Total Income	4,532.81
Commission Expenses	
Bookkeeping	400.00
Convention Speaker/Digest of Reports	849.76
Annual Meeting and Symposium Expenses	300.00
Miscellaneous Office Expenses	46.24
Journal Expenses	4,027.33
Total Expenses	5,623.33
Bank Balance - December 31, 2010	\$1,730.86

**2012
Commission for Theological Integrity
Budgets**

	2010 Budget	2010 Actuals	2011 Budget	2012 Budget
Income				
Gifts	\$290.00	\$1,590.80	\$520.00	\$3,150.00
Interest Income	10.00	0.00	0.00	0.00
Journal Income	0.00	0.00	3,000.00	1,500.00
Theological Symposium Papers	500.00	60.00	400.00	500.00
Together Way Plan	3,300.00	2,882.01	3,300.00	2,900.00
Total Income	4,100.00	4,532.81	7,220.00	8,050.00
Expenses				
Annual Meeting	2,000.00	300.00	1,120.00	1,000.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	0.00	1,518.14	4,500.00	5,200.00
National Convention	700.00	849.76	700.00	700.00
Office Expenses	250.00	46.24	100.00	250.00
Theological Symposium Printing	750.00	2,509.19	400.00	500.00
Total Expenses	\$4,100.00	\$5,623.33	\$7,220.00	\$8,050.00

2011 Historical Commission Report

The Historical Commission will distribute copies of the fifth in a series of historical pamphlets to delegates at the 2011 national convention. The pamphlet, *Free Will Baptists and Predestination*, was written by Robert Picirilli, a member of the Historical Commission and a well-known Free Will Baptist author.

The Commission's sixth pamphlet, *Free Will Baptists and Total Abstinence*, to be written by Robert Picirilli, will be distributed at the 2012 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 members are considering the possibility of developing a Historical Commission website to make important historical documents available to the denominational constituency.

The Commission worked 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 2010

Balance on hand (checking at Regions Bank) 12/31/2009.....	\$18,733.70
Deposits	
Together Way (12 months).....	\$2,606.37
Interest (Regions Bank).....	\$12.61
Sale of Pamphlets.....	\$350.72
Rest of Family Offering.....	\$17.90
Tennessee State FWB Office.....	\$15.00
Total.....	\$3,002.60
Expenditures	
2010 Digest of Reports.....	\$85.76
Randall House (printing).....	\$3,604.50
Historical Collection (postage).....	\$48.33
Lewis Letterworks (mailing).....	\$812.64
Jeff Cockrell (meeting expenses).....	\$465.00
Clara Picirilli (gift).....	\$250.00
Total.....	\$5,266.23
Balance on hand (checking at Regions Bank) 12/31/2010.....	\$16,470.07
Trust Fund at FWB Foundation 12/31/2010.....	\$29,634.32
Total on hand 12/31/2010.....	\$46,104.39

2012 Budget

Income	
Gifts (Together Way).....	\$2,700
Interest.....	\$20
Sale of Pamphlets.....	\$550
Total.....	\$3,270
Expenses	
Books, Materials, Labor.....	\$620
Pamphlet Project.....	\$2,300
Meeting Expenses.....	\$250
2011 Digest of Reports.....	\$100
Total.....	\$3,270

FWB Music Commission Report

The Music Commission has been active in planning the music for the 2011 National Convention in Charlotte, NC. The commission held its annual meeting at the Free Will Baptist National Offices on January 13-14, 2011. Chris Truett, Chairman, presented the following agenda:

I. Evaluate and discuss the 2010 National Association Convention music

- A. Evaluated all aspects of the 2010 Convention music
- B. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to evaluate the 2010 Convention music

II. Plan the entire music program for the 2011 National Association Convention

- A. Discussed preliminary information on 2011 Convention Music
- B. Selected Worship Leaders for 2011 Convention
- C. Selected choir songs for 2011 Convention
- D. Selected special music for the 2011 Convention (others to be selected as suggestions were submitted)
- E. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to discuss logistics and set-up of 2011 Convention.

III. Discuss future projects and vision for the commission

- A. The Music Commission will present two different seminars at the 2011 Convention:
 1. "Creating Vibrant Worship"
 - Blending the Old and the New
 2. "Creating Vibrant Worship"
 - Practical help for the pianist and other musicians
- B. The Music Commission has a heart for reaching out to our local churches to assist them in the music and worship ministry of their church. Commission members actively seek to help other churches by presenting workshops and seminars for churches in the area of music and worship. The commission is passionate about putting practical ideas and resources into the hands of our local churches to provide Christ-centered, energetic, and organized music and worship. We welcome the possibility of coming to help you in your local church. It is our desire to lead vibrant, 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 Memphis, TN.

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

MUSIC COMMISSION FINANCIAL SUMMARY 2010

Beginning Balance (01/01/2010)		\$5,436.73
Income		\$4,344.05
Together Way (undesignated)	\$2,833.25	
Together Way (designated)	\$ 898.09	
2007 Rest of the Family Offering	\$ 24.72	
Convention Booth/Workshops	\$ 562.00	
Other gifts	\$ 25.99	
Expenses		\$3,068.16
Meetings		\$2,038.16
Annual meeting	\$1,887.46	
Convention meeting	\$ 150.70	
Convention		\$1,030.00
Pre-convention planning	\$ -	
Convention musicians	\$1,000.00	
Booth expenses	\$ -	
Workshop expenses	\$ 30.00	
Digest of Reports/Truck	\$ -	
Office Expenses		\$ -
Postage/phone	\$ -	
Ending Balance (12/31/2010)		\$6,712.62

MUSIC COMMISSION BUDGET COMPARISONS

	2010 Budget	2010 Actual	2011 Budget	2012 Budget
Income				
Together Way (undesignated)	\$ 2,500.00	\$ 2,833.25	\$ 2,500.00	\$ 2,600.00
Together Way (designated)	\$ 1,000.00	\$ 898.09	\$ 750.00	\$ 900.00
Rest of the Family Offering	\$ 15.00	\$ 24.72	\$ 25.00	\$ 25.00
Convention Booth/Wkshop	\$ 2,000.00	\$ 562.00	\$ 500.00	\$ 500.00
Other	\$ 100.00	\$ 25.99	\$ 100.00	\$ 100.00
TOTALS	\$ 5,615.00	\$ 4,344.05	\$ 3,875.00	\$ 4,125.00
Expenses				
Meetings	\$ 2,000.00	\$ 1,837.02	\$ 2,000.00	\$ 2,025.00
Convention	\$ 3,515.00	\$ 1,828.48	\$ 1,675.00	\$ 2,000.00
Office and Misc Expenses	\$ 100.00	\$ 53.50	\$ 200.00	\$ 100.00
TOTALS	\$ 5,615.00	\$ 3,719.00	\$ 3,875.00	\$ 4,125.00

STATISTICAL REPORT Reporting Period 2010

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2009 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2010 Membership	Reported 2010 Membership	Combined Income of All Churches
Alabama	13	13	140	136	57	83	45	95	249	14,156	515	251	264	14,420	13,587	2,300,561
Arizona	1	1	6	6	5	1	5	1	34	240	27	20	7	247	182	721,488
Arkansas	15	15	200	182	91	108	92	81	428	18,449	801	315	486	18,936	17,659	11,165,135
Assoc. of Mexico	8	8	46	46	28	18	2	34	35	1,778	95	0	95	1,871	1,871	21,750
California	7	7	58	56	54	4	41	15	133	1,724	93	107	-14	1,710	1,888	2,304,229
Canada	1	1	10	10	1	9	6	4	45	354	12	9	3	357	361	564,028
Colorado	1	1	7	3	7	0	4	3	6	52	18	0	18	70	112	171,803
Florida	8	8	59	58	40	19	36	20	110	4,229	184	179	5	4,234	4,841	2,208,223
Georgia	10	10	119	115	39	80	60	59	250	7,190	330	290	40	7,230	8,009	6,801,633
Hawaii	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	133,796
Idaho	2	2	7	7	7	0	3	4	15	165	18	14	4	169	330	300,000
Illinois	7	7	41	39	23	18	20	13	83	3,098	100	68	32	3,130	3,072	2,642,041
Indiana	3	3	23	20	17	6	15	5	0	905	0	0	0	905	1,089	0
Iowa	1	1	2	2	2	0	2	0	2	75	0	2	-2	73	69	112,000
Kansas	2	2	11	10	11	0	3	5	56	634	48	18	30	664	730	556,606
Kentucky	11	11	114	114	29	85	40	74	618	14,442	605	473	132	14,574	12,028	2,345,522
Mid-Atlantic Assoc.	1	1	7	4	4	3	5	2	30	114	26	15	11	125	474	396,808
Mexico Assoc.	4	4	26	26	18	8	5	22	38	2,441	48	30	18	2,459	2,459	30,000
Michigan	6	6	42	28	33	9	25	7	119	2,424	103	29	74	2,498	2,342	1,054,601
Mississippi	3	3	47	47	13	34	32	12	131	4,005	242	131	111	4,116	3,864	1,311,328
Missouri	19	19	168	164	77	91	78	86	360	10,269	527	401	126	10,395	9,329	8,797,010
New Jersey	0	0	2	2	0	2	1	0	2	69	2	0	2	71	69	0
New Mexico	1	1	3	3	1	2	2	1	0	102	4	4	0	102	106	118,554
North Carolina	8	8	181	176	99	82	128	28	634	18,818	1,025	661	364	19,182	17,637	30,128,112
Northwest Assoc.	0	0	3	3	1	2	2	0	10	320	0	0	0	320	210	0
Ohio	1	1	5	5	5	0	2	2	8	183	12	7	5	188	190	232,400
Oklahoma	20	20	155	154	73	82	52	100	459	9,865	511	378	132	9,997	9,945	6,983,966
South Carolina	24	24	217	182	140	77	117	81	889	19,625	1,191	489	702	20,327	19,625	19,543,292
Tennessee	6	6	122	56	68	54	97	25	132	0	174	164	10	4,509	4,132	885
Texas	9	9	207	207	77	130	98	87	497	20,365	1,725	791	934	21,299	20,811	11,772,346
Virgin Islands	5	5	48	47	30	18	20	25	164	2,343	218	69	149	2,492	2,758	1,965,376
Virginia	1	1	1	1	1	0	1	1	0	156	10	0	10	166	0	121,000
West Virginia	8	8	84	76	36	48	38	43	168	4,510	213	120	93	4,603	4,477	2,483,028
Wisconsin	21	21	172	171	41	131	72	71	285	7,659	309	264	45	7,704	7,359	2,419,005
Wisconsin	0	0	1	1	1	0	1	0	0	29	0	0	0	29	24	52,562
TOTALS	227	224	2,335	2,158	1,130	1,205	1,151	1,006	5,000	170,786	9,196	5,300	3,886	174,672	172,016	123,681,989

STATISTICAL REPORT
Reporting Period 2010
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	30	37	16,626,420	205	51	353	6	5	5	0	0	5,103	562	349	76	1,670,304
Arizona	4	2	3,487,000	9	1	5	0	0	0	0	0	273	44	26	6	0
Arkansas	43	56	78,835,477	290	56	416	4	4	3	0	0	8,737	1,385	907	242	936,693
Assoc. of Mexico	0	9	840,827	19	17	0	0	0	0	0	0	725	0	250	95	500,000
California	20	16	25,202,795	55	16	44	0	6	8	0	1	718	0	127	30	502,380
Canada	6	2	2,741,000	6	2	0	0	0	0	0	0	295	0	0	0	0
Colorado	2	0	916,000	3	0	0	0	0	0	0	0	20	0	0	0	0
Florida	27	27	19,142,381	81	11	102	4	0	1	0	0	2,094	280	311	232	0
Georgia	60	45	48,752,790	137	30	299	1	1	1	1	0	4,049	955	549	143	1,868,000
Hawaii	1	1	0	1	1	0	0	0	0	0	0	23	0	0	0	0
Idaho	2	1	1,000,000	10	2	1	1	0	0	0	0	160	0	0	0	0
Illinois	19	13	19,983,000	59	8	83	0	0	1	0	0	1,647	239	178	97	1,200,000
Indiana	0	0	0	43	0	0	0	0	0	0	0	0	0	0	0	0
Iowa	2	1	2,500,000	4	0	3	0	0	0	0	0	60	0	3	0	0
Kansas	1	0	2,811,440	8	3	3	0	0	0	0	0	338	0	0	25	0
Kentucky	0	1	26,714,500	324	13	302	2	0	1	0	0	4,660	432	437	104	0
Mid-Atlantic Assoc.	4	2	4,000,000	10	1	10	0	0	0	1	0	408	0	0	40	0
Mexico Assoc.	10	6	1,000,000	10	2	29	0	0	0	0	0	2,615	0	560	0	212,000
Michigan	8	8	21,222,150	48	9	37	1	0	1	0	0	1,253	197	103	20	0
Mississippi	17	28	11,093,000	58	7	138	1	2	2	0	0	2,258	446	210	156	0
Missouri	46	32	58,825,183	239	24	287	2	1	1	0	0	5,584	523	459	156	4,075,000
New Jersey	0	0	450,000	2	0	1	0	0	0	0	0	28	0	0	0	450,000
New Mexico	1	1	1,340,000	5	1	2	0	0	0	0	0	32	0	8	0	0
North Carolina	91	47	79,060,107	237	77	539	8	9	9	2	1	9,533	829	847	211	1,070,000
Northeast Assoc.	0	0	0	2	0	1	0	0	0	0	0	0	0	0	0	0
Northwest Assoc.	1	1	3,880,000	6	3	6	0	0	0	0	0	151	0	14	0	0
Ohio	41	22	50,929,162	307	31	226	0	0	1	0	0	6,422	296	496	211	0
Oklahoma	41	43	106,970,853	387	81	407	2	4	3	0	0	10,028	963	872	185	20,500,000
South Carolina	29	33	63,000,000	192	16	141	5	3	4	2	0	3,600	567	425	233	1,900,000
Tennessee	75	55	82,010,249	370	58	435	2	0	1	1	1	8,960	643	684	163	0
Texas	14	16	16,631,616	63	19	65	1	0	0	1	0	1,185	197	142	40	0
Virgin Islands	1	1	1,400,000	1	1	2	1	1	1	0	0	0	0	0	0	0
Virginia	21	9	29,280,088	149	16	188	3	3	4	0	1	2,643	365	369	123	0
West Virginia	25	13	74,010,296	395	21	302	1	3	3	3	0	8,966	1,154	1,145	153	0
Wisconsin	1	1	500,000	1	1	0	0	0	0	0	0	18	0	0	0	0
TOTALS	643	529	855,156,334	3,736	579	4,427	46	42	50	11	5	92,576	10,079	9,471	2,741	34,884,377