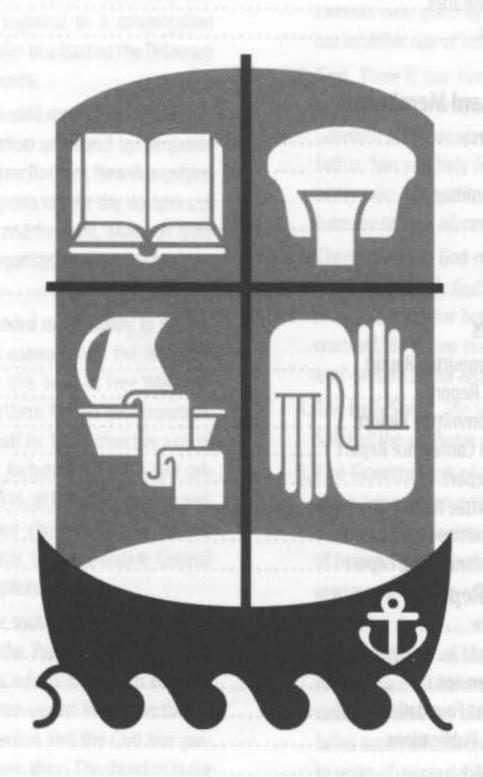
2013 FREE WILL BAPTIST YEARBOOK



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National Association of Free Will Baptists, Inc.

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Minutes

of the

Seventy-sixth Annual Session

of the

National Association

of

Free Will Baptists, Inc.

when convened in

Memphis, Tennessee

July 15-18, 2012

Future Sessions of the Convention

2013	Tampa, Florida	July 21-24
2014	Fort Worth, Texas	July 27-30
2015		July 19-22
2016		July 17-20
2017		July 16-19
2018	,	July 22-25
2019	Cincinnati, Ohio	July 21-24
	2014 2015 2016 2017 2018	2014 Fort Worth, Texas 2015 Grand Rapids, Michigan 2016 Kansas City, Missouri 2017 Louisville, Kentucky 2018 Little Rock, Arkansas

Officers and Board Members

General Officers

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

General Board

2013

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

2014

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

2015 North Carolina: Billy Keith Northeast: Jim Nason Northwest: Brent Nix Ohio: Edwin Hayes Oklahoma: Mike Wade South Carolina: Todd Smith Tennessee: Glenn Poston Texas: Keith Woody Virginia: Glen Johnson West Virginia: Luther Morgan

Executive Committee

Moderator: Tim York, 623 Knollwood Drive, LaVergne, TN 37086 Assistant Moderator: William Smith, P.O. Box 507, Colquitt, GA 39837 Clerk: Randy Bryant, 2156 54th Avenue, Vero Beach, FL 32966 Assistant Clerk: Ernie Lewis, 1176 CR 1975 N, Cisne, IL 62823

2013	2014
Tim Campbell (AR)	Chris Clay (IN)
Rick Cash (AL)	Stan Bunch (MO)
David Shores (IL)	Venny VanHoose (KY)

2017

2015

Glenn Poston (TN) Todd Smith (SC) Mike Wade (OK)

Board of Trustees of Welch College Chairman: Terry Pierce, 763 CR 931, Tupelo, MS 38804

2014	2016
eff Crabtree (ATL-CAN)	Michael Armstrong (0
hiloh Hackett (AL)	Billy Hanna (GA)
usty Russell (NC)	Terry Pierce (MS)

2018

Will Beauchamp (FL) Kenny Simpson (MO) Mark Stripling (AR)

Board of International Missions

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

2014

2016

2018

Janice Banks (OK) Jeff Manning (NC) Robert Morgan (TN)

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

Nelson Henderson (AR) Mark Price (OH) Brad Ransom (OK)

Board of Home Missions

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

2013

Jerry Atwell (MS) Bobby Shepherd (AR)

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)

Matt Upton (CA)

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

2015 Brian Hurst (TN) Len Blanchard (AL) Donnie Miles (SC) Rick Locklear (MI) Wendell Walley (CA) 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 (Welch College); 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

2014

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

2016 Charles Cook (TN) Tim Eaton (OK)

Tim Owen (FL)

Mark Braisher (OK) Mike Mounts (OH) Mike Trimble (MI)

2018

Commission for Theological Integrity

Chairman: Matt Pinson, 3606 West End Avenue, Nashville, TN 37205

2013 Matt Pinson (TN) 2014 Steve Ashby (OK)

2016 Paul Harrison (TN) 2017 Kevin Hester (TN)

2015 Craig Shaw (OK)

Historical Commission

(Acting) Chairman: Robert Picirilli, 206 Stoner's Glen Ct., Hermitage, TN 37076

2013 David Crowe (TN)

2016 Jeff Cockrell (SC) 2017 Jack Williams (TN

2014 Robert Picirilli (TN) 2015 Eric Thomsen (TN)

Media Commission

Chairman: Travis Penn, 10006 Expedition Pl., Noblesville, IN 46060

2013 Stephen Lopes (TN) 2014 Josh Owens (TN)

2016 Adam Carnes (NC) 2017 Marc Neppl (VA)

2015 Travis Penn (IN)

Music Commission

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

2013 James Stevens (TN) 2014 Kevin Justice (NC)

2016 Donnie Burke (CO) 2017 Doug Little (TN)

2015 Chris Truett (NC)

Proceedings

The 76th annual session of the National Association of Free Will Baptists met July 15-18, 2012, at the Memphis Cook Convention Center in Memphis, Tennessee. "God is Faithful" was the theme of the meeting. Ryan Lewis served as convention manager and Chris Truett was music coordinator.

Sunday School - July 15, 2012

Sunday School began at 10:00 a.m. with Brian Sargent leading the congregation in singing "Praise Him, Praise Him" and "Let There Be Glory And Honor And Praises." Shiloh Hackett led in prayer and introduced the Sunday School teacher, Thomas Bee, member of the South Highland FWB Church in Muscle Shoals, Alabama. Bro. Bee brought the lesson from Hebrews 7:1-28 on "The Old Priesthood Versus the New Priesthood."

Sunday Morning – July 15, 2012

Morning worship began at 11:00 a.m. with Brian Sargent leading the congregation in singing "Come Thou Fount," "I Will Praise Him," and "Blessed Be The Name." Shiloh Hackett led in prayer and called for the offering. Brian Floyd provided the offertory on the piano. The congregation sang "Trust and Obey," "I Will Sing Of My Redeemer," and "You Set Me Free." Shiloh Hackett introduced the speaker and The Horse Branch Trio sang "The Promise." Dr. Garnett Reid, Professor of Theological Studies at Free Will Baptist Bible College, brought the message on "God is Faithful: The Essence of His Nature" from Lamentations 3:1-3, 21-27. "Only Trust Him" was sung as the invitation and Shiloh Hackett closed the service in prayer.

Sunday Evening – July 15, 2012

Evening worship began at 7:00 p.m. with Joshua Riggs leading the congregation in singing "Great Is Thy Faithfulness," "O God Our Help,""Forever," and "Standing on the Promises." Randy Bryant led in prayer and called for the offering. The Mass Choir with soloist David Teague sang "With God." The congregation sang "Never Once," "Blessed Assurance," and "Great Is Thy Faithfulness." Randy Bryant introduced the speaker and the Donelson Trio sang "Great I Am." Rev. Paul Bryant, pastor of the Cross Creek Free Will Baptist Church in Olive Branch, Mississippi, brought the message on "God is Faithful to His Promises" from Hebrews 10:23. "My Faith Has Found A Resting Place" was sung as the invitation. Diana Bryant, president of WNAC, announced their committees and the service was dismissed.

Monday Evening – July 16, 2012

Evening worship began at 7:00 p.m. with Glenn Poston, Promotional Secretary of the Tennessee State Association, welcoming the convention to Tennessee and Randy Riggs, moderator of the Tennessee State Association, presenting gift bags to Tim York, Ryan Lewis, and Keith Burden. Joshua Riggs led the congregation in singing "The Solid Rock," "Blessed Be The Name," and "Never Once." Keith Burden introduced the speaker and called for the offering. Following prayer, the Mass Choir with soloist Stacie Compton sang "Through It All." The congregation sang "It Is Well" and "I Will Sing Praise." The Cross Timbers Trio sang "Jesus Never Fails" before the message. Mike Gladson, pastor of the Cofer's Chapel Free Will Baptist Church in Nashville, Tennessee, brought the message on "God is Faithful When We Are Tested" from I Corinthians 10:13. "I Will Sing Praise" was sung as the invitation. Clerk Randy Bryant called the seventy-sixth annual session to order and introduced the moderator, Dr. Tim York. The moderator appointed the following committees and the service was dismissed.

Nominating Committee:

Mike Wade (OK), Chairman

Larry Reynolds (MS)

Tim Owen (FL)

Will Harmon (AR)

Ron Helms (MI)

Stan Bunch (MO)

Jeff Davis (TN)

Resolutions Committee:

Tim Baumgarten (AL), Chairman

Jim Price (KY)

Mark Price (OH)

Billy Hanna (GA)

Bob Brown (VA)

Credentials Committee:

Todd Smith (SC), Chairman

Billy Keith (NC)

Jim Brewer (KS)

Oral McAffee (Atl-Canada)

Millard Sasser (CA)

Obituary Committee:

Marcus Brewer (TX), Chairman

David Weeks (TN)

Harlen Johnson (IL)

Luther Morgan (WV)

Joe Conn (OK)

Tuesday Afternoon – July 17, 2012

Moderator Tim York called the business session to order at 1:30 p.m. The moderator brought the message from Proverbs 3 on "Faith for the Future" and then led in prayer. 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.

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

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

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. Billy and Geneva Walker were recognized for their years of service for the convention. Glen Johnson, Keith Woody, and Gary Fry were recognized for their service on the Executive Committee.

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

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

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

Director Ken Akers gave the Master's Men Department report. Motion carried to receive the report.

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

Chris Truett gave the Music Commission report. Motion carried to receive the report. Kevin Justice (NC) was elected to the 2014 term on the commission and Doug Little (TN) was elected to the 2017 term.

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 carried to receive the report. Eric Thomsen (TN) was elected to the 2015 term on the commission and Jack Williams was elected to the 2017 term.

Travis Penn gave the Media Commission report. Motion carried to receive the report. Stephen Lopes (TN) was elected to the 2013 term; Josh Owens (TN) to the 2014 term, and Mark Neppl (VA) to the 2017 term.

The clerk read the recommendation from Free Will Baptist Bible College regarding its proposed name change.

The clerk read the proposed change in the Free Will Baptist Foundation's charter that was introduced during last year's convention. Foundation Board Chairman Phil Whiteaker offered explanation for the changes. Motion carried to amend the charter of the Free Will Baptist Foundation.

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

Executive Director Elizabeth Hodges gave the Women Nationally Active for Christ report. Motion carried to receive the report.

Tuesday Evening – July 17, 2012

Evening worship began at 7:00 p.m. with the YET Reunion Choir singing "I Lift My Hands." The congregation sang "A Mighty Fortress" and "Everlasting God." David Shores welcomed the body to the service and called for the offering. Following prayer, the Mass Choir, featuring Roger Ridgeway, sang "Defender." The congregation sang "Never Once" and "Through the Storm Medley." David Shores introduced the speaker and the National YET Team sang "No Other Name." Jon Cannon, pastor of the Victory Free Will Baptist Church in O'Fallon, Illinois, brought the message on "God Is Faithful To The Persecuted" from I Peter 4:12-19. "Lord, I Give You Me" was sung as the invitation and the service was dismissed.

Wednesday Morning – July 18, 2012

The business session began at 9:00 a.m. with Assistant Moderator William Smith reading from Philippians 2:5-8 and then leading us in prayer.

Motion carried to elect Stan Bunch (MO) to the General Board for the 2014 term in place of Gary Fry.

Director Ron Hunter gave the Randall House Publications report. Michael Lytle gave the financial report. Motion carried to receive the report. Edwin Hayes was presented a plaque in recognition of his 24 years on the Randall House board. Mark Braisher (OK), Mike Mounts (OH), and Mike Trimble (MI) were elected to the 2018 term on the board.

Director Larry Powell gave the Home Missions Department report. Chaplain Lt. Col. David Spears, who passed away on December 25, 2011, was eulogized by Chaplain Col. Terry Austin and Randy Wright led in prayer. Lt. Col. Spears' wife, Wanda, was presented a plaque honoring Lt. Col. Spears. Motion carried to receive the report.

Director Clint Morgan gave the International Missions Department report. Rob Conley gave the financial reports. Danny Williams honored the memory of Paul Creech for his service as a board member and former missionary. Randy Wilson was presented a plaque recognizing his service on the board. Debbie Griffin and Stan and Brenda Bunch were presented plaques recognizing their service as missionaries in Japan and Panama, respectively. Motion carried to receive the report. Janice Banks (OK) was elected to the board for the unexpired 2014 term. Nelson Henderson (AR), Mark Price (OH), and Brad Ransom (OK) were elected to the 2018 term on the board.

Motion carried to adopt Item 7 on the General Board report.

President Matthew Pinson gave the Free Will Baptist Bible College report. Craig Mahler gave the financial report. Tom Sass was recognized for his 40 years of service as the Vice President for Financial Affairs. A.C. Allen was recognized for his service to the board. Motion carried to receive report. William Beauchamp (FL), Ken Simpson (MO), and Mark Stripling (AR) were elected to the 2018 term to the board.

The clerk read the statement from the Free Will Baptist Bible College Board of Trustees "Recommendation Regarding Name Change of the College." It reads, "On July 16, 2012, the Board of Trustees of Free Will Baptist Bible College, after reconsidering the recommendation it made to the body of the National Association of Free Will Baptists on July 19, 2011, to change the college's name to Welch College, voted to recommend to the body of the National Association: "that the name of the college be changed to Welch College, that the college's Charter and By-Laws and Rules of Decorum be amended to reflect the change, and that the By-Laws of the National Association of Free Will Baptists be amended to reflect the change."

President Matthew Pinson gave the reasons for the change and shared a video concerning the change. Motion carried to change the by-laws and name of the college to Welch College.

Wednesday Afternoon – July 18, 2012

The business session began with Assistant Clerk Ernie Lewis reading from 2 Corinthians 4:1-6 and leading in

The clerk read item 6 of the General Board report. David Williford, Vice President for Institutional Advanceprayer. ment, gave the explanation for the request. Motion carried to adopt item 6.

Leroy Forlines gave the Commission for Theological Integrity report. Motion carried to receive the report. Matthew Pinson made a presentation to Leroy and Fay Forlines for his fifty years of service on the commission. Kevin Hester was elected to the 2017 term on the commission.

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

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

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

The clerk read the Obituary Committee report followed by a video presentation of deceased ministers from our state associations. The congregation stood for a moment of silence and Marcus Brewer led in prayer.

The clerk read the Resolutions Committee report. Motion carried 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), Assistant Clerk, Ernie Lewis (IL).

Motion carried to adjourn and Bill Evans led in prayer.

Wednesday Evening – July 18, 2012

Evening worship began at 7:00 p.m. with Ken Akers sharing about Impact Memphis. Joshua Riggs led in prayer and led the congregation in singing "Jesus Messiah" and "How Marvelous." Ryan Lewis welcomed the congregation and our home and international missionaries came in while Truth and Peace sang "Hope of the Nations." Ryan Lewis called for the offering and introduced the speaker for the evening. The Mass Choir with soloist Fawn Gibson sang "Not Guilty" as the offertory. Ernie Lewis, pastor of the Blue Point Free Will Baptist Church in Cisne, Illinois, brought the message on "God is Faithful to Forgive" from I John 1:6-10. "Jesus Paid It All" was sung as the invitation and a finale of "Glorious Day," "Never Once," and "Jesus Paid It All" was sung by the congregation. Randy Bryant, Executive Director of the Florida State Association of Free Will Baptists, invited the body to the 2013 convention in Tampa, Florida, and the service was dismissed.

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, 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, Centerton Free Will Baptist

Church of New Jersey, Twin Valley Free Will Baptist Church of Wisconsin, and Harvest Time Free Will Baptist

- 4. We recommend that delegates from Idaho, Association of Mexico, and the Northeast Association 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:

Todd Smith (SC), Chairman

Billy Keith (NC)

Jim Brewer (KS)

Oral McAfee (Atl-Can)

Millard Sasser (CA)

General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 16, 2012, in Ballroom A of the Memphis Cook Convention Center in Memphis, Tennessee.

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, Master's Men, Board of Retirement and Insurance, Free Will Baptist Foundation, Home Missions, Randall House Publications, International Missions, Free Will Baptist Bible College, Women Nationally Active for Christ, Commission for Theological Integrity, Historical Commission, Music Commission, Media Commission, and the Budget Committee. We recommend their reports be received and budgets adopted.
- 2. We recommend the reaffirmation of the resolution deploring all forms of racism that was adopted at the 1995 convention; that we support the official statement issued by the Executive Office and recommend the Bible study on "Racism, the Bible and the Church" published by Randall House.

1995 Resolutions Committee Report

Resolution #2 — Resolution Concerning Racism

Whereas, all people are created in the image of God (Genesis 1:26) and,

Whereas, all people have descended through "one blood" from Adam (Acts 17:26) and,

Whereas, God desired for all people to be saved (2 Peter 3:9),

Be it resolved that the National Association of Free Will Baptists do hereby condemn racism in any form and do pledge to proclaim the Gospel freely to all men of every race.

- 3. We recommend that beginning with the 2013 convention, a non-refundable but transferable first night's hotel room charge be assessed at the time of booking.
- 4. The date for the 2018 convention will be adjusted to July 22-25 in Little Rock, Arkansas.
- 5. We recommend that the David Marks Heritage Association be accepted as a member of the National Association and given a seat on the General Board (to be listed between Colorado and Florida.)
- 6. We recommend that Free Will Baptist Bible College be allowed to change its emphasis month from December to February effective February 2013.
- 7. We recommend the request of International Missions to amend the By-Laws of The Hanna Project.

RESTATED AND AMENDED BY-LAWS THE HANNA PROJECT

ORGANIZATION, OBJECTIVES, AND PURPOSES

- Organization. THE HANNA PROJECT is a nonprofit corporation organized under the laws of the State of Tennessee.
- Office. The Corporation shall maintain its principal office in Antioch, Tennessee or such other place within the United States of America as determined by the Board of Directors.
- Objective and Purposes. The Corporation is a Non-Profit Corporation as defined by the Tennessee Non-Profit Corporation Act, T.C.A. § 48-51-101 et. seq. The Corporation shall have and be entitled to exercise all powers which a Non-Profit Corporation of its nature may have and exercise under the laws of the State of Tennessee, now in effect or hereafter amended, subject to the limitations contained in the Internal Revenue Code in accord with retaining its status as an exempt charitable organization.

The Corporation is organized exclusively for educational, charitable and religious purposes under §501(c)(3) of the Internal Revenue Code, as a non-governmental organization, with the purpose of meeting the physical and spiritual needs of hurting people around the world.

BOARD OF TRUSTEES

The Board of Trustees shall be considered the same as a Board of Directors.

Number and Term of Trustees. The Board of Trustees shall be composed of a minimum of three members but not more than six members, who shall serve a term of three years.

The Incorporator shall appoint the original Board of Trustees and their terms are to be arranged so that they expire in groups of not more than two annually. To institute the original process, the original Board shall be appointed for the following terms; not more than two of the Trustees shall be elected to serve a term of one year, not more than two of the Trustees shall be elected to serve a term of two years and not more than two Trustees shall be elected for a term of three years.

- Authority of Trustees. The Trustees shall act in their Trustee capacity only as a Board and individual Trustees have no power to act for the Corporation without prior specific Board authority, unless specific authority is set out in the Bylaws. The Board shall institute the overall programming and policy of the Corporation and the Administrative Director of The Hanna Project (THP) shall supervise and administer its operation.
- Qualification of Trustees. Each Trustee shall hold membership in a regular Free Will Baptist Church that belongs to a Free Will Baptist District, or State Association, or to a church, which is recognized by the National Association as being affiliated.
- Regular and Special Meetings. The Board of Trustees shall set the time, occasion, or place of the annual meetings of the Board of Trustees which thereafter may be held without notice. Special meetings may be held at any time upon the call of the Administrative Director of THP and/or upon the call of the Chairman of the Board of THP. Notice and purpose of such special meetings shall be in writing postmarked or otherwise communicated at least one week before the meeting.
- Quorum. A Quorum shall consist of a majority of the duly elected Trustees and a majority vote of the Trustees present shall decide the issues brought before the meeting.

- 2.6. <u>Compensation and Expenses</u>. Trustees shall serve as such without compensation. Expenses incurred in connection with the performance of their official duties may be reimbursed to Trustees upon approval of the Board of Trustees. A Trustee shall not be precluded from serving the Corporation in any other capacity nor from receiving compensation for such services.
- 2.7. <u>Election of Trustees</u>. Trustees shall be nominated by the General Director of the Board of Foreign International Missions of the National Association of Free Will Baptist, Inc. ("Board of Foreign International Missions"), with the approval of the Board of Trustees of the Board of Foreign International Missions. The Director of Field Operations at of the Board of Foreign International Missions shall serve as Chairman/President of THP. The Director of Financial Operations/CFO of the Board of International Missions shall serve as the Secretary/Treasurer of THP.
- 2.8. Salaries of Corporate Officers. The salary of the Administrative Director of the Hanna Project shall be fixed by the Board of Trustees, with the approval of the General Director of the Board of Foreign International Director within the context of the annual budget.
- 2.9. Removal of Trustees and Officers. The General Director of the Board of Foreign International Missions may remove any Trustee or the Administrative Director at any time with or without cause, in consultation with the Chairman/President of THP. The Administrative Director shall hold office at the discretion of the General Director of the Board of Foreign Missions. All other employees shall hold office at the discretion of the Administrative Director of THP.

III

OFFICERS OF THE BOARD OF TRUSTEES & CORPORATION ELECTION AND DUTIES

- 3.1. Officers. The officers of the Board of Trustees shall consist of a Chairman of the Board, Vice-Chairman, and Secretary/**Treasurer**. The officers of the Corporation shall consist of a President and Secretary/**Treasurer**.
- 3.2. <u>Election and Term</u>. The Director of Field Operations at of the Board of Foreign International Missions shall serve as Chairman/President of THP. The Director of Financial Operations/CFO of the Board of International Missions shall serve as the Secretary/Treasurer of THP. The remaining officers shall be elected from and by the Board of Trustees for a term of one year beginning with the regular annual meeting of the Board and they shall serve until their respective successors are elected.
- 3.3. <u>Chairman of the Board/President</u>. The Chairman of the Board shall preside at all meetings of the Board of Trustees except when he directs or in his absence the Vice Chairman shall preside. The Chairman shall hold the office of President. The Chairman/President shall perform all the duties and have the powers commonly incident to the two offices and shall carry out the directions of the Board of Trustees. The Director of Field Operations at **of** the Board of Foreign International Missions shall serve as Chairman/President of **THP**.
- 3.4. <u>Vice Chairman</u>. The Vice Chairman of **THP** shall perform all the duties and have all the powers commonly incident to the office and shall have other powers and perform other duties as may be assigned to him Chairman directs or in the Chairman's absence.
- 3.5. <u>Secretary/Treasurer</u>. The Secretary/Treasurer shall perform all the duties and have all the powers commonly incident to his office and shall have other powers and perform other duties as may be assigned to him by the Board of Trustees. He shall keep the minutes of all the meetings of the Board of Trustees and shall have charge of all Corporate books and records. The Director of Financial Operations/CFO of the Board of International Missions shall serve as the Secretary/Treasurer of THP.

IV. ADMINISTRATIVE DIRECTOR

- 4.1. <u>Election and Term</u>. The Administrative Director of **THP** shall be nominated by the Chairman/President of **THP** in consultation with the General Director of the Board of International Missions and approved by the Board of Trustees. The Administrative Director of **THP** shall serve until removal, resignation or death.
- 4.2 <u>Removal</u> The Administrative Director may be removed at any time with or without cause by the General Director of the Board of Foreign International Missions in consultation with the Chairman/President of THP. The Administrative Director shall hold office at the discretion of the General Director of the Board of Foreign Missions.
- 4.3 Authority and Duties. The Administrative Director of THP shall implement the programming and policy of the Board of Trustees and shall administer the daily affairs of the Corporation, carrying out all responsibilities delegated to him by the Board of Trustees. His duties shall include, but not be limited to (1) the administration of all Corporate funds; (2) fundraising; (3) the preparation of bi-annual reports as required or requested by the Board of Trustees, which shall be given to the Chairman/President of THP; (4) the preparation and proposal of an Annual Budget, which shall be approved by the Chairman/President of THP, the Board of Trustees, and the General Director of the Board of Foreign International Missions; (5) the organization and management of quarterly periodic meetings and an Annual General Session, which shall include the Board of Trustees and the Advisory Council (as necessary); and (6) the presentation of all proposed projects to the Corporation's Board of Trustees for approval, which shall then be presented to the General Director of the Board of Foreign International Missions for final approval.

v. ADVISORY COUNCIL

- 5.1 <u>Election and Term.</u> The General Director of the Board of Foreign International Missions shall in consultation with the Chairman/President of THP and Administrative Director of THP as deemed necessary and appropriate for the furtherance of the Corporation may nominate a minimum of seven (7) three (3) individuals, who meet the membership requirements, to serve on an Advisory Council. The candidate must then be approved by the Board of Trustees. Members on the Advisory Council shall serve three (3) year terms, with three successive terms permitted.
- 5.2 <u>Membership Requirements</u>. Any individual may become a member of the Advisory Council so long as they meet the following requirements: (1) Followers of the Christian faith; (2) They receive an invitation to join the Council from the Administrative Director; and (3) They pledge to, and do, actively support the projects **and efforts** of the Corporation.
- 5.3 <u>Removal</u>. Membership may be removed at any time if a member fails to fulfill any one of the membership requirements listed above. Membership may be removed by the Administrative Director of THP's recommendation and a majority vote of the Advisory Council, with the member in question not being permitted to vote in consultation with the Chairman/President of THP and General Director of the Board of International Missions.
- 5.4. <u>Duties</u>. Members of the Advisory Counsecil shall advise the Administrative Director on issues involving strategic development, budgeting, project selection and fundraising, and such other matters as the Administrative Director of **THP** shall deem necessary. Members shall may receive, from the Administrative Director, regular information sheets, the annual project activity reports, and financial reports, and may attend, as requested by the Administrative Director of **THP**, the Annual General Sessions Meeting without voting privileges, and may proposed suggest projects to the Administrative Director.

5.5. <u>Compensation and Expenses</u>. Members of the Advisory Counsecil shall serve as such without compensation. Expenses incurred in connection with the performance of their duties may be reimbursed to the members upon approval of the Board of Trustees.

V

TRANSACTIONS WITH TRUSTEES AND MEMBERS OF THE ADVISORY COUNCIL

- 6.1 No contract or other transaction between this Corporation and any of its Trustees or Members of the Advisory Council shall be void or voidable if such contract shall be approved or ratified by an affirmative vote at any meeting of the Board of Trustees by a majority of the Trustees and the General Director of the Board of Foreign International Missions. The subject Trustee or Members of the Advisory Council shall have no voice or vote concerning the approval or ratification of his action. Further, no Trustee or Members of the Advisory Council shall be liable to account to the Corporation for any profit realized by him from or through any such contract or transaction ratified or approved as aforesaid.
- 6.2. Notwithstanding anything herein to the contrary, the Corporation shall not lend money to or use its credit to assist its Trustees, officers, or Members of the Advisory Council, whether or not employees.

VII

CONTRACTS, LOANS, AND CHECKS

- 7.1. <u>Contracts</u>. The Board of Trustees may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.
- 7.2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees, with the approval of General Director of the Board of Foreign International Missions. Such authority may be general or confined to specific instances; provided, however, no loans shall be made by the Corporation to its Trustees or officers which are prohibited by T.C.A. §48-58-303.
- 7.3. <u>Checks and Other Instruments</u>. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

VIII.

MISCELLANEOUS

- 8.1. Written consent. Whenever the Trustees of this Corporation are required or permitted to take any action by vote, such action may be taken without a meeting, upon written consent setting forth the action so taken, and signed by all of the Trustees entitled to vote thereon.
- 8.2. <u>Contracts and notes</u>. Contracts in the regular order of business shall be executed by the Administrative Director or by a person designated with that authority by the Board of Trustees as directed by written resolution.
- 8.3. <u>Fiscal year</u>. The fiscal year of the Corporation shall begin on the first day of January of each year and shall end on the last day of December next following.

IX. AMENDMENTS

These By-Laws may be amended as follows:

- (1) The General Director of the Board of Foreign International Missions, at any regular annual meeting or at a special meeting called for that purpose, shall present the Board of Trustees of the Board of Foreign International Missions with the proposed amendment;
- (2) The Board of Trustees of the Board of Foreign International Missions shall take the amendment under consideration, and shall not vote on the amendment until its next meeting subsequent to the annual session of the National Association of Free Will Baptists. The Board of International Missions shall provide official notice of proposed amendments to the Executive Committee of the National Association of Free Will Baptists, Inc. prior to the above referenced National Association annual session. Approval of the amendment requires a two-thirds vote of the Board of Trustees of the Board of Foreign International Missions.

Certification

These By-Laws were duly Restated a	and Amended on this the 1stday of January 2004	
	Secretary	
	Board of Trustees of the Hannah Project	

Markings Legend:
Proposed For Deletion (Strikeout)
Proposed for Addition (Bold)

Nominating Committee Report

Replacing Mark Braisher (OK) Replacing Edwin Hayes (OH) (ineligible) Replacing Mike Trimble (MI) International Missions 2014 Replacing Paul Creech (GA) (deceased) Replacing Nelson Henderson (AR) Replacing Mark Price (OH) Replacing Randy Wilson (OK) (ineligible) Replacing Randy Wilson (OK) (ineligible) Replacing Ken Simpson (MO) Replacing Mark Stripling (AR) Mark Stripling (AR) Mark Stripling (AR)

Con	nmission for Theol	logical Integrity
2017	Replacing Leroy Forlines (TI	N)Kevin Hester (TN)
Hist	torical Commission	n
2015		L) (resigned) Eric Thomsen (TN)
2017	T	N)Jack Williams (TN)
Mus	sic Commission	
2014	Replacing Daron Dwyer (NC	C) Kevin Justice (NC)
2017	Replacing Doug Little (TN).	
Med	dia Commission	
2013	Replacing Monte McKenzie	e (GA) (resigned) Stephen Lopes (TN)
2014	Replacing Keith Fletcher (IL	.) (resigned)
2017	Replacing Kevin Norris (MI)	(resigned)Marc Neppl (VA)
Gen	eral Board	
2014	Missouri (Replacing Gary Fr	y) Stan Bunch
2015	North Carolina (Replacing B	Billy Keith) Billy Keith
	Northeast (Replacing Jim N	ason)
		t Nix)
	Ohio (Replacing Mike Stoke	s) Edwin Hayes
	Oklahoma (Replacing Mike)	Wade) Mike Wade
		odd Smith) Todd Smith
		Poston) Glenn Poston
		dy) Keith Woody
		nnson) Glen Johnson
	West Virginia (Replacing Lut	ther Morgan) Luther Morgan
110000000000000000000000000000000000000	cutive Committee	
2014	Replacing Gary Fry (MO) (re	signed)
2015		Mike Wade (OK)
		Todd Smith (SC)
	Replacing Glen Johnson (VA	i) (ineligible)Glenn Poston (TN)
	eral Officers	
		TN) Tim York (TN)
		William Smith (GA) William Smith (GA)
		FL) Randy Bryant (FL)
As	sistant Clerk: Replacing Ernie I	Lewis (IL) Ernie Lewis (IL)
	ating Committee	
	n Campbell (AR), Chairman	
	ff Donoho (FL)	Chris Clay (IN)
	rl Cheshier (OK)	Danny Thompson (AL) Billy Keith (NC)
Ve	nny VanHoose (KY)	Billy Keith (NC)

National Youth Conference Report

NYC Attendee	2,236
NYC Child Attendee	149
NYC Grades 1-3	306
NYC Grades 4-6	440
NYC Grades 7-12	765
NYC Preschool Worship	110
NYC Staff	166

4,172 **Total NYC**

Speakers:

Josh Baer

David Outlaw

Darin Gibbs

Sean McDowell

NYC Competition Entries:

956

Reach That Guy:

381 participants

1,418 hours donated

10 service centers

Buck-a-Week Offering:

\$2,749.67

YETeam:

. . . ministered alongside Home Missions through church plants in Texas.

...led teen worship during convention without adults on stage.

Truth & Peace had 103 student leaders. Their leadership at this conference is unquestionably needed and felt.

Registration Report

National Convention
Board/Commission Member
Licensed Minister
Local Church Delegate
Local Church Delegate
NAFWB Attendee
NAFWB Staff
Ordained Deacon
Ordained Minister
State Delegate
Total 336
National Youth Conference
NYC Attendee
NYC Child Attendee
NYC Grades 1-3
NYC Grades 4-6
NTC Glades 7-12 765
NTC Preschool worship
NTC Stall
Total 4171
Women Nationally Active For Christ
WNAC Local Delegate
WINAC Local Delegate
AC MISSIONALY
WHAC National Executive Committee
WINAC Stall
WINAC State Delegate
WNAC State President
WNAC State President
Total 838
838

Total Unduplicated Attendance: 5559

Budget Committee Report

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2013:

- " Office (lookudos:)		\$ 857,907.00
Executive Office (Includes:) Administrative \$	422,407.00	
Convention	435,500.00	
Free Will Baptist Bible College		4,790,793.00
(Includes \$1,255,000.00 in unrestricted gifts)		
Free Will Baptist Foundation		521,177.00
Home Missions		5,000,000.00
International Missions		7,000,000.00
A Market of Person Register and Personal Advances and Personal Adv		145,443.00
Master's Men Retirement and Insurance		475,000.00
Randall House Publications		5,217,000.00
		7,900.00
Commission for Theological Integrity		3,560.00
Historical Commission		3,000.00
Media Commission		4,100.00
Music Commission		
TOTAL		\$ 24,025,880.00

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%
) - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	14.0%
Master's Men Free Will Baptist Foundation	6.0%
Commission for Theological Integrity	0.5%
Historical Commission	0.5%
Music Commission	0.5%
Media Commission	0.5%
TOTAL	100.0%

Respectfully Submitted, Your Servants,

TOTAL

TOTAL

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, General Director of International Missions Department Kenneth Akers, General Director of Master's Men Department D. Ray Lewis, General Director of Retirement and Insurance Department Ron Hunter, General Director of Randall House Publications

Obituary Committee Report

We, the Obituary Committee, met on Tuesday, July 17, 2012, at the Memphis Cook Convention Center to review the reports submitted by state associations and individuals. We submit the following report of ministers and deacons who passed away during the time period of January 1-December 31, 2011.

Alabama

Rev. Richard Cordell Rev. Hallmark Rev. Carlton Lambert Rev. Eugene Howard

Rev. E. R. Mayo

Arkansas

Rev. Joseph Hubbard Rev. George Latham Rev. Jerrell Willingham Rev. Paul Newton

Elwood, Vines, Deacon

Colorado

Rev. Ray Jones

Florida

Rev. Floyd Coleman Rev. Willie T. Jones Rev. Cecil Williamson

Georgia

Rev. R. Paul Creech Rev. Jimmy Smith

Illinois

Rev.Deon Walker Wesley Conner, Deacon Bill Johnston, Deacon

Mississippi

Rev. D. W. Jones Ray Walley, Deacon

Missouri

Harold Dake, Deacon Ben Pohnert, Deacon Fred Ussery, Deacon

Ohio

Rev. Vernal Fairchild Rev. James Smith Rev. Clyde VanHoose

Oklahoma

Rev. J.A. Fergueson Rev. Bill Jones Rev. John Maxwell, Jr. Rev. Wilburn L. Redfearn Walter Jennings, Deacon

South Carolina

Rev. Joe Cagle

Tennessee

Rev. Bert Tippett Kenneth Ross, Deacon Lt. Col. David Spears, Chaplain

Texas

Rev. Melvin Fuller
Rev. Elihu Mayo
Paul Gillentine, Deacon
Morris "Bogy" Gustavus, Deacon
Verlan Pegues, Deacon

West Virginia

Rev. Joe Dolen
Rev. Roger Landy
Rev. James Mounts
Rev. James Harold Shafer
Rev. W. Press Vance
Rev. Tom Williams
Rev. Roger Wren
Bob England, Deacon

Obituary Committee:

Marcus A. Brewer (TX), Chairman

Joe Conn (OK)
Harlen Johnson (IL)
Luther Morgan (WV)
David Weeks (TN)

Resolutions Committee Report

Whereas the Executive Office has successfully planned and provided another encouraging national convention;

and

Whereas all of our national departments have encouraged us with their respective reports;

and

Whereas the Tennessee State Association and its Executive Director, Rev. Glenn Poston, his staff, and his volunteers, have graciously hosted this 2012 convention;

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

Resolutions Committee:

Rev. Mark Price (OH), Chairman

Rev. Billy Hanna (GA)

Rev. Bob Brown (VA)

The Executive Secretary's Report 2011

Preparing an annual report for this convention is a challenging task that encompasses a three-year time period. First, we look at the past by giving an account for the previous year and its activities. Next, we look at the present and attempt to analyze current conditions. Finally, we look to the future and try to anticipate the coming year as we submit proposed budgets for our ministries. Obviously, none of this is an exact science.

During 2011, the Executive Office served the denomination in a variety of ways. We had a presence at practically every state or district annual meeting, building new relationships and strengthening existing ones. We planned, coordinated, and helped carry out a successful convention in Charlotte, North Carolina.

Our office continued to produce and/or offer valuable resources to our churches such as the *Free Will Baptist Yearbook*, *Treatise*, *REJOICE Hymnal*, *ONE Magazine*, and the national Leadership Conference, just to name a few. We receive and distribute The Together Way funds and manage the National Offices Building.

All of this has been accomplished in the face of dwindling resources and escalating expenses. The Executive Office staff is to be commended for their faithfulness, dedication, and commitment to excellence in spite of these challenges.

Having passed the midway point in 2012, we see promising, encouraging signs. Although we see no evidence of an imminent turnaround in the economy, many Free Will Baptists faithfully continue to support the Lord's work. Thankfully, denominational ministries facing extraordinary challenges have witnessed significant progress of late.

While no one would dispute that there's plenty of room for improvement, there is justifiable grounds for rejoicing over what the Lord is accomplishing in and through us. Souls are being saved. New converts are being discipled. Churches are being built here and around the world. Young people are being trained for Christian service and ministry. Collectively, we *are* fulfilling the Great Commission.

I am not suggesting we should be satisfied. We can do better...we should do better...and by the grace of God, we will do better!

Preparing a budget for 2013 is like shooting at a moving target! We have attempted to strike an appropriate balance between fiscal conservatism and biblical faith. Therefore, we present these budgets for your consideration and approval on the basis of the combined faithfulness of our God and denominational family.

Thank you for your prayers, encouragement, and the opportunity to serve you.

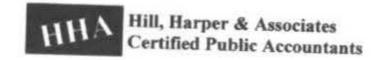
Keith Burden, CMP Executive Secretary

Tracking The Together Way Totals

DESIGNATED		CO-OP		TOTAL	
2002 3,253,772.40 81%	2.64%	738,744.13 19%	0.37%	3,992,516.53	2.21%
2003 3,515,300.09 82%	8.04%	770,780.99 18%	4.34%	4,286,081.08	7.35%
2004 3,631,305.92 82%	3.30%	782,642.76 18%	1.54%	4,413,948.68	2.98%
2005 3,946,786.84 83%	8.69%	813,333.89 17%	3.92%	4,760,120.73	7.84%
2006 4,193,622.91 83%	6.25%	832,178.34 17%	2.32%	5,025,801.25	5.58%
2007 4,168,077.00 83%	-0.61%	874,548.07 17%	5.09%	5,042,625.07	0.33%
2008 4,083,286.89 82%	-2.03%	892,767.28 18%	2.08%	4,976,054.17	-1.32%
2009 3,970,587.35 82%	-2.76%	877,543.24 18%	-1.71%	4,848,130.59	-2.57%
2010 3,719,114.31 82%	-6.33%	830,020.39 18%	-5.42%	4,549,134.70	-6.17%
2011 3,557,541.45 81%	-4.34%	839,056.49 19%	1.09%	4,396,597.94	-3.35%

The Together Way Totals Increase from 2002-2011

Designated 9.34% CO-OP 13.58%



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, 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 Executive Office's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the financial statements and, in our report dated March 15, 2011, 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, 2011 and 2010, 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 2, 2012

Terry A. Hill 615 417 - 7414 terryhill.HHA-Agmail.com

P O Box 680788 Franklin, Tennessee 37068 Ernest R. Hurper 615 417 - 6358

e.harper@comcast.net

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

Statements of Financial Position

December 31, 2011 and 2010

Cash in bank 15.887 10.865 Funds held by Free Will Baptist Foundation 383 1.926 Receivables: 383 1.926 Other departmental and agency charges 2.172 29-4 Other departmental and agency charges 2.555 2.220 Inventory of "Free Will Baptist Convention Sermons" 4.452 - Prepaid expenses 370.408 386.942 Fixed assets: 370.408 386.942 Office equipment and furniture 17.500 25.722 Automobiles 59,131 67.35 Less accumulated depreciation 59,131 67.35 Net fixed assets 3,153 4.80 Other assets: 23,447 22.94 Deposits for future conventions 23,447 22.94 Current liabilities 42,000 - Accounts payable and accrued expenses 5,24,774 25.14 Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 11.11 Funds held for Church on the Ridge bui	Decem				
Carrent assets: Cash in bank Funds held by Free Will Baptist Foundation Receivables: Randail House royalties Other departmental and agency charges Total receivables Inventory of "Free Will Baptist Convention Sermons" Prepaid expenses Total current assets Total current assets Total current assets Total current assets Office equipment and furniture Automobiles Net fixed assets Other assets: Deposits for future conventions Liabilities and Net Assets Current liabilities: Accounts payable and accrued expenses Advance payment - Tennessee state fee for 2012 convention Disaster relief funds Funds held for Church on the Ridge building improvements Total current liabilities Net assets (deficit): Unrestricted: Executive Office Net Inventoment Special Projects Convention Fund Total net assets Convention Fund Total net assets Convention Fund Total net assets Total net assets 315,42,36 36,16 315,33 4,80 315,33 4,80 315,35 3,61,16 3,71,36 3,71		Assets		2011	2010
Cash in bank 15.887 10,865 Funds held by Free Will Baptist Foundation 383 1,926 Receivables: 383 1,926 Cher departmental and agency charges 2,172 29-2 Other departmental and agency charges 2,555 2,220 Inventory of "Free Will Baptist Convention Sermons" 4,452 - Prepaid expenses 370,408 386,942 Fixed assets: 370,408 386,942 Office equipment and furniture 17,500 25,722 Automobiles 59,131 67,35 Less accumulated depreciation 59,131 67,35 Net fixed assets 3,153 4,80 Other assets: 23,447 22,94 Deposits for future conventions 23,447 22,94 Current liabilities: 397,008 414,69 Liabilities and Net Assets 42,000 - Current liabilities: 5,24,774 25,14 Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 <td></td> <td></td> <td></td> <td>2011</td> <td>22.43</td>				2011	22.43
Cash in bank Funds held by Free Will Baptist Foundation Funds held by Free Will Baptist Foundation Receivables:	Current assets:		6	347.514	367,239
Finds held by Free Will Baptist Foundation Receivables 3.83 1.926 Randall House royalties 2.172 294 Other departmental and agency charges 2.175 2.226 Inventory of "Free Will Baptist Convention Sermons" 4.452 -6.618 Prepaid expenses 370,408 386,947 Prepaid expenses 370,408 386,947 Fixed assets: 41,631 41,63	Cash in bank		.3		
Receivables: 383 1,926 Randall House royalties 2,172 294 Other departmental and agency charges 2,555 2,220 Inventory of "Free Will Baptist Convention Sermons" 4,452 -6,618 Prepaid expenses 370,408 386,942 Fixed assets: 41,631 41,63 Office equipment and furniture 17,500 25,72 Automobiles 59,131 67,35 Less accumulated depreciation 55,978 62,54 Net fixed assets 3,153 4,80 Other assets: 23,447 22,94 Deposits for future conventions 397,008 414,69 Liabilities and Net Assets Current liabilities: Accounts payable and accrued expenses 5 24,774 25,14 Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 11,11 Funds held for Church on the Ridge building improvements 15,887 11,11 Total current liabilities	Funds held by Free Will Baptist Foundation			13.007	
Randall House royalties				383	1,926
Total receivables	Randall House royalties				0.00
Total receivables	Other departmental and agency charges			2,172	
Inventory of "Free Will Baptist Convention Sermons" 4,452 6,618 Prepaid expenses 370,408 386,942 Fixed assets:				2,555	2,220
Total current assets 370,408 386,942		ons"		4,452	100
Total current assets 370,408 386,945		MATE		*	6,618
Total current assets Street asset asse	Prepaid expenses			270 409	386 042
Office equipment and furniture Automobiles 17,500 25,72 Automobiles 59,131 67,35 Less accumulated depreciation 55,978 62,54 Net fixed assets 3,153 4,80 Other assets: 23,447 22,94 Deposits for future conventions \$ 397,008 414,69 Liabilities and Net Assets Current liabilities: Accounts payable and accrued expenses \$ 24,774 25,14 Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 11,11 Funds held for Church on the Ridge building improvements 15,887 11,11 Total current liabilities Net assets (deficit): Unrestricted: 315,455 298,14 Executive Office 3,153 4,8 Net Investment in Equipment 60,761 76,10 Special Projects (71,802) (36,8 Convention Fund 307,567 342,3	Total current asse	ets		370,408	300,942
Office equipment and furniture Automobiles 17,500 25,72 Automobiles 59,131 67,35 Less accumulated depreciation 55,978 62,54 Net fixed assets 3,153 4,80 Other assets: 23,447 22,94 Liabilities and Net Assets Current liabilities: \$ 397,008 414,69 Accounts payable and accrued expenses \$ 24,774 25,14 Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 11,11 Total current liabilities 89,441 72,36 Net assets (deficit): Unrestricted: 315,455 298,15 Executive Office 3,153 4,80 Net Investment in Equipment 60,761 76,10 Special Projects (71,802) (36,8 Convention Fund 307,567 342,3	Fixed assets:			41 621	41 631
Automobiles	Office equipment and furniture				
Less accumulated depreciation 55,978 62,54 Net fixed assets 3,153 4,80 Other assets: Deposits for future conventions 23,447 22,94 Liabilities and Net Assets 5 397,008 414,69 Liabilities: Accounts payable and accrued expenses 42,000 - 42,				17,500	20,120
Net fixed assets 3,153 4,80				59,131	67,351
Net fixed assets 3,153 4,80	Less accumulated depreciation			55,978	62,543
Deposits for future conventions 23,447 225,74	and the second of the second o			3,153	4,808
Liabilities and Net Assets S 397,008 414,69	Other assets:			23 447	22 947
Current liabilities: S 24,774 25,14	Deposits for future conventions			23,447	22,5 11
Current liabilities: \$ 24,774 25,14 Accounts payable and accrued expenses 42,000 - Advance payment - Tennessee state fee for 2012 convention 6,780 36,10 Disaster relief funds 15,887 11.11 Funds held for Church on the Ridge building improvements 89,441 72,30 Total current liabilities Net assets (deficit): 315,455 298,19 Executive Office 3,153 4,80 Net Investment in Equipment 60,761 76,10 Special Projects (71,802) (36,8 Convention Fund 307,567 342,3			\$	397,008	414,697
Accounts payable and accrued expenses Advance payment - Tennessee state fee for 2012 convention Disaster relief funds Funds held for Church on the Ridge building improvements Total current liabilities Net assets (deficit): Unrestricted: Executive Office Net Investment in Equipment Special Projects Convention Fund Total net assets Total net assets \$ 24,7/4 25,144 25,142 25	Lia	bilities and Net Assets			
Accounts payable and accrued expenses Advance payment - Tennessee state fee for 2012 convention Disaster relief funds Funds held for Church on the Ridge building improvements Total current liabilities Net assets (deficit): Unrestricted: Executive Office Net Investment in Equipment Special Projects Convention Fund Total net assets Total net assets 42,000 -6,780 36,10 -6,780 11.11 -6,78			ě	24 774	25,142
Advance payment - Tennessee state fee for 2012 convention Disaster relief funds Funds held for Church on the Ridge building improvements Total current liabilities Net assets (deficit): Unrestricted: Executive Office Net Investment in Equipment Special Projects Convention Fund Total net assets Total net assets 15,887 11,11 12,36 11,12 12,36 12,3	Accounts payable and accrued expenses	¥	.3		-
Disaster relief funds 15,887 11.11 Funds held for Church on the Ridge building improvements 89,441 72.36 Total current liabilities 89,441 72.36 Net assets (deficit): Unrestricted: 315,455 298.16 Executive Office 3,153 4,86 Net Investment in Equipment 60,761 76,16 Special Projects (71,802) (36,8 Convention Fund 307,567 342,3 Total net assets 307,567 342,3 Total net as	Advance payment - Tennessee state fee for 2012	convention			36,103
Total current liabilities 89,441 72,36	Disaster relief funds				11.115
Net assets (deficit): Unrestricted: 315,455 298,19 Executive Office 3,153 4,80 Net Investment in Equipment 60,761 76,10 Special Projects (71,802) (36,80 Total net assets 307,567 342,30 Total net assets	Funds held for Church on the Ridge building imp	provements		(Fe/ De/A)	
Unrestricted: 315,455 298,19 Executive Office 3,153 4,80 Net Investment in Equipment 60,761 76,10 Special Projects (71,802) (36,80) Convention Fund 307,567 342,30	Total current lial	bilities		89,441	12,300
Executive Office Net Investment in Equipment Special Projects Convention Fund Total net assets 315,453 296,1 3,153 4,80 60,761 76,10 (71,802) (36,8) 307,567 342,3	Net assets (deficit):				
Executive Office 3,153 4,80	Unrestricted:			315 455	298,19
Net Investment in Equipment 60,761 76,16 Special Projects (71,802) (36,8 Convention Fund 307,567 342,3	Executive Office				4,80
Special Projects Convention Fund Total net assets (71,802) (36,8 307,567 342.3	Net Investment in Equipment				
Convention Fund Total net assets 307,567 342,3					
Total net assets				The same Victorial	
s 397,008 414,6	Total net assets			307,567	342,33
			\$	397,008	414,69

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, 2011 and 2010

Revenues:	Executive Office	Special Projects	Convention Fund	2011 Totals	2010 Totals
The Together Way Plan	s 4,396,597	-		4,396,597	4.540.124
Disbursed to agencies	(A) - MODEL (MONTH PARTY			4,370,397	4,549,134
and departments Executive Office portion	(4,003,452)		-	(4,003,452)	(4,160,208)
of Together Way Plan	393,145	•		393,145	388,926
Hymnal royalties	•	7,619		7,619	
Sales:		N. S.		1,014	11,035
Free Will Baptist Convention Sermon	s -	20,884		20,884	
Gifts and offerings	2,352	•	8,615	10,967	13.304
Convention revenues	-	-	310,866	310,866	13,286
Gain from insurance proceeds	4,425	34	-		329,740
Other income	13,127	973	9.980	4,425 24,080	30,168
Total revenues	413,049	29,476	329,461	771,986	773,155
Cost of sales:					
Free Will Baptist Convention Sermons		39,741		39,741	2
Net revenues	413,049	(10,265)	329,461	732,245	773,155
Expenses of operations:		-18-30-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0			
Executive Office	397,447			S27595 PD 87	
Special Projects	371,447	6 120	-	397,447	419,765
Convention Fund		5.139	264 420	5,139	16,518
			364,429	364,429	396,596
Total expenses	397,447	5,139	364,429	767,015	832,879
Increase (decrease) in net assets Net assets (deficit):	15,602	(15,404)	(34,968)	(34,770)	(59,724)
Beginning of year	303,006	76,165	(36,834)	342,337	402,061
End of year	s318,608	60,761	(71,802)	307,567	342,337

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, 2011 and 2010

		Executive Office	Special Projects		Convention Fund	2011 Totals	2010 Totals
Expenses of operations:		4.4.030			78,928	191,866	194,105
Saiaries	5	112,938	<u>ن</u>		76,720	20,000	20,000
Housing allowance		20,000	•		27.4	20,000	1707/8215726
Employee fringe benefits		7.5.5.11.2			-	42,286	41,123
and health insurance		42,286			211	20,457	22,079
Payroll taxes		20,246	-		17,463	133,896	126,968
Support to One Magazine		116,433	-		17,403	34,077	34,077
Office rental		34,077	-		38.630	61,161	74,334
Travel		22,531		100		12,218	15.488
Supplies, office expense		6,580	83	5	5,555	7.125	7,560
Copier lease		7,125	*		7.1	1,125	1,500
Executive Committee		2,564	-		4,928	7,492	8,463
and General Board		1,654	4.00			1,654	2,334
Depreciation		4,759			4,263	9,022	5,812
Legal and audit		2,085	•		13,723	15,808	18,712
Printing and promotion		733	28		422	1,155	1,584
Postage / mail services		3,196	~		322	3,518	4,879
Telephone		240	-		2	240	348
International Fellowship			4,33	×	-	4,338	15,719
Royalties and management fee		-	71			718	724
Church directory		N.57	i i i i i i i i i i i i i i i i i i i	v			
Auditorium and other convention services		×	•		192,708	192,708	209,001
Performance penalty - hotel room usage			2			. 020	24,250
Steering Committee		<u></u>	*		1,238	1,238	1.004
Publications Committee		12			1,633	1,633	1,996
Nominating Committee		2	3 ₹ 0		3,005	3,005	2,123
Other					1,400	1,400	1,200
Total expenses	:	397,447	5,13	19	364,429	767,015	832,879

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2011 and 2010

Cash Flows from Operating Activities		2011	2010
Decrease in net assets			
Adjustments to reconcile change in net assets to		\$ (34,770)	(59,724
net operating activities :			1, 1907/11/15/4
Depreciation			
Change in deposits for future conventions		1.654	2,335
(Stelledse) decrease in:		(500)	(2,203
Receivables			12,200
Inventory of "Free Will Baptist Convention Sermons"		(335)	(174)
1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1		(4,452)	(174)
Increase (decrease) in:		6,618	(6,618)
Advance payment - Tennessee state fee for 2012 convention		11/2/2019	(0,010)
To church of the Ridge building		42,000	
Eligible Relief		4,772	1.413
Accounts payable and accrued expenses		(29,322)	36,103
- Partitude		(368)	11,464
Net operating activities		- Control	11,404
printing activities		(14,703)	(17,404)
Decrease in cash and cash equivalents			
Cash and cash equivalents: Beginning of year		(14,703)	(17,404)
		378,104	395,508
End of year			
	S	363,401	378.104
Cash and cash equivalents consist of:			
Cash in bank			
Funds held by Free Will Baptist Foundation	\$	347,514	367,239
The Will Baptist Poundation		15.887	10,865
	s	363,401	378,104

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010, 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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 2, 2012, the date these financial statements were available to be issued.

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

Notes to Financial Statements, continued

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 2011 and 2010. 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.

Changes in Presentation

Certain amounts in the prior period financial statements may have been reclassified to conform to current presentation. These changes, if any, 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, 2010, 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 2011 and \$9,343 in 2010. 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.

Operating Leases

The Executive Office has entered into noncancelable lease arrangements relating to a copy machine. Total expenses amounted to \$7,125 in 2011 and \$7,560 in 2010. The minimum annual payments required are \$6,271 for 2012 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 2011 and 2010.

(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.

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 \$133,896 in 2011 and \$126,968 in 2010.

Commitments for Future Conventions

Contractual obligations for facility use at future conventions have been executed through 2019. Deposits amounting to \$23,447 in 2011 and \$22,947 in 2010 are recorded as other assets. Additional costs for facilities only through 2019 amount to approximately \$300,000 and are paid in the respective year of the convention.

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

Notes to Financial Statements, continued

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan (7) 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, 2011 as compared to 2010 totals. 2011

e year ended December 31, 2011 as compared to 2011			2011		T. 4.1
year chood a	Dorig	nated	Cooperative	A Grand	Total
Descripts'		4,126	9,401	13,527	13,848
Receipts:		53,012	223,341	876,353	763,597
Arkansas	.0	1333/12	14,649	14,649	14,473
California		10	4,707	4.717	39,204
Colorado		458	6,068	6,526	11,366
			20,610	429,403	512,659
Florida		408,793	26,165	162,896	191,239
Georgia		136,731	1,115	17,928	18,277
Illinois		16,813	8,640	8,755	11,690
Indiana		115	9,014	218.358	215,295
Kentucky		209,344	9,064	9.689	9,062
Michigan		625		636,648	699,756
Mississippi		431,161	205,487 875	9,359	10,091
Missouri		8,484		75,217	60,742
New Mexico		38,109	37,108	224,613	228,430
North Carolina		183,498	41,115	710,929	667,159
Ohio		543,273	167,656	618,126	619,494
Oklahoma		617,578	548	188,966	175,054
South Carolina		151,251	37,715		204,915
Tennessee		110,441	6,451	116,892	3,438
Texas			1,912	1,912	10,376
Utah		6,827	1,346	8,173	4,083
Virginia		4,729	4 45 4	6.183	60,971
West Virginia		31,345	1 224	32,579	2,876
Canada		-	2,000	2,000	1,039
M Avergration		81	8 1,381	2,199	1,035
Contributions totaling \$2,500 or less				4,396,597	4,549,134
Total receipts	\$	3,557,54	839,056	4,190,377	
			277 575	393,145	388,926
Disbursements:	\$	15,57	4 44 4 4 4 4	366,072	368,290
Executive Office		259,93	106,141	30,106	30,006
Free Will Baptist Bible College		2,4	27,689	847,837	936,961
FWB Foundation		764,7	70 83,067		2,524,946
Home Missions		2,354.9	68 106,142	2,461,110 73,185	71,863
International Missions		8.5	78 64,607	- 0.00	68,311
Master's Men		5.1	96 64,607		2,881
Retirement & Insurance		7	04 2,307	3,011	2,669
Commission for Theological Integrity		4	16 2,307	- 15 A T	2,911
Historical Commission		7	2,307	3,041	a 0000
Media Commission		5	331 2,307	3,138	
Music Commission		41.9		41,903	
Hillsdale Free Will Baptist College		101.		101,523	104,229
Other	s	3,557,		4,396,597	4,549,134
Total disbursements	9	2122			

PROJECTED EXPENSES	2011 Budget	2011 Actuals*	2012 Budget	2013 Budget
Salaries	\$189,689.41	\$181,221.20	\$10E CEO EE	
Housing	20,000.00			
Social Security	21,167.35			
Retirement	9,484.47			
Employees Insurance (Dental/Disability/Health/Life/Travel)	32,874.48			11,625.49 41,140.53 **
Convention Reimbursements	(81,165.33)	(76,175.28)	(77,151.71)	(96,736.26) **
Auditing/Legal	3,500.00	4,758.50		3,986.00
Copier Lease	7,500.00	7,125.26	7,600.00	7,400.00
Equipment Maintenance	500.00	0.00	100.00	100.00
Computer Supplies	3,000.00	3,054.31	2,000.00	2,500.00
Executive Committee	3,000.00	2,563.60	2,500.00	2,500.00
General Insurance	4,000.00	2,487.24	2,250.00	3,000.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Leadership Conference	100.00	0.00	25.00	25.00
Office Rental	34,076.88	34,076.88	34,076.88	34,076.88
(\$1.14 per sq. ft. x 2,491)		01,070.00	34,070.00	34,070.00
Office Supplies/Expense	2,500.00	1,216.20	1,750.00	1 500 00
Other	100.00	0.00	51.77	1,500.00
Postage	1,000.00	732.98	700.00	0.00
Printing	1,000.00	652.65	700.00	750.00
Promotion	2,000.00	1,432.41		1,000.00
Books/Dues/Registrations	2,000.00	2,309.80	500.00	750.00
Telephone	3,250.00	3,196.27	2,000.00	2,500.00
Travel	37,077.98	22,531.43	3,250.00	3,250.00
Christmas Bonus (Extra Week's Salary)	1,641.22	7,017.79	30,000.00	27,000.00
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	1,641.22	874.12	0.00	0.00 1,641.22
One Magazine	116,433.44	116,433.48	116,433.44	110 400 44
Contingency Fund	0.00	0.00	0.00	116,433.44 0.00
Totals	\$416.611.12	\$395,793.70	\$399,500.00	\$422,406.99
PROJECTED INCOME				
The Together Way Plan				
Cooperative Gifts	\$390,611.12	\$377,575.25	\$375,000.00	\$385,000.00
Designated Gifts	19,000.00	15,569.18	16,000.00	16,500.00
Travel Reimbursement	2,000.00	849.24	1,000.00	1,000.00
Other Income	5,000.00	19,407.88	7,500.00	10,000.00
Surplus Revenue from 2011	0.00	0.00	0.00	9,906.99
Totals	\$416,611.12	\$413,401.55	\$399,500.00	\$422,406.99

^{*}Budget comparison does not include depreciation expense.

SALARY BREAKDOWN

Executive Office

SALANT	20111		2012		2013	
E the Correton	2011*		2012			
Executive Secretary	\$45,366.77		\$44,166.77		\$45,450.11	(2.0%)
Salary	20,000.00		20,000.00		20,000.00	0.045EaA437
Housing and Utilities	10,001.12	(15.30%)	9,817.52	(15.30%)	10,013.87	
Social Security	2,268.34	Not the second s	0.00		3,272.51	(5%)
Retirement Insurance (Health/Dental/Life)	6,229.21	3-1-1-1	6,852.13		7,303.16	
	481.33		474.75		471.98	
Disability/Travel Christmas Bonus	0.00		0.00		0.00	
NOTE: Office car furnished.	9193					
NOTE: Office car furnished.	84,346.76		81,311.17		86,511.62	
Executive Administrator					59 070 20	(2.0%)
Salary	58,979.29		57,822.83		58,979.29	The second second
Social Security	4,511.92	(7.65%)	4,423.45		4,511.92	
Retirement	2,948.96	(5%)	2,891.14	(5%)	2,948.96	(570)
Insurance (Health/Dental/Life)	12,283.92		13,512.31		14,444.89	
Disability/Travel	414.64		407.83		406.80	
Christmas Bonus	0.00		0.00		0.00	
NOTE: Office car furnished.					04 004 00	
The state of the s	79,138.73		79.057.56		81,291.86	
Executive Accountant	20000000000		45 454 15		46,363.23	(2.0%)
Salary	46,363.23		45,454.15			(7.65%)
Social Security		(7.65%)		(7.65%)	2,318.16	The state of the s
Retirement	2,318.16		2,272.71		7,591.32	
Insurance	6,480.93		7,129.02		273.54	
Disability	273.54		268.18		0.00	
Christmas Bonus	891.60		0.00			
	59,942.45		58,601.30		60,093.05	
Yearbook Coordinator/						
Registration Coordinator	00 000 10		38,215.80		38,980.12	(2.0%)
Salary	38,980.12		0.00		2.248.85	
Vacation Days/Retirement	0.00			(7.65%)	3,154.02	(7.65%)
Social Security		(7.65%)	1,910.79		1,949.01	
Retirement	1,949.01		7,129.02	and the second	7,591.32	1,7
Insurance	6,480.93		225.47		229.98	1
Disability	229.98		0.00		0.00	
Christmas Bonus	749.62					
	51,428.98	3	50,404.59)	54,153.30)
Assistant Yearbook Coordinator/						
Registration Coordinator	04049		0.00		22,737.10	(2.0%)
Salary	0.00)	0.00	,		(7.65%)
Social Security					1,136.86	
Retirement					4,428.27	A STATE OF THE PARTY OF THE PAR
Insurance					134.15	
Disability					0.00	
Christmas Bonus						
					30,175.7	7

*No raises were given in 2011.

^{**}Includes employee's insurance reimbursement.

^{***}Expenses included in Convention Budget consists of the following:
Convention Manager, Registration and Assistant Registration Coordinator's Compensation Packages.

Convention

Budgets

CONVENTION BUDGETS Financial Report National Association of Free Will Baptists, Inc. July 15-18, 2012 Memphis, Tennessee

	2011	2011	2012
PROJECTED REVENUE	Budget	Actuals*	Budget
Booth Fees			
Host State (Tennessee)	\$28,000.00	\$32,856.50	\$26,000.00
Local Church Bergerenteting Fore (\$150)	40,000.00	40,000.00	42,000.00
Local Church Representation Fees (\$150) Offerings	1,000.00	900.00	1,000.00
Printing Income	9,000.00	8,614.68	8,500.00
Reimbursements	10,000.00	9,868.82	9,000.00
Part College And Program (Part College	5,000.00	6,507.96	6,500.00
State Representation Fees (\$150 per church) Truck Reimbursement	230,000.00	227,240.77	340,000.00
Other	1,450.00	2,422.65	2,000.00
Cole	500.00	1.051.16	500.00
TOTALS	324,950,00	329,462,54	435,500.00
		200,304,04	435,500.00
PROJECTED EXPENDITURES			
Auditorium	155,800.00	170,496.67	164,466.60
Printing and Promotion	33,063.47	31,185.71	
Convention Office	105,272.24	99,894.74	31,563.47
Convention Personnel		00,004.74	142,173.00
Meals	4,812.00	4,995.09	4.510.00
Travel	6,214.40	6,877.37	4,512.00
Lodging	7,345.50	1,318.20	5,410.25
Convention Officials	5,442.50	5,447.40	3,462.97
Volunteer Staff	6,813.90	6,131.40	4,747.34
Honorariums	1,600.00	1,400.00	5,776.98
Decorator Services	8,318.00	8,831.53	1,600.00
Meal Functions	1,170.10	1,145.95	9,350.00
Executive Committee		1,140.50	1,917.84
Meal and Motel Expenses	3,600.00	3,200.00	2 200 00
Pre-Convention Expenses	17,246.70	11,704.17	3,200.00
National Committee Expenses	14.000.00	11.801.26	21,300.00 15,000.00
Sub-Totals	370,698.81	364,429,49	414,480.45
Surplus Revenue	1 / P/ of the County and County (1990)	MIDEOTO PARAMENTA	111,100.10
(Operating Capital for Future Conventions)	(45.748.81)	(34,966.95)	21,019.55
TOTALS	\$324,950.00	\$329,462.54	\$435,500.00
		-	* 14015A010A

^{*}Budget comparison does not include depreciation expense.

CONVENTION BUDGETS Financial Report National Association of Free Will Baptists, Inc. July 15-18, 2012 Memphis, Tennessee

	2011	2011	2012
	Budget	Actuels	Budget
PROJECTED REVENUE	100000000000000000000000000000000000000	*00 BEG EO	\$26,000.00
Booth Fees	\$28,000.00	\$32,856.50	42,000.00
Host State (Tennessee)	40,000.00	40,000.00 900.00	1,000.00
Local Church Representation Fees (\$150)	1,000.00	8,614.68	8,500.00
Offerings	9,000.00		9,000.00
Printing Income	10,000.00	9,868.82	6,500.00
Reimbursements	5,000.00	6,507.96	340,000.00
State Representation Fees (\$150 per church)	230,000.00	227,240.77	2,000.00
Truck Reimbursements	1,450.00	2,422.65	500.00
Other	500.00	1.051.16	30.00
TOTALS	324,950.00	329,462.54	435,500.00
PROJECTED EXPENDITURES			-
AUDITORIUM	65,000.00	58,429.89	44,341.60
Rental/Arena/Meeting Space	500.00	471.59	500.00
Flowers	300.00		070707000000
Other	1,750.00	1,455.00	3,500.00
First Aid Staff	1,000.00	869.32	1,000.00
Liability, ASCAP, BMI, CCLI Insurance	3,500.00	3,012.83	3,500.00
Music/Equipment	100.00	0.00	100.00
Offering Buckets	100.00	25.00	100.00
Signs	65,000.00	76,311.31	87,000.00
Sound System/Stage Hands/AV Equipment	11,000.00	19,035.00	15,000.00
Boom/Rigging	100.00	62.50	100.00
Usher Badges/Usher Room Table, Chairs	5,000.00	8,145.74	7,000.00
Police Security/Badge Checkers	2,250.00	2,096.10	1,725.00
Streaming Video Expense	500.00	582.39	600.00
General Board AV	500.00	- VALVE	
TOTALS	155,800.00	170,496.67	164,466.60
PRINTING AND PROMOTION			
Convention Materials	POLIMED CAMPAGENES II	A 404.00	8,000.00
Digest of Reports	9,000.00	8,434.99	3,000.00
Programs	3,000.00	2,960.07	100.00
Photos	100.00	0.00	3,000.00
Pre-Convention Printing/Art	3,500.00	2,327.17	17.463.4Z
ONE Magazine	<u>17,463,47</u>	17.463.48	17,403.47
TOTALS	33,063.47	31,185.71	31,563.47

Convention			Budgets
	2011	2011	2012
CONVENTION OFFICE	Budget	Actuals	Budget
Audit	\$5,000.00	\$4,263.44	\$5,000.00
Convention Manager Package Office Car	62,599.28	62,599.32	65,264.68
	0.00	0.00	12,000.00
Convention Manager Computer	0.00	0.00	3,000.00
Convention Courtesy Car Equipment Rentals	50.00	0.00	50.00
Computers, Printers			00.00
Copiers (3)/Paper	500.00	977.56	900.00
Furniture/Radios, etc.	2,500.00	1.976.94	3,095.00
Information Tables	1,035 00	924.00	1,775.00
Media Room Tables	0.00	0.00	88.00
Office Expense/Supplies	0.00	0.00	200.00
Postage	3,000.00	1,676.86	3,500.00
Pre-Registration Salaries	500.00	422.37	500.00
Payroll Taxes	12,611.20	12,611.20	29,235.09
Pre-Registration Staff	964.76	964.76	2,236.48
Payroll Taxes	3,200.00	2,752.50	3,696.00
Pre-Registration (Supplies, Postage)	312.00	210.58	282.74
Registration (Supplies)	9,500.00	7,399.83	8,000.00
Registration Computers/Printers	1,500.00	1,143.22	1,500.00
Telephone/Internet	1,900.00	1,650.00	1,750.00
	100.00	322.16	100.00
TOTALS	105,272.24	99,894.74	142,173.00
CONVENTION PERSONNEL			
MEALS			
Debbie Burden (24 meals @ \$12.00 each)	288.00	200.00	2-200-000
Keith Burden (33 meals @ \$12.00 each)	396.00	288.00	288.00
Vernon Florence (18 meals @ \$12.00 each)	252.00	396.00	396.00
Dari Goodfellow (24 meals @ \$12 00 each)	288.00	252.00	216.00
Melody Hood (27 meals @ \$12.00 each)	324.00	288.00 324.00	288.00
Steve Pate (18 meals @ \$12.00 each)	216.00		324.00
Eric Thomsen (24 meals @ \$12.00 each)	252.00	216.00	216.00
Ryan Lewis (33 meals @ \$12.00 each)	396.00	252.00	288.00
Convention Interns (8)	2,400.00	396.00 2,583.09	396.00 2,100.00
TOTALS	4,812.00	CA 6775 of Sec.	
TRAVEL	4,012.00	4,995.09	4,512.00
Debbie Burden			
Keith Burden	0.00	0.00	0.00
Vernon Florence	300.00	250.00	250.00
Dari Goodfellow	550.00	565.80	527.25
Melody Hood	300.00	300.00	250.00
Steve Pate	300.00	306.40	250.00
Eric Thomsen	300.00	300.00	250.00
Ryan Lewis	464.40	500.90	250.00
	300.00	212.69	250.00
Convention Truck (Fuel/Meals/Trailer Rental) Staff Expense Money	2,900.00	3,769.02	2,583.00
Stan Expense Money	800.00	672.56	800.00
TOTALS	6,214.40	6,877.37	5,410.25
ODGING		5,017.07	3,410.23
Keith Burden (11 nights @ \$18.00)	132.00	(3479492)	
Vernon Florence (5 nights @ \$123.63)	사용하게 생산하다 그 사람들은 사용하다 하는 것이 없었다.	0.00	198.00
Dari Goodfellow (7 nights @ \$18.00)	725.40 930.30	0.00	618.15
Melody Hood (8 nights @ \$18.00)		0.00	126.00
Ryan Lewis (11 nights @ \$18.00)	967.20	958.88	144.00
Steve Pate (7 nights @ \$10.00)	198.00	190.83	198.00
Eric Thomsen (7 nights @ \$18.00)	930.30	60.00	70.00
Convention Interns (14 nights @ \$141.63)	797.40	827.16	126.00
Comp Rooms	2,664.90	1,804.04	1,982.82
77.00	0.00	(2.522.71)	0.00
OTALS (Includes applicable tax and parking)			

Convention			Budgets
		2011	2012
	2011 Budget	2011 Actuals	Budget
CONVENTION OFFICIALS	Budget	Actuara	Dadger
Moderator - Tim York	\$300.00	\$300.00	\$250.00
Travel	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	833.40	827.16	108.00
Lodging (6 nights @ \$18.00)	400.00	400.00	400.00
Honorarium	1,749.40	1,743.16	974.00
Clerk - Randy Bryant	252 90	252.90	500 00
Travel	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	725.40	839.02	741.78
Lodging (6 nights @ \$123.63)	400.00	400.00	400.00
Honorarium	1,594.30	1,707.92	1,857.78
Assistant Moderator - William Smith	100 \$ 0000 100		
Meals (18 meals @ \$12.00 each)	216.00	216.00	216.00
Lodging (6 nights @ \$123.63)	833.40	719.16	741.78
18 38 31 32	1,049.40	935.16	957.78
Assistant Clerk - Ernie Lewis	216.00	216.00	216.00
Meals (18 meals @ \$12.00 each)	833.40	845.16	741.78
Lodging (6 nights @ \$123.63)	1,049.40	1,061.16	957.78
TOTALS (Includes applicable tax and parking)	5,442.50	5,447.40	4,747.34
12.			
VOLUNTEER STAFF	797.40	366.30	865.41
Impact Coordinator - Ken Akers Lodging (7 nights @ \$123.63)	401.10		
Keyboardist - Deena Armstrong Lodging (5 nights @ \$123.63)	664.50	570.50	618.15
Lodging (5 hights & \$123.00)			741 70
Music Coordinator - Chris Truett Lodging (6 nights @ \$123.63)	797.40	756.60	741.78
Photographer - Rodney Yerby			
Lodging (6 nights @ \$123.63)	797.40	756.60	741.78
Pianist - Brian Floyd	833.40	1,051.20	618.15
Lodging (5 nights @ \$123.63)			
Taping - Mike Anderson	930.30	798.70	865.41
Lodging (7 nights @ \$123.63)			
Translator Rooms			618.15
Lodging (5 nights @ \$123.63)	1,329.00	1,201.00	90.00
Lodging (5 nights @ \$18.00)	0.00	0.00	90.00
Usher Coordinator - Billy Walker	664.50	630.50	618.15
Lodging (5 nights @ \$123.63)			
TOTALS (Includes applicable tax and parking)	6,813.90	6,131.40	5,776.98
HONORARIUMS			
Thomas Bee	200.00	200.00	200.00
Garnett Reid	200.00	200.00	200.00
Paul Bryant	200.00	200.00	200.00
Mike Gladson	200.00	200.00	200.00
Jon Cannon	200.00	200.00	200.00
Ernie Lewis	200.00	0.00	200.00
Pastor's Conference Speaker-Rick Cash	200.00	200.00	200.00
Pastor's Conference Speaker-Gary Fry	200.00	200.00	200.00
TOTALS	1,600.00	1,400.00	1,600.00
. O I PILO			

7,345.50

1,318.20

3,462.97

TOTALS (Includes applicable tax and parking)

Convention			Budgets
	2011	2011	2012
DECORATOR SERVICES	Budget	Actuals	Budget
Booth (75) Installation/Draped Tables/Union	\$2,955.00	\$4,754.01	64 000 00
Exhibitor Badges	0.00	0.00	\$4,000.00
Registration	0.00	0.00	100.00
Chairs, Counters, Skirted Tables, Carpet	260.00	762.50	2,000.00
Electricity/Masking Drape	1,000.00	270.00	750.00
Stage		270.00	750.00
Platform/Carpet	1,828.00	2,312.64	1,500.00
Risers	0.00	0.00	0.00
Skirted Tables/Chairs	275.00	279.88	300.00
Skirting/Draping/Stage Set-Up	1,500.00	265.00	500.00
Forklift	500.00	187.50	200.00
TOTALS	8,318.00	8,831.53	9,350.00
MEAL FUNCTIONS			
Executive Committee	1,075.50	1 000 74	
Dinner (30 people @ \$58.56)	1,075.50	1,039.74	1,756.80
Presidents' Breakfast			
(6 people @ \$26.84)	94.60	106.21	161.04
TOTALS		00/4345/7505	101.04
TOTALS	1,170.10	1,145.95	1,917.84
MEAL AND MOTEL EXPENSES			
(For the Executive Committee Meeting prior to the	e 2011 National Conventio	n)	
rim Campbell	400.00	400.00	400.00
Rick Cash	400.00	400.00	400.00
Chris Clay	400.00	400.00	400.00
Gary Fry J.L. Gore	400.00	400.00	0.00
Glen Johnson	400.00	400.00	0.00
David Shores	400.00	400.00	400.00
	400.00	400.00	400.00
Venny VanHoose Mike Wade	0.00	0.00	400.00
Keith Woody	400.00	400.00	400.00
Reith Woody	400.00	0.00	400.00
TOTALS	3,600.00	3,200.00	3,200.00
PRE-CONVENTION EXPENSES			
Data Entry-Resolutions Data Base	300.00	0.00	200.00
Impact Memphis	1,946.70	1,632.74	300.00
Pre-Convention Meetings/Site Inspections	15,000.00	10,071.43	1,000.00
TOTALS	17,246.70	11,704.17	21,300.00
NATIONAL COMMITTEE EXPENSES	1 5/2/15/07/19/15/		21,300.00
Executive Committee			
Nominating Committee	11,000.00	8,796.40	11,000.00
normaling committee	3.000.00	3.004.86	4.000.00
OTALS	14,000.00	11,801.26	15,000.00
SUB-TOTALS	370,698.81	364,429.49	413,980.45
SURPLUS REVENUE			
(Operating Capital for Future Conventions)	(45,748.81)	(34,966.95)	21,519.55

2011
The Together Way Plan Gifts/Executive Office
Cooperative

													Year To Date
	January	February	March	April	May	June	July	August	September	October	November	December	Totals
	,	4	**	40000	00	4788 97	8343 98	\$313.39	\$329.56	\$589,65	\$285.43	\$273.03	\$4,230.42
Alabama	\$329.91	\$248.35	\$227.44	2000	0000	0000	0000	000	000	45.00	00.00	40.50	261.00
Arizona	0.00	00.00	135.00	00000	1 6	00.00	7 244 75	8 241 45	R 338 71	6 279 98	4,011,93	12,371,55	100,503.48
Arkansas	8,812,36	7,360.56	14,842.42	6,229.79	8.207.87	0,502.11	000000	70 782	244 35	490 19	360.57	580.78	6,591.89
California	304.61	701.70	545,15	845.15			039.30	10.01	000	27 74	48 64	100 26	555.21
Canada	50.19	10.15	67.91	42.75	37.97	57.96	42.99	28.02	000	1 6	500		2 118 28
Colorado	2,118.28	00.00	0.00	0.00	0.00		0.00	0.00	000	00.0	900	20200	2 730 76
Florida	000	00.00	105.75	00:0	00.0	00.0	0.00	0.00	000	00.0	00.0	2,023.01	1.001.3
Contain	1 031 71	756.36	632.27	966.08	509.58	777.27	923.26	665.98	819.62	785.28	754.03	00000	9,274.4
Georgia	1 227 91	R64 71	1 497 53	781.83	1.014.68	807.00	1,225.16	943.83	1,151.08	481.52	1,356.10	622.79	11,//4.1
IIIITOIS	20.00	13.07	45.00	7.08	156.83	13 50	46.35	00.0	00.0	38.25	0.00	78.75	501.64
Indiana	102.03	5.5	000	000	000		00.00	00.0	00.00	00.00	0.00		00.0
lowa	0.00	800	8 6	5.63	000	000	12.11	44.10	00.0	25.45	24.25		135.1
Kansas	20.00	19.00	00.00	203 23	410 11		279.03	260.91	375.06	399.93	332.52	284.40	3.888.10
Kentucky	359.64	320.90	44.002	2000	0000	000	000	000	00.0	00.0	00:00		0.00
Louisiana	0.00	0.00	0.00		8 8		000	000	000	00.0	00.0		00'0
Maryland	0.00	0.00	0.00	000	00.00	20.00	90.00	630 50	000	274.37	46	449.75	4,056.49
Michigan	397.53	355.37	245.96	147.06	340.80	301.35	447.20	00000	000	500 80		623 48	4.078.92
Mississippi	316.64	390.66	338.53	354.87	345.87	413.99	259.23	356.65	00.00	2000		2 E77 AB	20 ARQ 26
Missouri	8.947.17	7,408.98	8,571.00	7,294.62	7,642.53	9,053.63	6,804.00	7,877.60	7,366.75	7,1/3.15	1.0	0.077.00	303.50
Mount Married	00.0	33 72	28.71	133.78	00.0	70.74	48.27	13.46	000	11.42	42.38	10.11	0000
North Cooling	75 666 6	969 93	1 357 53	1 273 29	2,135.43	192.31	1,223.00	1,845.99	211.05	2,664,46	1.2	1,322.63	10,090,01
NOTE CATORINA	000		000	000	0000	00.00	0.00	00'0	00.00	00.0			0.00
Northeast Assoc.	80.00		00.00	72.00	72 00	00 06	72.00	90.00	54.00	108.00	72.00		900.006
Northwest Assoc.	72.00		90.00	1 848 51	1 825 74	1 673 39	1 368 43	1,653,18	926.73	2,119,42	2,428,86	1,062.56	18,501,69
Ohio	935.45	1,033.00	000000	A 027 04	R 346 14	7 927 37	4.787.10	7,161.03	6,480.83	5,940.50	4,896.41	6,664.31	75,445,42
Oklahoma	0,725.87		10.0000	1,000	27.03	12.00	16.72		18.54	18.13	20.17	19.00	246.69
South Carolina	61.56		62.11	100	50.000	2000 44	1 366 17	+	1 037 82	86.24	2.006.78	1,301.52	16,971.67
Tennessee	3,739.77		873.24	1,846.39	12.800	Z,00Z.44	1,000,1		78 08C	204 60			2,902.72
Texas	128.15		168.21	254.14	304.74	177.03	20.875		000	000			860.40
Utah	00.0		132.75	108.00	0.00	228.75	0.00	-	000	BO 44		36 92	605.86
Virginia	508.50	00:00	00.0	000	00.0	00.0	0.00		8 6	1 60			225.00
Virgin Islands	00:00		00.00	0.00	00.0	000	0.00		0.00	2000	27/4		R54 26
West Virginia	60.69	4.8	39.21	45.71	48.62	99.99	38.82	99.00	00.0	70.02	08780		
1			00 000 000	607 007 11	830 537 6A	\$34 202 FK	\$27 567 33	\$32 407.54	\$27.634.77	\$28,424.48	\$26,517.14	\$36,412.47	\$377,575.25
TOTALS	\$38,457.17	\$28,840.83	937,070,00	951,381,11	2000								

2011
The Together Way Plan Gifts/Executive Office Designated

	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Alabama	\$189.73	\$198.09	\$171.54	\$180.37	\$0.00	\$388.22	\$173.99	\$236.74	\$184.58	\$196.44	\$242.25	\$257.64	\$2,419.59
Arizona	00.0	00.0	00.00		00.00		0.00	00.00	00.00	00:00	00.0	00.00	00'0
Arkansas	0.00	00.0	00.00		00.00		- 4	0.00	1.0	00.0	00.00	0.00	0.00
California	0.00	0.00	00.0		00.00			0.00	0.11	0.00	00.0	0.00	00.0
Canada	00:00	9.88	9.93		10.08			9.89		9.30	9.63	18.96	258.82
Florida	135.00	0.00	00.00		00.0	179.00	00.00	0.00	00.0		00.00	00.00	433.00
Georgia	0.00	0.00	00.00		00.00	00.00	116	00'0	100	0.00	00.0	00.00	00.00
Illinois	0.00	0.00	00.0		00.00	00.0	0.00	0.00	0.00			20.00	50.00
ndiana	67.75	67.75	67.75	0.00	130.60	74.80	0.00	126.98	91.00			71.00	859.63
lowa	0.00	0.00	00.0		00.00	00.0		0.00		00.0		00.00	00.0
Kansas	0.00	00.0	00.00		00.00	00.0	0.00	00'0	00.0		00.0	00.00	00.00
Kentucky	0.00	00.0	00.0		00.00	00.0	00.0	0.00				00.00	0.00
Louisiana	0.00	00.0	00.0		00.00	00.0	00.00	0.00		0.00			00.00
Maryland	00.00	0.00	00.0		00.00	00.0	00.0	00.00				00.00	00.00
Michigan	0.00	100.00	00.00		100.00	100.00		0.00	00.00	00.00			400.00
Mississippi	0.00	0.00	00.0		00.00	00.0	0.00	0.00	900.009		0.00	0.00	900.009
Missouri	0.00	0.00	0.00		00.00	00.0		0.00	0.00				0.00
New Mexico	00.00	0.00	00.0		00.0	00.0		0.00	0.00	0.00			00.00
North Carolina	140.00	75.00	115.00		65.00	75.00	112.00	90.00	210.00	110.00	150.00	145.00	1,372.00
Northeast Assoc.	00:00	0.00	00.00		00.00	00.0		0.00	00:00	00'0	0.00		00.00
Northwest Assoc.	0.00	0.00	0.00		00.00	00.0		0.00	00.00	0.00		00.00	00.00
Ohio	00.00	00.00	00.00		00.00	00.00		00:00	00.00	0.00		00.00	00.00
Oklahoma	85.77	0.00	00.00		74.21	00.0	99.79	1,800.00	94.39	0.00	00.0	56.77	2,178.80
Pennsylvania	00.00	00.0	00.00		00.00	00.00	00.0	00:00	00.00	0.00		00.00	00.00
South Carolina	271.12	294.72	260.21	337.82		206.76	306.03	239.63	350.41	379.68	93	401,34	3,679,41
Tennessee	522.30	20.00	20.00	369.00	20.00	20.00	270.00	352.00	20.00	182.00	164.00	100.00	2,059.30
Texas	00.00	0.00	00.00	00:00		00.0	000	00.00	00.00	00.0			0.00
Virginia	00.00	00.0	121.48	00.00		00.00	0.00	00.00	00:00		00.00		182.85
Virgin Islands	500.00	0.00	0.00	00.00			0.00	00.00	00.00		0.00	00.00	200.00
West Virginia	92.07	39.47	72.48	0.00		85.97		30.83	39.33	0.00	84.65	89.90	576.59
TOTALC													

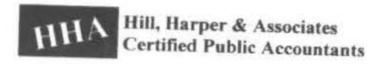
2011 Gifts to National Ministries

			PWB	216	international	Men	& Insurance	WNAC	Theo, integrity	Commission		A STATE OF THE PARTY OF THE PAR	- 0	- Jeep 2.4
	The same of the same	FWBBC	Foundation	Missions	MILE SPECIAL				2019 (10)	4564	0 \$26.3	-	210	
States	EXIBERTINE			COLUMN CONTRACTOR	anna 200 70	£3 018 89	\$803.54	\$5 433 98	2000	00.0	0	00:0		
	1000000	CON 621 07	\$393.03	\$547,959.49	5,386,289.78	0	00.00		000	1.0	*	-		8
Alabama	\$6,735.61	2000,000	00'00	25,500,00	000 000	20.00	87 10	1.023.41	08	4.40	514		-	S 881 - 20
Alacka	000	200	79.53	96,602,59	20,879.57	20. 20. 21	17 255 34	17,091.27	115.09	40	40			299
	285 11	201.02		193 104 39	606,685,46	17,191,63	1 127 06	1,175.00	40.28	2	11	gs		34.416.62
	100,585.91	87,725.20	200.40	9R 868 30	72,039,59	245	140.73	42.08	4.10	2 (90		132
	6.591.89	9,582.06		14 958 23	16,652.41		38.000		12.95	21		. 8		80.00
	863.15	1,286.19		27 683 61	5,491,49		- 100° c	00.0	00.0	0	00	3 8		12 191 54
- Bhada	2 118 28	4,954.11		000	20 00	000		90.0	0.00	0		3 1		92.522.54
Colorado	000	000		8 9 9	11 441 54	0000	00.00	0000	16.69	181	96 16	80		550 323 12
Connecticut	2 8	750 00	000	900	And date of	773.27	467	400	67.04	P. Wi	23 257	8		00 1110
Delaware	8	02 717 82	8	101 822 40	121,890 Um	1 356 07	1.669.31	9.315.65	200	9		0		231100
Florida	3,163,75	02.140.00		153 436 98	308,025,49	1 404 00	0000	800				0		14,781.31
- Contraction	9,362.93	65,595,00		2 223 00	320.00	1,384.00	000	000	000		3.6			12,038,95
County	800	1,384,00	-0	2 648 33	10,892,96	000	2	2 500 37	72.30			- 4		90 598 19
Pulling and	0.00	300 00		2000000	210 551 62	3,338.74	2,037,11	AC 040	(72.97	1		0		5.798.00
daho	20 070	18 190 04	1 886.75	161 401 44	01 037 17	569 37	366.04	8/8/00	000		0	0	200	45 7407 64
Illinois	C7 940 11	3 526 /4		51,733,48	41,400 19	0.00	0000	000	900	5 6	63	Oi		45,000
netana	1,361.27	2,300,000		3.498.00	2,000,00		38 38	7.33	5	0	5	90		264 929 97
	000	300.00		A 095 08	32,641,62	2 2	05.5 M	6 126 33	23 7	2	2 9	5		16,818.07
China	151.57	2,111,12		20 200 300	116 835 13	1,442.30	000.00	0.00	0.0	0	8	2.5		6.820.00
Jacobs	3 ASB 10	10,111,00	28	20,000,001	767.86	000	000	200	90.0	0	Q.	2 1	000	A 529 93
(enflucky	000	600.00		15,400 21	AND OF	000	000	8 6	0.0	9	O.	R	200	130.00
Outsians	8 8	000		6,220,00	- 100 41	00.0	0000	000	200		00	8	3	T 200 2 200
Vaine	8 8	4	0000	000	0.100.41	000	00:0	0000	0 30		90	27	204	10 May 197
Marviand	000	5		130.00	000	. 039 11	767 70	3,158,27			90	8	0.00	29 491 /3
descent meth	0.00			125 593 42	131,200,83	3007	000	00.0	0.0		3.5	90	0000	1,420,00
On or other state of the state	4,535,58	19.91	2	96 497 79	000	8	200	0000	6	2	31	0.0	21.12	279 087 48
and animals Association	0.00	0.00		200,000	720.00	000	20.00	1 585 00		93	200	97	24 90	794,504,15
1	000			144 401 73	79.471.05	697.95	08 180	W 348 31	566.2	24 26	90	8 8	000	650.00
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	E10K 407 10	7 to \$996 157 92												
TOTALS	Butter, and													

Lother includes interest, miscellaneous sources and states.

-Omer includes miscellaneous incomes, investment gains/libisest.

-Omer includes miscellaneous incomes, sales, 287, Conference or Tournament tees, or restricted Endowment contributions to the Anni-Total does not include student scholorships, sales, or gifts designated to ather 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, 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 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 unqualified opinion on those financial statements and, in our report dated March 15, 2011, 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, 2011 and 2010, 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.

Help Hanpen q Cosservate

Franklin, Tennessee April 2, 2012

Terry A. Hill 615 417 - 7414 terryhill.HHA@gmail.com

P O Box 680788 Franklin, Tennessee 37068 Ernest R. Harper 615 417 - 6358 e.harper@comcast.set

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

Statements of Financial Position

December 31, 2011 and 2010

Assets		2011	2010
Current assets:			
Cash and cash equivalents:	\$	216,022	164,749
Cash in bank		49,683	47,460
Funds held by Free Will Baptist Foundation		245 705	212,209
		265,705	18,370
Accounts receivable		7,194	10,370
		272,899	230,579
Total current assets			
Property, plant and equipment:		218.896	218,896
Land and land improvements		1,563,210	1,563,210
Building		125,107	115,822
Building services equipment		77,228	77,228
Departmental workstations		TO CASH AT THE RES	1 075 156
		1,984,441	1,975,156
Less accumulated depreciation		1,481,773	1,410,187
		502,668	564,969
Net property, plant and equipment			
	\$	775,567	795,548
Liabilities and Net Assets			
Liabilities	\$	-	
Net assets:			
Unrestricted net assets:			0.0003-00197-0032
Undesignated:		223,216	183,119
Operations and equipment		502,668	564,969
Net investment in property, plant and equipment		725,884	748,088
Designated:		18,492	23,024
Stewardship promotion		31,191	24,436
Reserve for telephone system replacement		49,683	47,460
The state of the s		775,567	795,548
Total net assets	5	775,567	795,548

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, 2011 and 2010

				2010		
			20	011		
Revenues:		Operations	Stewardship Education	Reserve for Telephone	Totals	2010 Totals
Building rental		\$ 279.710				104415
Reimbursement from departments				-	279,710	280,030
Interest income		415,150	384	4	415,150	443,892
Other		1,301	642	755	1,397	1,450
Net revenues					1,301	1,484
Expenses:		696,161	642	755	697,558	
Expenses incurred for departments:				- AVELL	071,330	726,856
Employee benefits		200,00000				
Stewardship office expense		265,073	-	12	265,073	202 244
Leadership conference		5.174	160		5,174	282,344
Property and liability insurance		22,575		-	22,575	4.846
Telephone		45,111		160	45,111	23,859
Mailroom and other		17,896		191	17,896	46,548
The Child		63,572	>=		63,572	26,279
Ruilding		419,401	U.			66,249
Building operating expenses: Salaries				-	419,401	450,125
Payroll taxes		71,453	160	-	AV 222	
		5,466			71,453	68,607
Employee benefits Janitorial services		27,194	2		5.466	5.337
		34,543		-	27,194	24,838
Depreciation		71,586		1.5	34,543	37,483
Audit and legal General insurance		4,345	i g	-	71,586	74,767
		15,737	2	*	4,345	2,679
Supplies and office expense		9,509		-	15,737	17,813
Utilities / telephone		36,617			9,509	14.199
Repairs and maintenance		9,724	100 100	-	36,617	36,900
Mailroom and other		11,964			9,724	25,521
		298,138			11,964	11,912
Total expenses				-	298,138	320,056
		717,539	4		717,539	
Excess of expenses over revenues		(21,378)	642	755		770.181
Expenditures for stewardship education		5,174	(5,174)	755	(19,981)	(43.325)
Provision for telephone system replacement		(6.000)	ARTHUR AND STATE	6.000	*	-
Decrease in net assets		(22,204)	0.00 mmm	6,000	*	-
Net assets at beginning of year		748,088	(4,532)	6,755	(19,981)	(43,325)
Net assets at end of year		770,000	23,024	24.436	795,548	838,873
s assets at end of year	S	725,884	18,492	31,191	775,567	795,548
						240.40

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, 2011 and 2010

		2011	2010
Cash Flows from Operating Activities Decrease in net assets	\$	(19,981)	(43,325)
Adjustments to reconcile decrease in net assets to net operating activities: Depreciation		71,586	74,767
Decrease in receivables		11.176	13,370
Net operating activities		62,781	44,812
Cash Flows from Investing Activities Purchase of property and equipment		(9,285)	(25,278)
Net investing activities		(9,285)	(25,278)
Increase in cash and cash equivalents Cash and cash equivalents, at beginning of year		53,496 212,209	19,534 192,675
Cash and cash equivalents, at end of year	5	265,705	212,209
Cash and cash equivalents consists of: Cash in bank Funds held by Free Will Baptist Foundation	s	216,022 49,683	164,749 47,460
	\$	265,705	212,209

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2011 and 2010

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

(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

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

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

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 2011 and 2010. 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, if any, had no effect on net assets as reported.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 2, 2012, 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, 2010, 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 \$3,756 in 2011 and \$3,682 in 2010. 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 2011 and 2010. The minimum payments required are \$5,964 for 2012 - 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 \$279,710 in 2011 and \$280,030 for 2010. Rentals for 2012 are expected to approximate 2011 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

	2011	2010
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.	\$ 18,492	23,024
Reserve for Telephone System Replacement		
Established to fund the future need to purchase a telephone system.	\$ 31,191	24,436

2013 **BUILDING SERVICES** BUDGETS FINANCIAL REPORT

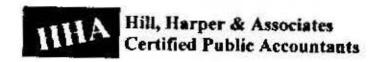
PROJECTED INCOME	2011 Budget	2011 Actuals*	2012 Budget	2013 Budget
Square Footage (20,330 @ \$1.14 = \$23,176.20 mo.)	\$280,029.60	\$278,156.0	4 \$280,029.60	\$278,114.40
Total Income	\$280,029.60	\$278,156.0	4 \$280,029.60	
PROJECTED EXPENSES				
Audit & Legal Replacement Reserve General Supplies Insurance (Employee) Insurance (Plant) Janitorial Services Janitorial Supplies Mail Room Mail Truck General Maintenance/Contingency Fund Network Expense Payroll Taxes (Employer's S.S.) Postage Meter/UPS Retirement (Includes Ret. in Lieu of 4th Week Vacation) Salaries Telephone Utilities Christmas Bonus/Extra Week's Salary Other	\$4,000.00 6,000.00 4,500.00 22,959.47 25,000.00 35,000.00 11,000.00 2,500.00 33,828.45 6,500.00 5,585.74 500.00 4,326.23 69,677.98 5,000.00 37,950.00 1,201.73 1,000.00	\$4,345.00 6,000.00 4,033.19 23,438.28 15,736.96 34,541.86 3,252.78 8,997.71 2,486.17 9,723.65 2,043.43 5,466.18 180.08 3,755.52 70,251.63 4,409.41 32,207.49 1,201.74 480.00	6,000.00 5,000.00 25,218.55 22,000.00 30,000.00	\$4,000.00 1,200.00 5,000.00 26,365.62 ** 22,000.00 35,000.00 3,500.00 10,000.00 2,500.00 32,867.95 4,500.00 5,629.95 500.00 3,956.80 73,594.08 10,000.00 37,000.00 0.00 500.00
Total Expenses	\$280,029.60 \$	232,551.08	\$280,029.60	\$278,114.40

^{*}Budget comparison does not include depreciation expense.

**Includes employee's insurance reimbursement.

BUILDING SERVICES SALARY BREAKDOWN

	2011		2012		2013	
Superintendent/	2011					
Maintenance Superintendent/						Canada V
Mail Room Supervisor	\$32,815.84	(2.0%) \$	32,815.84		\$33,472.16	
Salary	2.558.69		2,510.41	(7.65%)	2,560.62	(7.65%)
Social Security	16,414.46	(1.00.0)	18.055.91		19,373.99	
Insurance (Dental/Health/Life)	193.61		193.61		197.49	
Disability	1,640.79	(594)	1,640.79	(5%)	1,673.61	(5%)
Retirement		(3.70)	0.00	317777.4	0.00	
Christmas Bonus	631.07					
	54.254.46		55,216.57		57,277.86	
Receptionist/Phone System						
Administrator/Assistant Bookkeeper					20 007 60	10.09/1
Salary	29,674.14	(2.0%)	29,674.14		30,267.62	
Social Security		(7.65%)	2,270.07		2,315.47	
Insurance (Dental/Health/Life)	6,176.32		6,793.95		7,289.91	
	175.08		175.08		178.58	
Disability Retirement	1,483.71	(5%)	1,483.71		1,513.38	
Christmas Bonus	570.66		0.00		0.00	
Chilistinas Conds	000000000000000000000000000000000000000		40,396.95		41,564.96	
	40,393.64		40,396.93		71,00	
Assistant Receptionist/Phone System						
Administrator/Assistant Bookkeeper			0.00		2,522.30	(2.0%)
Salary	0.00)	0.00			(7.65%)
Social Security					607.49	
Insurance (Dental/Health/Life)					14.88	
Disability						2 (5%)
Retirement					0.00	
Christmas Bonus					V-93	2
					3,463.7	5
		75 days		75 days		75 days
Part-time Worker	* ***	75 days	7 188 0	0 (11.98 hr.)	7.332.0	0 (2.0%/12.22 hr.)
Salary		0 (2.0%/11.98 hr.)	549 8	8 (7.65%)		0 (7.65%)
Social Security	549.8	8 (7.65%)	J**5.0	Q (1.0070)	22.00	En and Control of the
	7,737.8	8	7,737.8	8	7,892.9	0



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, 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 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 March 15, 2011, 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, 2011 and 2010, 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.

The Harper of assecuter

April 2, 2012

Terry A. Hill
615 417 - 7414
terryhill HHA@gwall.com

P O Box 680788 Franklis, Tempanny 37868 Ernest B. Harper 615 417 - 6358 ONE MAGAZINE
OF THE NATIONAL ASSOCIATION OF
FREE WILL BAPTISTS, INC.

Statements of Financial Position

December 31, 2011 and 2010

Assets		2011	2010
Current assets: Cash and interest bearing deposits Accounts receivable	\$	146,090 4,308	147,592 7,924
Total current assets	-	150,398	155,516
Other assets: Funds held by Free Will Baptist Foundation for endowment fund purposes	9	21,975	23.347
Fixed assets: Furniture and equipment		18,456 (15,260)	18,456 (13,199)
Less accumulated depreciation Net fixed assets	-	3,196	5,257
Liabilities and Net Assets	\$	175,569	184,120
Liabilities: Accounts payable	\$	-	37,181
Total liabilities	5	•	37,181
Net assets: Unrestricted - operations Temporarily restricted - endowment earnings Permanently restricted - endowment funds Total net assets		153,594 975 21,000 175,569	123,592 2,347 21,000 146,939
	\$	175,569	184,120

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, 2011 and 2010

	-	20	011		
	Unrestricted	Restricted	Endowment		2010
Revenues:	Operations	Net Assets	Funds	Total	Total
Assessments to publish One Magazine from Free Will Baptist departments					2.2349
and agencies	\$ 427,773	-		427,773	410.65
Revenues for additional pages printed	1,000	16	-	1,000	419,65
Net results from endowments held by				1.000	2,07
Free Will Baptist Foundation Other	1,107	(1,372)		(265)	2,48
	568	*		568	1360
Total revenues Expenses:	430,448	(1,372)		429,076	425,577
Direct cost of publication:					
Printing	172,118	2		170	
Postage and mailing services	94,308	2	-	172.118	169.598
Design	31,765			94,308	94,582
Graphics expense	3,828			31,765	31,590
Writer's fees	1,611	-		3,828	4,147
Total direct cost of publication	303.630			1,611	1,518
Employee compensation:	303.030			303,630	301,435
Salary	64,687				
Payroll Taxes	4.949	17	+	64,687	63,495
Retirement	2,903	•		4,949	4,857
Other employee benefits	7.010	-	-	2,903	2,846
Total amplaces		-		7,010	6,431
Total employee compensation Operating expenses:	79,549	-	18.	79,549	77,629
Supplies and other office expense	11,857		141	11,857	
Travel	3,349		i.e.	3,349	10,083
Depreciation	2.061			2,061	2,293
Total operating expenses	17,267			17,267	2,884 15,260
Total expenses	400,446	-		400,446	394,324
crease (decrease) in net assets	30,002	(1,372)		28,630	31,253
et assets at beginning of year	123,592	2,347	21,000	146,939	115,686
et assets at end of year S	153,594	975	21,000	175,569	146,939

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, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities Change in net assets	\$ 28,630	31,253
Adjustments to reconcile change in net assets to net operating activities: Depreciation	2,061	2,884
Decrease in accounts receivable	3,616	1,124
Increase (decrease) in accounts payable	(37,181)	1,437
Net operating activities	(2,874)	36,698
Cash Flows from Investing Activities Change in investment with Free Will Baptist Foundation	1,372	(1,446
Purchase of equipment		(3,045
Net investing activities	1,372	
Increase (decrease) in cash and cash equivalents Cash and cash equivalents, at beginning of year	(1,502) 147,592	33,653 113,939
Cash and cash equivalents, at end of year	\$ 146,090	147,592

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2011 and 2010

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

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

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

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

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

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

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, 2011 and 2010, 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 restricted net assets (if net gains) or unrestricted net assets (if net losses). The balances relating to endowment funds are as follows:

assets (II liet losses). The bulliness relating to	2011	2010
Permanently restricted net asset: Original donor investment (corpus)	\$ 21,000	21,000
Temporarily restricted net assets: Balance at beginning of year Investment earnings, including investment gains and losses Distributions of earnings to unrestricted net assets	\$ 2,347 (265) (1,107)	901 2,487 (1,041
	\$ 975	2,347

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 2011 and 2010. 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, if any, had no effect on net assets as reported.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 2, 2012, 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

2011	2010
\$ 116,433 17,463 46,575 51,696 71,022 40,751 8,382 46,575 23,288 5,588	110,407 16,561 44,163 49,021 67,348 57,964 7,949 44,163 22,081
\$	\$ 116.433 17,463 46,575 51,696 71,022 40,751 8,382 46,575

Revenues are expected to approximate \$433,000 in 2012.

(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.

\$ 427,773

419,657

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 \$206,475 in 2011 and \$219,860 in 2010.

(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 \$2,903 in 2011 and \$2,846 in 2010. 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, 2010, from which the summarized information was derived.

2013
ONE MAGAZINE
BUDGETS
FINANCIAL REPORT

	2011	2011 Actuals*	2012 Budget	2013 Budget
REVENUE	Budget	Actuals	Duagot	
Convention	\$17,463.47	\$17,463.48	\$17,463.47	\$17,463.47
Executive Office	116,433.44	116,433.48	116,433.44	116,433.44
Free Will Baptist Bible College	51,695.58	51,695.64	51,695.58	46,526.04
Free Will Baptist Foundation	46,575.15	46,575.12	46,575.15	46,575.15
Home Missions	71,022.23	71,022.24	71,022.23	71,022.23
International Missions	61,126.57	40,751.04	30,563.28	40,751.05
Master's Men	8,382.11	8,382.12	8,382.11	8,382.11
Randall House Publications	46,575.15	46,575.12	46,575.15	46,575.15
Retirement & Insurance	23,287.57	23,287.56	23,287.57	23,287.57
WNAC	0.00	5,588.08	8,382.11	8,382.11
Endowment	0.00	(264.62)	1,000.00	0.00
Reimbursements	3,000.00	1,000.00	1,000.00	1,000.00
Subscription Revenue	400.00	568.00	1,000.00	500.00
Total Revenue	\$445,961,27	\$429,077.26	\$423,380.09	\$426,898.32
EXPENSES				
Salary & Benefits	\$73,966.47	\$74,203.59	\$73,650.11	\$75,142.35
Auto/Cell Phone Allowance	5,344.80	5,344.82	5,344.80	5,451.70
Audit & Legal	3,600.00	5,112.50	4,000.00	4,700.00
Books, Dues & Registrations	1,500.00	952.72	750.00	1,000.00
Computer Software/Services	3,500.00	1,102.39	3,000.00	3,000.00
Design	34,000.00	31,765.25	36,000.00	35,000.00
Graphics	4,000.00	3,827.54	4,500.00	4,500.00
Mail Services	10,000.00	4,743.74	10,000.00	10,000.00
Miscellaneous	3,000.00	1,782.72	3,135.18	2,854.27
Postage	98,000.00	87,916.16	92,000.00	93,000.00
Postal Returns	2,000.00	1,648.50	2,000.00	2,000.00
Printing	198,000.00	172,118.14	180,000.00	180,000.00
Promotion	1,000.00	1,121.30	1,000.00	1,200.00
Supplies	2,500.00	1,735.96	2,000.00	2,000.00
Telephone	300.00	50.40	0.00	50.00
Travel	3,250.00	3,348.69	4,000.00	5,000.00
Writer's Fees	2,000.00	1,610.55	2,000.00	2,000.00
Total Expenses	\$445,961.27	\$398,384.97	\$423,380.09	\$426,898.32

^{*}Budget comparison does not include depreciation expense.

^{**}Includes employee's insurance reimbursement.



With over fifty years behind us, the Master's Men Department continues to look for different areas of service.

In 2011 we continued to reach out to the men of our denomination through several areas of ministry. In February we held CMI Conferences in both Mississippi and Oklahoma and held our third of the year in October in California. In March we held the first of our fellowship events with the Deep South Golf Tournament. We also held our annual National Golf and Softball Tournaments in August in Nashville.

We left the lower forty-eight in July to assist the Northern Lights Free Will Baptist Church in Fairbanks, Alaska. Our guys replaced a small concrete landing in front of the entrance with a larger one to assist the handicapped. In addition we spent a few days salmon fishing. Internationally we continued relief work in Haiti with constructing the second greenhouse and expanding the water filter project.

In July Master's Men continued to take the lead with IMPACT. Over 250 people came to Charlotte, North Carolina, to help reach out to the area churches. August found us back in New Durham, New Hampshire, concluding our work on the Ridge Church restoration project. The end of August we helped home missionaries in Buffalo, New York, through Operation Saturation.

Our greatest need continues to be reaching our churches with the need for a strong men's ministry in their church. We want to reach out to all churches and help them help their men.

Your fellow servant,

Ken

Kenneth W. Akers

General Director, Master's Men

Synopsis of 2011 Board Meetings

April 12, 2011

Board met with five members present. Minutes and financial reports approved. Approved 2012 budget. Discussed miscellaneous business.

December 4, 2011

Board met with all nine members present. Minutes and financial reports approved. Discussed 2013 budget. Board voted to purchase video equipment to produce promotional videos for Disaster Response and to keep chapters updated on activities.

P.O. Box 5002 Antioch, TN 37011

Phone: 615-760-6142 Toll Free: 1-877-767-8039 Email:masters@nafwb.org 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, 2011, 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 over 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, 2011, 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 15, 2012 Spring Hill, Tennessee

Jason L. Darby, CPA

THE MASTER'S MEN STATEMENT OF FINANCIAL POSITION December 31, 2011

Current Assets Cash Trust Account – Build a House Revocable Trust – Build a House Disaster Relief Trust Trust Account – Lifetime Members Inventory Accounts Receivable Total Current Assets	\$ 16,169.50 3,501.54 628.12 66,038.29 97,709.02 430.00 59,925.39			
Total Culteril Assets		\$ 244,401.86		
Fixed Assets				
Equipment and Furniture Accumulated Depreciation Capitalized Leases Accumulated Amortization Total Fixed Assets	92,018.72 (68,075.31) 4,017.80 (4,017.80)			
		23,943.41		
TOTAL ASSETS				
			\$	268,345.27
Liabilities				
Accounts Payable FWB Loan Payroll Tax Payable Total Liabilities	5,000.00 10,000.00 3,097.44	18,097.44		
Net Assets		10,097.44		
Temporarily Restricted Unrestricted Total Net Assets	281,043.52 (30,795.69)			
		250,247.83	9.5	
TOTAL LIABILITES AND NET ASSETS				
				268,345.27

The accompanying notes are an intregal part of the financial statements

THE MASTER'S MEN STATEMENT OFACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Revenue & Gains		emporarily tricted Assets		Inrestricted Net Assets	Total
Gifts and Donations	\$	29,526.16	\$	25,053.27	\$ 54,579.43
Dues from Members		-		6,825.30	6,825.30
Disaster Relief Income		22,476.00		-	22,476.00
Cooperative Program		*		71,600.74	71,600.74
BAH Sale Income		9,553.58		-	9,553.58
Promotion/Sales/Other Income		2		32,699.38	32,699.38
Tournament and Conference Income				24,926.91	24,926.91
Interest Income				4,610.35	4,610.35
Miscellaneous Income		-		2,028.79	2,028.79
Total Revenue & Gains		61,555.74		167,744.74	229,300.48
Net Assets Released from Restrictions					
Disaster Relief		(10,447.50)		10,447.50	-
Build A House		*		₩.	
Lifetime Memberships				-	-
Total Revenues, Gains, & Other Support	\$	51,108.24	\$	178,192.24	\$ 229,300.48
Expenses				79,611.94	79,611.94
Salaries and Wages		-		31,400.33	31,400.33
PR Taxes and Benefits		5		9,893.15	9,893.15
Cost of Sales and Printing		*		14,567.56	14,567.56
Travel Expense		*		682.45	682.45
Conferences and Conventions				5,557.55	5,557.55
Office Expense				3,951.29	3,951.29
Equipment Expense		^		16.57	16.57
Telephone				1,658.36	1,658.36
Postage		_		12,558.24	12,558.24
Rent Expense		-		1,515.00	1,515.00
Professional Fees				900.00	900.00
Bookkeeping Expense				10,177.51	10,177.51
Ministry and Resource Development		10 570 20		10,177.51	10,578.39
Ministry Expense - Haiti		10,578.39			28,518.40
Disaster Relief Expense		28,518.40		24,364.39	24,364.39
Tournament Expense					6,156.25
Depreciation Expense				6,156.25	99.79
Amortization Expense		-		99.79	1,879.21
Miscellaneous Expense	_		-	1,879.21	
Total Expenses	\$	39,096.79	\$	204,989.59	\$ 244,086.38
Change in Net Assets		12,011.45		(26,797.35)	(14,785.90
Net Assets - Beginning of Year		269,032.07		(3,998.34)	265,033.73
Net Assets - End of Year	\$	281,043.52	\$	(30,795.69)	250,247.83

The accompanying notes are an intregal part of the financial statements

THE MASTER'S MEN STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows from Operating activities			
Decrease in Net Assets			
Adjustments to Reconcile Increase in Net Assets to		\$	(14,785.90
Net Cash Provided by Operating Activities:			(17,703.9(
Depreciation Depreciation			
Amortization	MA CASSASSOTTA		
Gain on Sale of Vehicle	\$ 6,156.25		
Interest on Investment	99.79		
(Increase) Decrease in Operating Assets:	(950.00)		
Accounts Receivable	(4,610.35)		
Increase (Decrease) in Operating Liabilities:	0.117		
Accounts Payable	(4,947.40)		
Payroll Tax Payable	100,000		
Loan Payable	(-		
Total	1,384.99		
Net Cash Provided by Operating Activities	 10,000.00		
Operating Activities			7 400 00
			7,133.28
Cash Flows from Investing Activities			(7,652.62)
Transfers to Trusts & Investments			
Purchases of Equipment			
Proceeds from Vehicle	9,415.50		
Interest Received	(6,419.58)		
et Cash Used by Investing Activities	950.00		
, and a colonies	 4,610.35		
t losses	_		8,556.27
of Increase in Cash and Cash Equivalents			1100.01
ding Cash and Cash Equivalents			903.65
		1	5,265.85

The accompanying noise are an intropal part of the financial statements

THE MASTER'S MEN NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

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 and initial maturity of three months or less to be cash equivalents.

Note 2 - Property and Equipment

The following is a summary of property and equipment owned by the Department at December 31, 2011:

Equipment and furniture

\$ 92,018.72

Less: Accumulated Depreciation

(68,075.31)

Property and Equipment, Net

\$ 23,943,41

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 2011 and accumulated amortization as of December 31, 2011 were \$99.79 and \$4,017.80, respectively.

Note 4 - Deferred Revenue

There were no deferred revenues for 2011.

Note 5 - Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2011:

Build a House Campaign \$ 50,180.59
Lifetime Membership 101,250.00
Disaster Relief 129,612.93

Total

\$ 281,043.52

Note 6 - Compensated Absences

There was no compensated absence balance as of December 31, 2011.

Note 7 - Loan Payable

On December 1, 2011, Master's Men entered into a loan with FWB Foundation in the amount of \$10,000. The balance of the loan as of December 31, 2011 is \$10,000.

2012 Master's Men Financial Report

Projected Expenses	2011 Budget	2011 Actuals	2012 Budget	2013 Proposed Budget
Salaries				
Director				
Salary	39,393 00	30,800.00	39.393.00	20.700 -
Housing	20,400.00	24.050.00	20.400.00	29.793.0
Retirement	2,990.00	2.580.00		30.000.0
Insurance	8,000.00	7.047.00	2,990.00	2.990.0
Total	70,783.00	64,477.00	8,000.00	10.000.0
Secretary	70,703.00	04,477.00	70,783.00	72,783.00
Wages(40hrs/wk@8 50)	17,680.00	9.478.00	11 000 00	
Payroll Tax Expense	1,097.00	656 00	11,866.00	11,700.00
Retirement	257.00	290.00	720 00	930.00
Insurance	1.200.00		170.00	580.00
Christmas Bonus	1,200.00	4,605.00	2,272.00	5.000.00
Total	20,234.00	250.00	250.00	250.00
Total Salaries		15,279.00	15,278.00	18,460.00
, sem semmes	91,017.00	79,756.00	86,061.00	91,243.00
Office Operations				
Automobile	3,600.00	21 126 00*	3,600.00	3600
Rent	24.000.00	12,558 00	15.000.00	15,000 00
Equipment & Supplies	5,000.00	8.353.00	5.000 00	
Telephone	2,700.00	1,133.00	2.700 00	5,000 00
Misc.	2,000.00	11,226.00	2.000.00	2,700.00
Postage	2,500.00	1,659.00	2,500.00	2.000.00
Total	39,800.00	34,929.00	30,800.00	2,500.00 30800
Accounting				
Bookkeeping	900 00	900.00	900.00	
Audit	2.000.00	1,515.00		900.00
Total	2,900.00	2,415.00	2,000.00	1.500.00 2,400.00
Resource Development				_,
Printed Materials	7,000.00	0.040.00	7.000.00	
The state of the s	7,000.00	9,910.00	7,000.00	7,000.00
Department Travel	12,000.00	15,031.05	12,000.00	12 000 00
National Association	4,000.00	656.97	2,000.00	12,000.00 2,000.00
Total Expenses	156,717.00	140 202 02	The Ball of the Annual Control	
	130,717.00	140,283.02	140,761.00	145,443.00
Projected Income				
Dues	15,000.00	10.395.00	15.000.00	15.000.00
Father's Day Offering	15,000.00	9.444.00	12,000.00	12.000.00
Together Way	75,100.00	68,151.00	75.000.00	
Softball	4,000.00	1,928.00	2,500.00	75,000.00
Golf	6,000.00	4,814.00	5.000.00	2,500.00
Gifts	15,000.00	13.435.00	10,000.00	5,000.00
Sales	5,000 00	1,282.00	3,000.00	10,000.00
Endowment Income	10,000.00	2,531.00		3.000.00
BAH	9.617.00	10,000.00	5,000.00	9,943.00
Master's Men Conferences	2.000.00	2,414.00	10.000.00	10,000.00
Reimbursement Income	2,000.00		3,011.00	3,000,00
Total Income	156,717.00	7,181.00 131,575.00	140 544 00	
	1.50	131,373.00	140,511.00	145.443.00

^{*} purchased a new vehicle in 2011 to \$17,000



General Director's Report

From the very beginning of the ministry of the Board of Retirement our commitment has been to "Serve those who serve others." This commitment is based on Psalm 78:72 where scripture declares that King David served Israel with the integrity of his heart and the skillfulness of his hands. That is the Board of Retirement. That has always been our commitment to our people..

Since 1969, when Herman Hersey started the Board of Retirement in the parsonage of Garner Free Will Baptist Church in North Carolina, we have been committed to helping meet the needs of our ministers, lay employees, missionaries (both home and international), employees of every national agency, employees of our colleges, children's homes, as well as many state agencies. So far we have had over 2,500 participants in our program. We now have just over 1,500 active accounts.

We exist to honor the Lord by being a lifelong partner with our participants in enhancing their financial security.

In spite of the economy, 2011 was a good year for the Board of Retirement.

- We enrolled 50 new participants.
- We received \$2,253,728 in new contributions.
- We loaned \$505,700 to participants.
- We had \$2,395,558 in withdrawals.
- We distributed \$602,203.30 in monthly benefits to the 61 retirees who chose a selfdirected payout.
- We distributed \$591,785.55 in annuity benefits last year to our 106 annuitants.
- We transferred \$1,245,928 to the annuity pool for the 14 annuitants added in 2011.
- We gave our annuitants a 3% lifetime increase in their monthly benefit.

Our participants have not been immune to the economic downturns the rest of the world has been facing since 2008. Last year the Default Fund lost 4.69% and the Pro-Blend Fund lost .15%.

In spite of last year's negative returns, our earnings history is still very good. The following chart reflects our historical returns.

	Default Fund	Pro-Blend Fund
1 Year	-4.69%	015%
3 Year	10.653%	4.642%
5 Year	0.792%	N/A
10 Year	4.681%	N/A
Life To Date	7.75%	4.642%

Assets decreased from \$43,184,483 on December 31, 2010 to \$41,116,524 on December 31, 2011, a 4.7% decrease. This was due to a combination of the withdrawals and loss on investments.

Our participants now have four investment options available to them, ranging from conservative to aggressive. They are:

- Pro-Mix Conservative Fund. Previously known as the Pro-Blend Fund, this Fund is designed for those between 0-5 years of retirement. Investment in the stock market can range from 5%-35% with a target of 20%.
- Pro-Mix Moderate Fund. This Fund is designed for participants who are between 3-10 years of retirement. Investment in the stock market can range from 20%-60% in the market with a target point of 40%.
- Default Fund. This is the option we've had since 1986. It is designed for participants
 who are between 7-20 years of retirement. Investment in the stock market can range
 from 40%-70% with a target of 55%.
- Pro-Mix Maximum Fund. This Fund is the most aggressive in its investments. It is
 designed for participants who have 15 or more years before retirement. Investment
 in the stock market can range from 70%-95% with a target of 85%.

We realize we are not the only game in town. Any bank or insurance company will be happy to invest your Retirement Savings for you. So, with thousands of options available, why choose to be a part of the Free Will Baptist plan?

- There are no sales commissions or front or back end sales load. This means that 100% of the money you contribute is invested directly to your account.
- You may reduce your taxes. Income taxes are deferred on contributions and earnings.
 Contributions by ministers are also exempt from Social Security and SECA taxes.
- An additional advantage is available to ministers in retirement. Up to 100% of a
 minister's benefits can be designated as a housing allowance. All such amounts used
 within legal limits to provide a home are distributed tax free.

- Your funds will be invested in Christian based socially screened investments that do
 not invest in companies that are publicly recognized as providing products and
 services in the liquor, tobacco, gambling, pornography, or Hollywood entertainment.
- The Board of Retirement & Insurance uses proven investment management firms to manage these plan investment options.

Getting started in the retirement plan is really quite simple. Just come by our booth and we'll show just how simple it is.

We also launched the Labor of Love Campaign at the National last year. So far we have:

Donors	124
Pledged	\$15,674.37
Received	\$15,024,37

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 (a) 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 Synopsis of Board Meetings

March 30, 2011

In attendance: Ray Lewis, John Brummitt, Jack Daniels, Craig Cook, Rick Cason, Jack Ward, Milburn Wilson, Mark Ousley, Tim Hall, & Rick Dement.

Ron Barber was absent.

John Brummitt reviewed the Financial Statements for the period ended February 28, 2011.

Ray Lewis presented the Director's Report.

Danny Justice from the Guardian Insurance Company presented a Critical Illness Coverage option

Mr. Joel Collum, C.P.A., reviewed the 2010 annual audit and noted that the opinion rendered was unqualified.

Chris Long and Andrea Ells, of Manning & Napier, made a presentation concerning economic conditions, future outlook and the current positioning of each of the portfolios.

The Board participated in teleconference calls with Greg Figaro with Sage Advisor Services and Bob Ruland with Atalanta/Sosnoff Capital. They summarized their performance and outlook.

Two additional investment options for participants were added.

The Labor of Love Endowment Campaign was adopted.

The proposed budget for the 2012 fiscal year was approved.

December 7, 2011

Present: Ray Lewis, John Brummitt, Rick Cason, Jack Ward, Tim Hall, Rick Dement, Danny Baer, & James Beasley

Craig Cook & Jack Daniels called in for the teleconference.

Mark Ousley was absent.

The Financial Reports through October 31, 2011, 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.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Board of Retirement and Insurance of the

National Association of Free Will Baptists

I have audited the accompanying statements of financial position of the Board of Retirement and Insurance of the National Association of Free Will Baptists, (the "Board") as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audits provide 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, 2011 and 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.

March 20, 2012

P.O. Box 291561 . Nashville, Tennessee 37229 . 615.974.2918 . joelcollumcpa@yahoo.com

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2011 and 2010

ASSETS

OPERATING ASSETS	2011	2010
Cash and cash equivalents		
Funds invested with Free Will Baptist Foundation	\$ 8,889	\$ 20,46
Total Operating Assets	43,037	36,376
RETIREMENT ASSETS	51,926	56,83
Cash and cash equivalents		-
Investment in marketable securities and instruments,	2,093,986	1 747 100
at fair market value		1,747,193
Prepaid annuitant benefits	38,882,036	41,271,090
Notes receivable, net of allowance for	1,300	47,271,090
doubtful accounts		
Total Retirement Assets	1,482	405
	40,978,804	43,018,688
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES		
at cost, net of accumulated depreciation	85,794	1989
TOTAL ASSETS	05,774	108,958
	\$ 41,116,524	\$ 43,184,483
LIABILITIES AND NET ASS	SETS	
LIABILITIES	3E13	
Accounts payable		
Accounts payable, accrued expenses and other liabilities	\$ 8,314,672	\$ 7,305,492
Capital lease payable	15,938	19,097
Total liabilities	8,345	11,465
NET ASSETS	8,338,955	7,336,054
Unrestricted		
Operations:		
Operating funds (deficit)		
Designated for future assets purchases	(11,801)	(6.220)
Net invested in equipment	43,037	(6,238)
Total Operating Net Assets	85,794	36,376 108,958
	117,030	139,096
Retirement Accounts:		137,070
Net assets available for participants	22 611 624	
Designated as reserve funds	32,611,534	35,548,277
	49,005	161,056
Total Retirement Net Assets		
	32,660,539	35,709,333
Total Retirement Net Assets		

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, 2011 and 2010

		2011			2010	
	Retirement Accounts	Operations	Total	Retirement	Operations	Total
SUPPORT, REVENUE AND OTHER ADDITIONS Contributions from participants						
Contributions to participant accounts	\$ 2,253,728	59	\$ 2,253,728	\$ 2,647,354	69	\$ 2,647,354
Repayment of participant loans	286,911	T	286,911	330,880	*	330,880
	2,540,639		2,540,639	2,978,234	7.47	2,978,234
Investment income;						
Gains of investment portfolio:						
Net realized gains (losses)	31,487	9	31,487	1,824,723	: (1,824,723
Net unrealized gains (losses)	(1,463,398)	9	(1,463,398)	1,454,249	31	1,454,249
	(1,431,911)		(1,431,911)	3,278,972	¥	3,278,972
Interest and dividends from						
investments (net investment fees)	736,952	x	736,952	679,450	*	679,450
Total investment income	(694,959)		(694,959)	3,958,422	*	3,958,422
Income earned from interest bearing notes:						
Interest income	20,519	2,714	23,233	17,598	1,219	18,817
Gain (loss) on sale of property and equipment					5,042	5,042
Total income earned from interest						
and sale of property	20,519	2,714	23,233	17,598	6,261	23,859
Gifts	į	73,749	73,749	,	73,171	73,171
Miscellaneous income	*	1,958	1,958	12,206	7	12,213
Total other income		75,707	75,707	12,206	73,178	85,384
Total additions	1,866,199	78,421	1,944,620	6,966,460	79,439	7,045,899
Allocation for Operations	(352,098)	352,098	100	(341,480)	341,480	
Net additions after allocation for operations	\$ 1 514 101	\$ 430.519	\$ 1.944.620	\$ 6.624.980	\$ 420,919	\$ 7.045.899

accompanying notes are an integral part of these financial statement

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, 2011 and 2010

Accounts Operations \$ 1,514,101 \$ 430,519 \$ 2,395,558 \$ 505,700 1,245,928 \$ 1,245,928 \$ 30,201 \$ 382,628 \$ 31,200 \$ 61,023 \$ 39,244 \$ 2,880 \$ 85,200 \$ 12,496 \$ 2,395		Retirement		
### 1,514,101 \$ 430,519 Column		Accounts	Operations	Total
2,395,558 505,700 1,245,928 30,201 382,628 131,640 - 131,640 - 31,200 - 61,023 - 39,244 2,880 85,200 - 12,496 - 12,496	13 0744,070	\$ 6,624,980	\$ 420 010	C 7 045 800
2,395,558 505,700 1,245,928 30,201 382,628 131,640 - 131,640 - 31,200 - 61,023 - 61,023 - 31,895 - 12,496 - 12,496				
s by participants from participants accounts from participants accounts from participants accounts and	4			
s by participants from participants from participants accounts from participants accounts from participants accounts 382,628 131,640 31,200 61,023 al xpense xpense 2,880 85,200 12,496	- 2,395,558	1,864,610	1	1,864,610
from participants accounts 382,628243,928 131,640 31,200 31,200 39,244 39,244 31,895 31,895 32,386 12,496	- 505,700	326,950	9	326.950
innuitant obligations 382,628 131,640 131,640 131,640 101,023 all xpense 2,880 85,200 12,496	- 1,245,928	374,814		374.814
s82,628 131,640 131,640 161,023 xpense xpense 2,880 85,200 31,895	- 30,201	32,035	3	32 035
ral xpense 2,880 85,200 31,895 12,496	382,628	694,828	3	694 828
xpense 2,880 85,200 31,895 15c 12,496	10 131,640	6	122.227	100 001
xpense - 61,023 - 39,244 xpense 85,200 - 31,895 - 12,496	31,200		31,200	21,200
xpense 2,880 85,200 85,200 . 31,895	3 61,023	3	53.072	53.072
2,880 85,200 31,895 18c - 12,496	39,244	Ü	35,913	35913
15.496 - 12,496 - 12,496		4,555	75,959	80.514
- 12,496		,	28,651	28,651
202 202			12,440	12,440
			23,236	23.236
	4 36,964	*	33,228	33 228
uctions	1	250	819	898
4,202,892 452,585	5,015,480	3,298,042	416,544	3,714,586
(3,048,794) (22,066)	(3,070,860)	3,326,938	4,375	3,331,313
35,709,333 139,096	35,848,429	32,382,395	134,721	32.517.116
NET ASSETS - end of year \$32,660,539 \$ 117,030 \$32,777,	\$32,777,569	\$35,709,333	\$ 139,096	\$35.848.429

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, 2011 and 2010

Retirement					
Accounts	operations	Total	Retirement Accounts	Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from: Contributions from participants and employers \$ 2,540,639 Gifts	73,749	\$ 2,540,639	\$ 2,978,234	73,171	\$ 2,978,234
Income earned from interest and sale of loan property Investment income Miscellaneous income	2,714	20,519 739,666 1,958	17,598 679,450 12,206	1,219	17,598 680,669 12,213
Cash paid for: Supplies and employees Withdrawal of funds by participants (4,147,186) Income allocated to annuitant obligations (382,628)	86) (418,510) 28) -	(453,161) (4,147,186) (382,628)	(35,548) (2,566,374) (694,828)	(378,557)	(414,105) (2,566,374) (694,828)
	(340,089)	(1,606,444)	390,738	(304,160)	86,578

Net Cash Provided (Used) By Operating Activities	(1,266,355)	(340,089)	(1,606,444)	390,738	(304,160)	86,578
CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of office furniture, equipment and automobiles		(13,800)	(13,800)	(6)	(34,020)	(34,020)
Investments: Purchases of investment securities	(26,595,514)	(9.)	(26,595,514)	(29,381,507)	£	(29,381,507)
Funds invested with Free Will Baptist Foundation	*	(6,661)	(199'9)	•	1,801	1,801
Proceeds from sale of investment securities Proceeds from sale of equipment	27,552,657	* *	27,552,657	28,841,269	7,500	28,841,269
Notes receivable: New loans made Collection of notes receivable	(505,700) 504,623	. ,	(505,700)	(326,950)	6 9	(326,950)
Net Cash Provided (Used) By Investing Activities	956,066	(20,461)	935,605	(528,009)	(24,719)	(552,728)

The accompanying notes are an integral part of these fin

	Total	69	525,255	100		1,710,519	\$ 1,767,654	\$ 3,331,313	33,228 (3,278,972) (5,042) 1,000 5,051 (3,244,735) \$ 86,578
2010	Operations	10000	(0,970)	339,510	10,631	9,830	\$ 20,461	\$ 4,375	33,228 (341,480) (5,042) (308,535) \$ (304,160)
	Retirement Accounts	\$ (341,480)	525,255	183,775	46,504	1,700,689	\$ 1,747,193	\$ 3,326,938	341,480 (3,278,972) 1,000 292 (2,936,200) \$ 390,738
	Total	69	1,009,180	1,006,060	335,221		\$ 2,102,875	\$ (3,070,860)	36,964 1,431,911 (1,300) 1,464,416 \$ (1,606,444)
2011	Operations	\$ 352,098	(3,120)	1	(11,572)	8 880	N. C.	\$ (22,066)	36,964 (352,098) (318,023) \$ (340,089)
Retirement	-	\$ (352,098	1,009,180	246,703	1,747,193	149	SETS	\$ (3,048,794)	352,098 1,431,911 (1,300) (1,782,439 \$ (1,266,355)
	CASH FLOWS FROM FINANCING ACTIVITIES: Allocation for operations	annuities payable	Net Cash Provided (Used) By Financing Activities	INCREASE (DECREASE) IN CASH	Cash and cash equivalents at beginning of years	Cash and cash equivalents at end of years	TO CASH FLOWS FROM OPERATING ACTIVITIES	Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	Depreciation and amortization Allocation for operations Loss (gains) on investment transactions Loss (gains) on sale of property Decrease (increase) in prepaid expenses Increase (decrease) in accounts payable, accrued expenses and other Total adjustments Net Cash Provided (Used) By Operating Activities

The accompanying notes are an integral part of these financial statements

BOARD OF RETTREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES Purchases of office furniture, equipment and automobiles Less: capital lease Cochacil Concepted furniture acuipment and automobiles S S S S S S S S S S S S S S S S S S S	2011	2010
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES Purchases of office furniture, equipment and automobiles Less: capital lease Cochecities furniture equipment and automobiles S - S - S	Retirement Accounts Operations Total	Retirement Operations Total
Sach and for office furniture annihiment and automobiles	NG ACTIVITIES S - S -	- \$ 47,455 \$ 47,
Cash paid tol office fullitude, equipment and automobiles	\$. \$	- \$ 34,020 \$ 34,0

A-89

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

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 International 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 on the last day of each month. 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, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Payment of benefits:

On retirement, death, disability or separation from employment, participants may 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.

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

The amount for each of these classes of net assets is presented in the Statements of Financial Position, and the amount of change in each class of net assets is displayed in the Statements of Activities and Changes in Net Assets. The Board had no temporarily or permanently restricted net assets at December 31, 2011 and 2010.

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 <u>DECEMBER 31, 2011 and 2010</u>

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:

The Board follows the practice of capitalizing, at cost, all expenditures for office furniture, equipment and automobiles in excess of \$10,000. 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 2011 amounted to \$11,049 (\$10,740 for 2010).

2. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES

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

Office furniture and fixtures	_	2011		2010
Computer hardware and software Automobiles	S	47,216 138,783	S	47,216 124,983
Automobiles		56,627		56,627
Less: Accumulated depreciation		242,626		228,826
depreciation		(156,832)		(119,868)
	S	85,794	\$	108,958

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

3. NOTES RECEIVABLE

Following is a summary of notes receivable:

	 2011	2	010
Participant notes (net) secured by retirement account balances	\$ 1,482	\$	405

The notes bear interest at 3.0% and mature at various dates from 2012 through 2016.

4. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

			2011		
	Market Value		Cost		epreciation) opreciation
Investments: Mutual Funds Common Stocks U.S. Government Issues Corporate Bonds Real Estate Investment Trusts	\$ 10,714,613 18,457,899 6,904,976 2,596,417 208,131	S	9,695,580 16,970,464 6,717,639 2,599,698 199,061	\$	1,019,033 1,487,435 187,337 (3,281) 9,070
Total Investments	\$ 38,882,036	\$	36,182,442	S	2,699,594

For 2011, total investment gain (loss) relating to marketable securities and instruments amounted to (\$694,959) and consisted of investment gains (losses) of (\$1,431,911) and interest and dividends of \$736,952 (net of investment fees of \$263,095). Investment income (loss) represented yields of (1.73%)and (1.90%) based on the average market value and average cost of such investments for 2011.

			2010	
		rket due	Cost	epreciation) ppreciation
Investments: Mutual Funds Common Stocks U.S. Government Issues Corporate Bonds	19, 7,	186,117 \$ 760,805 954,341 369,827	10,741,819 16,206,148 7,871,134 2,289,735	\$ 444,298 3,554,657 83,207 80,092
Total Investments	\$ 41,	271,090 \$	37,108,836	\$ 4,162.254

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.

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

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 (\$1.14 in 2010) per square foot per month. The Board shares a portion of the space with the Free Will Baptist Foundation. Total lease payments were \$31,895 and \$28,651 for the years ended December 31, 2011 and 2010, 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, 2011 and 2010, the recorded liability amounted to \$8,314,672 and \$7,305,492 respectively. The actuary has determined that the reserve account exceeded the current periodic benefit at December 31, 2011 by \$164,200 (by \$371,987 at December 31, 2010). Management has not requested a pension benefit increase for 2012.

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, 2011 and 2010:

	_		2011		
		Account Balance Balance	Amount Insured/ Secured		Amount of Accounting Risk of Loss
Notes receivable, net of allowance	-				
for doubtful collections	\$	1,482	\$ 1,482	\$	-
Cash and cash equivalents		168,681	168,681		
Funds invested with the Free Will					
Baptist Foundation		43,037	43,037		
Short-term liquid investments		1,934,194	1,668,004		266,190
Corporate bonds		2,596,417	-		2,596,417
Mutual funds		10,714,613			10,714,613
Common stocks		18,457,899	-		18,457,899
U.S. Treasury notes and bills		6,904,976	6,904,976		-
Other investments		208,131	-		208,131
	\$	41,029,430	\$ 8,786,180	S	32,243,250

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED

				2010		
		count	1	Amount nsured/ Secured	Accor	unt of unting of Loss
Notes receivable, net of allowance for doubtful collections Cash and cash equivalents	S	405 145,309	S	405 145,309	\$	9. E
Funds invested with the Free Will Baptist Foundation Short-term liquid investments Corporate bonds Mutual funds	2	36,376 ,622,345 ,369,827 ,186,117 ,760,805		36,376 1,370,340	2,3 11,1	52,005 69,827 86,117 760,805
U.S. Treasury notes and bills	7	,954,341		7,954,341 9,506,771	\$33,5	568,754

8. RELATED PARTY TRANSACTIONS

The Board had \$43,037 and \$36,376 invested with the Free Will Baptist Foundation, Inc. at December 31, 2011 and 2010, 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 Quoted Prices In Active Markets for Identical Assets (Level 1)	Signif Oth Obser Inp (Lev	icant ner vable uts	Signif Unobse Inpo (Leve	icant rvable uts
	\$10,714,613	\$10,714,613	\$	-	\$	-
Mutual Funds	18,457,899	18,457,899		-		-
Common Stocks	6,904,976	6,904,976		-		-
U.S. Government Issues	2,596,417	2,596,417		-		-
Corporate Bonds	208,131	208,131		-		
Real Estate Investment Trusts	\$38,882,036	\$38,882,036	\$	-	\$	-

BOARD OF RETIREMENT AND INSURANCE OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

9. FAIR VALUE MEASUREMENTS - CONTINUED

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

Mutual Funds	Fair Value \$11,186,117	Quoted Prices In Active Markets for Identical Assets (Level)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common Stocks U.S. Government Issues Corporate Bonds	19,760,805 7,954,341 2,369,827 \$41,271,090	\$11,186,117 19,760,805 7,954,341 2,369,827 \$41,271,090	-	\$	

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 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, 2011 and 2010

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:

Present value of net minimum lease payments	\$	8,346
Less amount representing interest		(1,996)
2011		10,342
2014		414
2013		4,964
2012	3	
The state of the s	8	4,964

The depreciation expense related to this office equipment amounted to \$2,687.

The imputed interest included in the payments for this equipment amounted to \$2,258.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through March 20, 2012 which is the date the financial statements were available to be issued.

12. UNCERTAINTY IN INCOME TAXES

Accounting principals generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization administrator has analyzed tax positions taken and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is exempt from filing annual tax returns.

Board of Retirement and Insurance Proposed Budget for 2013

INCOME	2011 Budget	2011 Actual	2012 Budget	2013
Service Fees			Dauget	Proposed
Insurance Administrative Fees	\$383,12	\$352,098.46	\$394,000	#200 a
The Together Way	1,200	528.50		\$396,2
Other State Gifts	75,000	70,349.73	1.200	60
Rest of the Family Offering	700	756.87	. 0,000	72,00
Interest Income	1,500	2,114.24	100	7(
Gain/Loss On Sale of Assets	1,500	2,713.87	-,000	2,00
Miscellaneous Income	0.00	0.00	1,000	2,50
and the constitution of th	100	1,957.63		
TOTAL		,,,,,,,,	100	1,00
	\$463,128	\$430,519.30	\$474.000	
EXPENSES			\$474,000	\$475,00
Salaries	V 400-00-0			
Employee Benefits	\$126,630	\$131,640.55	\$131,209	****
Housing	57,942	61,022.73		\$137,446
Travel/Promotion	31,200	31,200.00	64,861	69,250
Auto Maintenance	44,000	39,243.95	31,200	31,200
Future Purchases/Auto	5,000	2,950.12	44,000	44,000
Hardware/Software 5	12,000	12,000.00	5,000	5,000
Hardware/Software Future Purchase	12,000	12,000.00	12,000	12,000
Office Expense	30,000	31,895.05	12,000	12,000
Equipment Lease	42,000	39,750.58	30,000	35,000
Equipment	5,000	3,353.68	42,000	42,000
	5,000	4,610.29	5,000	4,000
Education/Training Publications	12,000	6,161.77	5,000	3,000
Board Expense	30,000	24,537.56	12,000	6,000
Board Expense Legal	14,500	12,495.94	30,000	27,000
Auditing	12,000	7,125.26	14,500	14,000
	15,000	15,260.00	12,000	10,000
Offsite Backup Storage	1,000	0.00	15,000	16,000
Website Hosting/Maintenance	2,000	418.75	1,000	1,000
Software Maintenance	4,000		2,000	1,000
Depreciation Expense	,,,,,,	3,417.74 36,964.27	4,000	4,000
Miscellaneous	1,856	537.94	4.000	
TAL	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	337.94	1,230	1,104
TAL	\$463,128	\$476,586.18	\$474,000	\$475,000

Board of Retirement and Insurance Salary and Benefits Breakdown

	2010	2011	2012	2013
General Director: Ray Lewis				
Salary	42,835.07	44,315.77	45,826.08	47,366.6
Housing/Utilities	31,200.00	31,200.00	31,200.00	31,200.00
Social Security/Medicare	13,373.51	13,640.98	13,913.80	14,192.0
Christmas Check	1,680.93	1,714.55	1,748.84	1,783.83
Retirement	5,300.12	5,406.12	5,514.25	5,624.5
Insurance	9,139.53	10,053.48	11,058.83	12,164.7
Note: Office Car Furnished				
Total	103,529.16	106,330.91	109,261.80	112,331.7
CFO: John Brummitt				
Salary	44,316.83	46,532.67	48,859.30	52,768.0
Social Security/Medicare	3,455.43	3,628.21	3,809.62	4,114.3
Christmas Check	852.25	894.86	939.60	1,014.7
Retirement	3,161.84	3,319.93	3,485.92	3,764.8
Insurance	7,661.46	8,427.60	12,654.92	13,920.4
Note: Office Car Furnished				
Total	59,447.80	62,803.26	69,749.37	75,582.4
Administrative Assistant: Sara Poston				
Salary	31,908.12	32,546.28	33,197.21	33,861.1
Social Security/Medicare	2,487.91	2,537.67	2,588.42	2,640.19
Christmas Check	613.62	625.89	638.41	651.18
Retirement	2,276.52	2,322.05	2,368.49	2,415.80
Insurance	7,823.54	8,605.90	9,466.48	10,413.13
Total	45,109.71	46,637.79	48,259.01	49,981.5

Hospitalization Cap: \$12,552 Couple; \$18,384 Family

^{**}Disability Insurance is .059 per \$100

FREE WILL BAPTIST ON

Past, Present and Future

I want to look at the past 20 years that I have been associated with Free Will Baptist Foundation, look at where we are presently and take a peek at the near future. Let's look at the important events from the last 20 years. You may recall that the Foundation and Board of Retirement were together during the early days. We are eternally grateful to the Board of Retirement because without the sacrifice of employees and funding from that board there would be no Foundation.

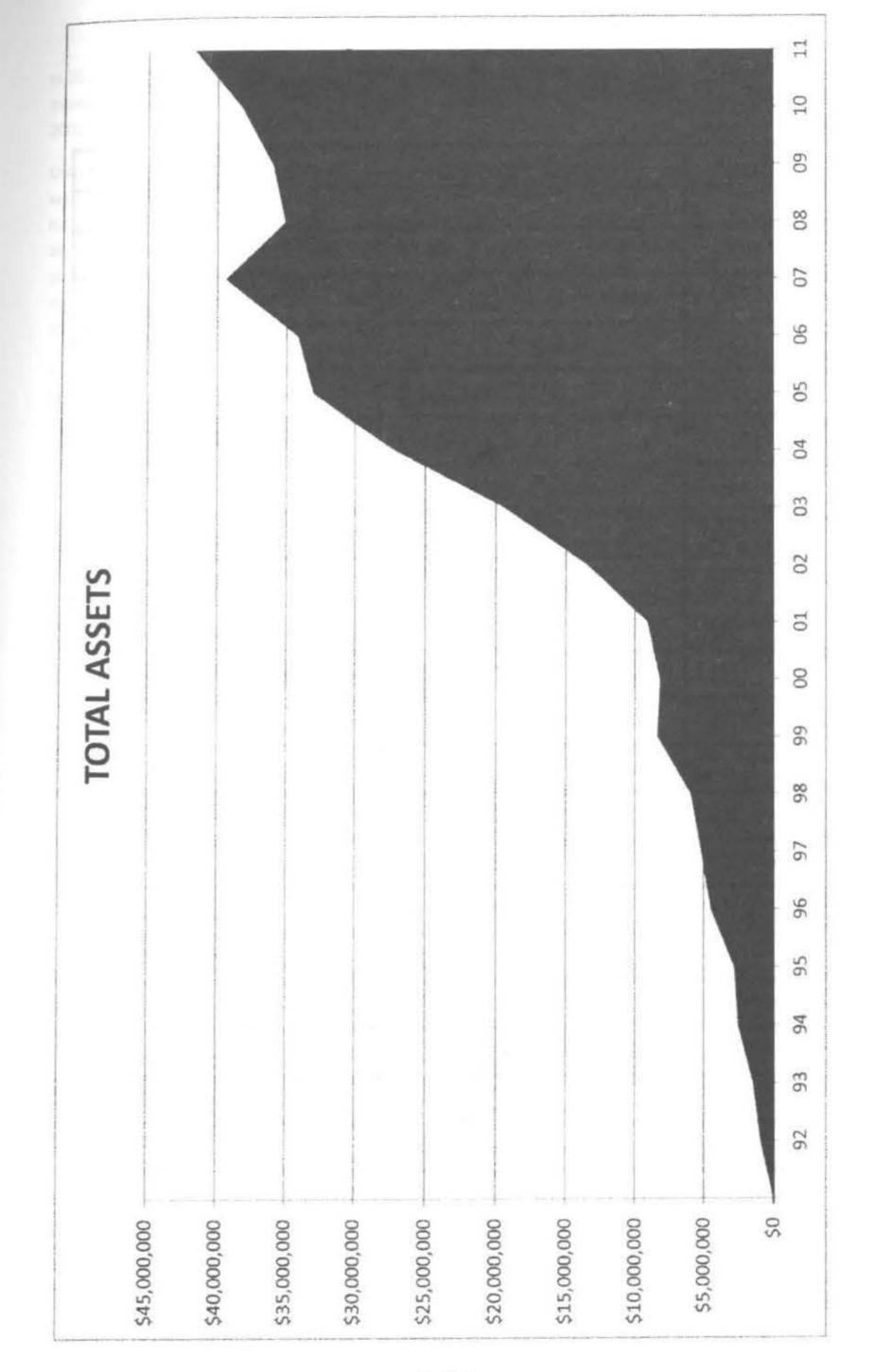
In 1992 the Foundation's total assets were \$937,000 and only \$291,000 was in the endowment pool. We had a net loss that year of \$5,426 and income of a little over \$21,000 with a fund balance of \$29,178. Herman Hersey was in his last year as Director. He retired in July of 1993. Thank God for his vision in leading the denomination to establish the Foundation in 1980. Bill Evans became the Director in August 1993 and continued till July of 2007. Many changes and important developments occurred during his 14 years of service. The denomination should be grateful for his many accomplishments.

In the early days of the Foundation all of our investments were made through the Board of Retirement. Starting in 1994 we began to separate the funds so that the Foundation could develop investment policies for each type of fund we managed. Two different planned gift funds were established along with an endowment pool. Revocable funds were separated and a decision was made to manage these in house.

A key decision during those days was to develop a laddered portfolio of government agency bonds that provided a stable competitive return, easy access and safety. Initially we did not project an interest rate but declared a rate at the end of each six month period. In the late 90's we started projecting an interest rate which greatly helped the marketing of revocable trusts. Around the year 2000 we began placing ads on the back of Randall House's adult Sunday School books, which was an almost instant success resulting in rapid growth.

We saw our total assets increase by \$24 million during the years 2002-2005 because of these changes. The Foundation asset base grew enough to support its own budget. More and more the Foundation began separating itself from the Board of Retirement and ultimately had its own elected board in 2005.

Through the years we saw growth in planned giving and endowments but the most dramatic growth was in revocable trusts that we now call Money Management Trusts. A picture is worth a thousand words so I invite you to look at our growth chart and a graph showing our growth even more dramatically. In 1992 we had \$937,000 and at the end of 2011 our assets stood at \$41,648,314. In my opinion there is no other word to describe what has happened in the Foundation over the last 20 years than miraculous. Praise God for His blessings over the last 20 years! Yes we worked hard. Herman Hersey, Bill Evans, Ray Lewis and I have planted seeds and watered but God has given the increase.



Free Will Baptist Foundation 20-Year Total Assets Growth

Year	Total Assets	Increase/(Decline)
1992	\$937,407	
1993	\$1,461,540	\$524,133.00
1994	\$2,531,175	\$1,069,635.00
1995	\$2,796,842	\$265,667.00
1996	\$4,486,815	\$1,689,973.00
1997	\$5,184,260	\$697,445.00
1998	\$5,938,688	\$754,428.00
1999	\$8,385,556	\$2,446,868.00
2000	\$8,199,532	(\$186,024.00)
2001	\$9,103,445	\$903,913.00
2002	\$13,475,171	\$4,371,726.00
2003	\$19,429,468	\$5,954,297.00
2004	\$27,169,360	\$7,739,892.00
2005	\$33,042,615	\$5,873,255.00
2006	\$34,166,609	\$1,123,994.00
2007	\$39,441,890	\$5,275,281.00
2008	\$35,117,951	(\$4,323,939.00)
2009	\$36,007,005	\$889,054.00
2010	\$38,226,088	\$2,219,083.00
2011	\$41,648,314	\$3,422,226.00

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Present

In 2011 our net income was \$108,205 and our operating reserves were at \$463,620. Our assets increased by \$3.4 million during 2011, which is our sixth best year for asset growth and our largest since 2007. Thank God for another good year!

Our expenses are up in 2011 because we decided to accelerate depreciation on every asset. Since we were having a good income year we felt it would be prudent to allow those future expenses to hit our income statement this year. This means future years of depreciation will be much lower, which will be a big help if income should get squeezed in a few years. We also sped up some of our future promotional big help if income should get squeezed in a few years. We also sped up some of our future promotional plans resulting in an additional \$12,000 being spent over the budget in the promotional area. These two plans accounted for \$64,000 in accelerated spending. More will be said later about the promotional spending increase.

With our Money Management Trust funds stabilized and a steadier stock market, we are poised for good growth over the next few years. Our endowments earned 11.2% for the first half of 2012. We have grown by about \$2.5 million already in 2012 so our total assets are around \$44 million today.

We are substantially increasing our marketing efforts. We have recently produced planned giving and wills guides for a number of ministries over the last few months. This includes national, regional and state ministries. We look forward to working with all of these ministries to market planned gifts through direct mail pieces soon. We are also helping many ministries with their mailing lists, having them analyzed for age and other data to help them better reach their supporters. This type of marketing will need to be some cost sharing between need to be ongoing; so at some point in the future, there will need to be some cost sharing between these ministries and the Foundation. Some of these costs are one time "start-up" costs that will not be recurring, like helping ministries with their donor lists. Most of these costs will be in 2012 and 2013, but we will reap the benefits for years to come.

We now have a Facebook page that we will be developing more and more in the next year. We invite you to "like us" on Facebook.

With assets growing and stable income, we have proposed budget increases. The promotion budget has been increased by \$17,000 over the 2012 budget to cover more joint mailings and other marketing efforts with Free Will Baptist ministries. Other increases are modest but in line with our actual expenses in 2011. We are projecting a net income of \$50,000.

Future

I believe we are on the cusp of becoming a true Foundation. What Herman Hersey and Bill Evans dreamed will soon be a reality. Within 5 years I believe the Foundation will be poised to offer grants to Free Will Baptist ministries for the first time in its history. Due to growth in the Foundation and a strategic repositioning of assets we have the potential to produce excess income above what is needed

for Foundation operations and reserves. We believe this excess could be around \$250,000 to for 5 or 6 years and continue at around \$50,000 thereafter.

The possibilities for extending the Kingdom through Free Will Baptists using grants are beyond what we have ever imagined. We are at least five years away and the board has not set policy for how these grants will be awarded. We have a lot of work to do before the first dollar is granted. Consider just a few ideas from the directors of our national ministries.

In International Missions we are facing challenges in placing a missionary in extremely restrictive fields. But Free Will Baptist businessmen can get into these areas if they are starting a business. A grant to start a business could be a solution allowing businessmen to start a self-sustaining business that can be used as a way to reach that area for Christ. We have pastors in in Nepal, Pakistan and other countries who cannot get jobs because they are required to disclose they are Christians on their passports. A micro loan program could help these pastors start businesses to support their families and pay back the loans so that the fund can be self-sustaining.

Free Will Baptist Bible College could use a grant to help develop the business as missions program I have described so that successful businessmen and women could get missions training to go to these closed mission fields. Perhaps scholarships could also be part of the grant. Many of the young people who are at our children's homes have a difficult time finding the money to attend the Bible College; but scholarship grants could make this possible.

Grants could be used by our Home Mission department to support works in poorer areas where becoming a self-supporting church may not be possible. Using grants to purchase property would help Home Missions focus our efforts on specific areas where we desperately need more churches.

The Board of Retirement is building the Labor of Love endowment to support retired ministers, especially those who are living in poverty. A grant to this endowment would help their efforts. Randall House could use a grant to publish products that are needed but usually sold in such low quantities that they are unprofitable. For example items produced in other languages or items for those with learning disabilities. Similarly, WNAC has a need for a grant to produce their study guides in Spanish for our growing Hispanic churches to allow them to develop new WNAC programs among this fast growing group.

The Executive Committee is studying a program to help struggling churches by using current and retired successful pastors as mentors using a grant to fund the program. Masters Men could use grants for their disaster relief operations to purchase expensive but long lasting equipment such as generators.

Even our commissions could use grants. The Historical Commission could use a grant to put the historical collection in digital form to prevent further deterioration of the originals. The Theological Commission could use a grant to give a scholar funding to write about important theological trends.

Other Free Will Baptist ministries could participate as well. All of the ideas above are just ideas and not commitments. Much work will need to be done by the board over the next five years but I believe grants from Free Will Baptist Foundation are on their way to becoming reality in the near future.

It's been a great ride and I am looking forward to the next 20 years. We praise God for what He has done through the Free Will Baptist Foundation over the last 20 years using good Free Will Baptist men and women. We are encouraged about where we are today in a solid financial position. We look forward to what God will do through this ministry in the future. Let me end by quoting a verse that sums up this report better than I possibly could.

Ephesians 3:20,21 "Now unto him who is able to do exceeding abundantly above all that we ask or think, according to the power that worketh in us, unto him be glory in the church by Christ Jesus throughout all ages, world without end. Amen"

Free Will Baptist Foundation

Synopsis of Board Meetings 2011

April 18, 2011

All members were present for all or significant portions of the meeting except Ken Akers, Keith Burden, Waymon Fields, Brian Hurst, Donnie Miles, Elizabeth Hodges and Larry Powell.

Audit, Financial and Director's Report and Proposed Budget were presented and approved. Investment Committee proposed protocols for determining loans and approved one loan, the report was approved. Director Evaluation Committee Report was presented and approved. Reports from two of the Foundation's money managers were heard and approved as information.

December 5, 2011

All members were present for all or significant portions of the meeting except Ken Akers and Larry Powell.

Financial and Director's reports were presented and approved. Investment committee recommended the temporary change in investment policy for the Money Management Trusts to invest in dividend-paying stocks. (Note this change was made September 29, 2011 by email vote). The board reaffirmed the proposed charter change that will be voted on in 2012 at Memphis. Reports were received as information from three of the Foundation's money managers.



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statements of financial position of the Free Will Baptist Foundation, Inc., (the "Foundation") as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits provide 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, 2011 and 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.

Hod D. Collum, Jr., CPA

P.O. Box 291561 . Nachville, Tennessee 37229 . 615.974.2918 . joelcollumcpa@yahoo.com

FREE WILL BAPTIST FOUNDATION, INC. STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2011 and 2010

ASSETS

ASSETS	2011	2010
		2010
Cash and cash equivalents Accrued earnings receivable	\$ 1,735,687	\$ 2,219,816
Office equipment and automobiles, net of	227,573	250,985
accumulated depreciation		250,960
and the second of the second o	10/0	44,633
	1,963,260	2,515,434
Investments, at fair market value		18 7 7 7 7 7 7
Certificates of deposit	200.000	
U.S. Government instruments	209,063	311,984
Common stocks	16,445,062	17,043,394
Limited partnerships	2,735,625	2,543,826
Real estate investments	16,929	•
Mutual funds	3,182,473	3,072,473
Corporate bonds	4,718,917	5,070,888
Municipal bonds	858,474	887,104
Investment in FWBBC student loan fund	6,245,290	5,278,667
Trusts	240 402	190,000
Total investments	240,403	240,403
Notes receivable	34,652,236	34,638,739
Notes receivable FWBBC	3,962,817	
Notes receivable other	1,070,001	1.071.015
Total	1,070,001	1,071,915
Total notes receivable	5,032,818	1 071 015
TOTAL ASSETS	2,002,010	1,071,915
TOTAL ASSETS	\$ 41,648,314	\$ 38,226,088
LIABILITIES AND	NET ASSETS	
	NEI ASSEIS	
Operating liabilities:		
Accrued expense		
Line of credit	\$ 5,588	\$ 67,882
Liabilities to beneficial owners	1,417,050	
Interest bearing revocable trusts	21.242.00	
Future gifts interest payable	31,243,827	27,550,080
Funds held in trust	2,106,024	2,576,780
Total liabilities	6,412,205	7,675,931
NAME OF THE PARTY	41,184,694	37,870,673
NET ASSETS		
Unrestricted	462 620	
Total net assets	463,620	355,415
TOTAL LIABILITIES AND AND	463,620	355,415
TOTAL LIABILITIES AND NET ASSETS	\$ 41,648,314	\$ 38,226,088
The accompany		= 50,220,000

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, 2011 and 2010

	2011	2010
REVENUE AND SUPPORT		
Investment income:	2 1 (00 705	\$1,459,060
Interest and dividends, net of investment fees	\$ 1,608,705	469,998
Realized gains (losses) on sale of investments	54,341	429,428
Unrealized gains (losses) from investments	679,336	2,358,486
Total investment income	2,342,382	2,338,400
Support through "The Together Way" Plan	22.017	26,972
and other contributions	33,817	42,682
Interest income - note receivable	150,687	2,428,140
Total revenue and support	2,526,886	2,420,140
Allocation of earnings to revocable trusts,	(1.020.728)	(1,876,903)
beneficiaries and annuitants	(1,838,738)	551,237
Revenue and support after allocations	688,148	331,631
EXPENSES	222.146	210,729
Salaries and benefits	220,146	14,290
Equipment expense	25,920	62,427
Travel and promotion	81,922	19,294
Board expense	15,224	27,853
Office expense	30,687	32,098
Rent expense	42,591	5,006
Printing and publications	6,830	46,923
One magazine	50,466	16,463
Training and education	21,391	10,340
Legal and accounting	16,402	16,906
Depreciation	66,918	940
Amortization of loan origination fees	1 446	2,367
Miscellaneous	1,446	465,636
Total expenses	579,943	405,050
Increase (decrease) in operating net assets	108,205	85,601
	355,415	269,814
Net assets - beginning of year	\$ 463,620	\$ 355,415
Net assets - end of year	9 405,020	

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, 2011 and 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	2011	2010
Cash received for:		
Contributions		
Interest and dividends	\$ 33,817	\$ 27,554
Other income	1,632,117	1,441,039
Cash paid to suppliers and employees	192,264	42,682
Allocation of earnings to revocable trusts,	(616,896)	(382,912)
beneficiaries and annuitants		(502,712)
Net Cash Provided (Used) D. O.	(1,838,738)	(1,876,903)
Net Cash Provided (Used) By Operating Activities	(597,436)	(748,540)
CASH FLOWS FROM INVESTING ACTIVITIES:		(110,540)
Purchases of office equipment and automobiles		
New loans made	(22,285)	(19,463)
Principal payments received on notes receivable	(4,140,434)	(338,431)
Proceeds from sale or call of investment securities	179,531	102,462
Purchase of investment securities	8,316,874	14,629,247
Net Cash Provided (Used) By Investing Activities	_ (7,596,694)	(14,466,922)
	(3,263,008)	(93,107)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals to future		
gitt interest and revocable trusts		
Contributions to funds held in trust	(4,502,481)	(3,864,846)
Advanced from line of credit	6,461,746	5,942,144
Repayments of line of credit	2,417,050	
Net Cash Provided (Used) by Financing Activities	(1,000,000)	
	3,376,315	2,077,298
INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	/104 100	
	(484,129)	1,235,651
Cash and cash equivalents at beginning of years	2,219,816	004166
Cash and cash aguivalant		984,165
Cash and cash equivalents at end of years	\$ 1,735,687	\$ 2210.016
PECONCH IA TION OF		\$ 2,219,816
RECONCILIATION OF INCREASE IN NET ASSETS		
TO CASH FLOWS FROM OPERATING ACTIVITIES		
increase (decrease) in net assets	\$ 108.205	
Depreciation		\$ 85,601
Realized and unrealized (gains) losses on investment transactions	66,918	16,906
(mesodac) ill accilled investment income	(733,677)	(899,426)
Decrease (increase) in other accounts receivable	23,412	(18,021)
Decrease (increase) in loan origination fees	:(•: i	582
Decrease (increase) in prepaid expenses		940
Increase (decrease) in operating liabilities		8,694
Net Cash Provided (Used) By Operating Activities	(62,294)	56,184
Printing retivities	\$ (597,436)	(748,540)
The		12 222

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

FREE WILL BAPTIST FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

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.

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

The amount for each of these classes of net assets is presented in the statements of financial position and the amount of change in each class of net assets is displayed in the statements of activities. The Foundation had no temporarily or permanently restricted net assets at December 31, 2011 and 2010.

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 2011 and 2010.

Cash and Cash Equivalents

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation is exercised by management in certain areas of the preparation of financial statements. The more significant areas include the collectability of notes receivable and determination of fair value of investments. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

Investments

Investments in marketable securities are reported at fair value with gains and losses included in the statements of activities. Investments in marketable securities are valued at current quoted or estimated market value. Nonmarketable investments are carried at cost unless a permanent loss of value has occurred.

Liabilities to Beneficial Owners

The Foundation has recorded liabilities for assets they held as trustee, intermediary, custodian or agent for beneficial owners of income or remainder interests. Generally, the Foundation's liability is limited to assets held within a specific trust or account.

Office Equipment and Automobiles

Office equipment and automobiles are recorded at cost. Depreciation is provided on the 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:

	_			2011		
Investments:	Market Value		Cost		(Depreciation) Appreciation	
Marketable Securities: Certificates of deposit U.S. Government instruments Common stocks Limited partnerships Mutual Funds Corporate bonds Municipal bonds Trusts Land held for resale Real estate investment trust	\$	209,063 16,445,062 2,735,625 16,929 4,718,917 858,474 6,245,290 240,403 225,717 2,956,756	\$	200,000 16,103,799 2,471,725 17,924 4,742,444 855,893 5,979,125 240,403 225,717 2,964,639	S	9,063 341,263 263,900 (995) (23,527) 2,581 266,165
Total Investments	\$	34,652,236	\$	33,801,669	\$	850,567

FREE WILL BAPTIST FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

2. INVESTMENTS - CONTINUED

2010					
Market Value		Cost			epreciation)
\$	311,984	\$	300,000	8	11,984
	17,043,394		17,075,104		(31,710)
	2,543,826		2,068,441		475,385
	5,070,888		4,896,336		174,552
	887,104		957,411		(70,307)
	5,278,667		5,595,019		(316,352)
	240,403		240,403		-
	190,000		190,000		
	225,717		225,717		
_	2,846,756	_	2,854,639	_	(7,883)
S	34,638,739	\$	34,403,070	\$	235,669
	\$	\$ 311,984 17,043,394 2,543,826 5,070,888 887,104 5,278,667 240,403 190,000 225,717 2,846,756	\$ 311,984 \$ 17,043,394 2,543,826 5,070,888 887,104 5,278,667 240,403 190,000 225,717 2,846,756	Market Cost \$ 311,984 \$ 300,000 17,043,394 17,075,104 2,543,826 2,068,441 5,070,888 4,896,336 887,104 957,411 5,278,667 5,595,019 240,403 240,403 190,000 190,000 225,717 225,717 2,846,756 2,854,639	Market Cost April \$ 311,984 \$ 300,000 \$ 17,043,394 \$ 2,543,826 2,068,441 \$ 5,070,888 4,896,336 \$ 887,104 957,411 \$ 5,278,667 5,595,019 240,403 240,403 190,000 190,000 225,717 225,717 2,846,756 2,854,639

Total investment income (loss) amounted to \$2,342,382 for 2011, consisting of investment gains of \$733,677 and interest and dividends of \$1,608,705. This investment income (loss) represents yields of 6.76% and 6.87% based on the average market value and average cost of such investments for 2011.

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.

3. NOTES RECEIVABLE

Notes receivable consist of loans to other Free Will Baptist organizations. The monthly payment and the length of the note varies and the interest rate on the notes is 4.0% to 4.5%. The notes allow Foundation to declare the entire balance of unpaid principal due immediately if the borrower is more than 90 days late in making any payment. At December 31, 2011 no amounts were past due on any of the loans.

4. INTEREST BEARING REVOCABLE TRUSTS

The Foundation maintains revocable trusts which totaled \$31,243,827 and \$27,550,080 at December 31, 2011 and 2010, 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.

FUTURE GIFTS PAYABLE

The Foundation maintains charitable trusts amounting to \$1,504,067 and \$1,619,605 and gift annuities amounting to \$601,957 and \$957,175 as of December 31, 2011 and 2010, 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, 2011 and 2010, the permanently restricted endowment funds totaled \$6,412,205 and \$7,675,931, 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, 2011 and 2010:

		2011	
Cash and cash equivalents	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Short term liquid investments Certificates of deposit U.S. Government instruments Common Stocks Limited partnerships Mutual funds Corporate bonds Municipal bonds Land held for resale Real estate investment trust Trusts Investment in FWBBC loan Receivables Total Investments	\$ 654,822 1,080,865 209,063 16,445,062 2,735,625 16,929 4,718,917 858,474 6,245,290 225,717 2,956,756 240,403 3,962,817 1,070,001 \$ 41,420,741	\$ 258,704 490,345 209,063 16,445,062 - - 225,717 - 3,962,817 1,070,001	\$ 396,118 590,520 - 2,735,625 16,929 4,718,917 858,474 6,245,290 - 2,956,756 240,403
		\$ 22,661,709	\$ 18,759,032

FREE WILL BAPTIST FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

			2010		
		Account Balance	Insured/ Accordance Risk		mount of ecounting sk of Loss
Cash and cash equivalents Short term liquid investments Certificates of deposit U.S. Government instruments Common Stocks Mutual funds Corporate bonds Municipal bonds Land held for resale Real estate investment trust Trusts Investment in FWBBC student loan fund Receivables	\$	2,054,201 165,615 311,984 17,043,394 2,543,826 5,070,888 887,104 5,278,667 225,717 2,846,756 240,403 190,000 1,071,915 37,930,470	\$ 471,761 165,615 311,984 17,043,394 - 225,717	\$	1,582,440 2,543,826 5,070,888 887,104 5,278,667 2,846,756 240,403 190,000 1,071,915 19,711,999
Total Investments	-			-	

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

		2011	2010
The second secon	<u></u>	52,986	\$ 43,400
Automobiles	*		11,203
Office equipment		19,463	19,463
Furnishings		29,581	29,581
Software		102,030	103,647
		(102,030)	(59,014)
Accumulated Depreciation	\$	-	\$ 44,633

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 (1,967 square feet before September 1, 2010) for \$1.14 (\$1.14 in 2010) per square foot per month. The Foundation shares a portion of the space with the Free Will Baptist Board of Retirement. Total lease payments were \$42,591 and \$32,098 for the years ended December 31, 2011 and 2010, respectively.

10. COMMITMENTS

The Foundation obtained a \$1,000,000 line of credit with a local institution during the year ended December 31, 2005. The line is unsecured and carries an interest rate of 1.35% below the institution's prime rate. This line of credit is open ended and there are no advances payable at December 31, 2011 or 2010.

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 the advances payable were \$1,417,050 and \$-0- at December 31, 2011 and 2010 respectively.

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 \$8,818 (\$8,488 in 2010). 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.

Certificates of deposit U.S. Government instruments Common stocks Limited partnerships Real estate investments Mutual funds Corporate bonds Municipal bonds Trusts	Fair Value \$ 209,063 16,445,062 2,735,625 16,929 3,182,473 4,718,917 858,474 6,245,290 240,403 \$34,652,236	Quoted Prices In Active Markets for Identical Assets (Level 1) \$ 16,445,062 2,735,625 4,718,917	Significant Other Observable Inputs (Level 2) \$ 209,063 - 16,929 - 858,474 6,245,290 240,403 \$ 7,570,159	Significant Unobservable Inputs (Level 3) \$ 3,182,473
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FREE WILL BAPTIST FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

12. FAIR VALUE MEASUREMENTS - CONTINUED

	-		Quoted				2010 Usi	
			In Ac	tive	Si	gnificant		
			Marke	ts for		Other	Signi	ficant
			Ident	ical	0	bservable	Unobs	ervable
			Ass	ets		Inputs	Ing	outs
	F	air Value	(Levi	el 1)	(Level 2)	(Lev	/el 3)
Certificates of deposit	\$	311,984	\$	-	\$	311,984	\$	-
U.S. Government instruments	1	7,043,394	17,04	3,394		-		-
Common stocks		2,543,826	2,543,826				-	
Real estate investments		3,072,473		-			3,0	72,473
Mutual funds		5,070,888	5,07	0,888				
Corporate bonds		887,104				887,104		
Municipal bonds		5,278,667		-		5,278,667		
Investment in FWBBC student								
loan fund		190,000		0.00		190,000		
Trusts	-	240,403		22		240,403		
	\$3	4,638,739	\$24,65	8,108	\$	6,908,158	\$ 3,0	72,473

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.

12. FAIR VALUE MEASUREMENTS - CONTINUED

Level 3 Reconciliation:

Real estate investments:	2011	2010
Beginning balance Purchases Gains (losses) on value	\$ 3,072,473 110,000	\$ 3,079,975
Sales		(7,502)
Ending balance	\$ 3,182,473	\$ 3,072,473
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.	\$ -	\$ (7,502)

13. NOTE RECEIVABLE FWBBC

During the year ended December 31, 2011 the Foundation entered in to three loan agreements with the Free Will Baptist Bible College (FWBBC). The information related to these loans are as follows:

Promissory note from FWBBC dated January 28, 2011 and amended June 28, 2011. Interest accrues at a rate of 1.25% over the Wall Street Journal Prime Rate until January 28, 2012 when it permanently decreases to 1.00% over the Wall Street Journal Prime Rate. Interest on the loan is paid monthly beginning February 28, 2011 for a period of 18 months. Beginning August 28, 2012 monthly payments will include both principal and interest in an amount necessary to fully reamortize the loan over a 20-year period at the prevailing interest rate. The loan will be thereafter. All remaining principal and interest will become due and payable on July 28, 2032. This note is secured by various property owned by FWBBC. The balance receivable on this note at December 31, 2011 was \$1,417,050.

Promissory note from FWBBC dated January 28, 2011 and amended June 28, 2011. Interest accrues at a fixed rate of 4.5% and is paid monthly beginning February 28, 2011 for a period of 18 months. Beginning August 28, 2012 FWBBC will begin making monthly payments which will include both principal and interest as computed based upon a 20-year amortization. All remaining principal and interest will become due and payable on January 28, 2016. This note is secured by various property owned by FWBBC. The balance receivable on this note at December 31, 2011 was \$2,200,000.

FREE WILL BAPTIST FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

13. NOTE RECEIVABLE FWBBC - CONTINUED

Line of credit note in the amount of \$500,000 from FWBBC dated May 31, 2011. Interest accrues at a rate of 1.00% over the Wall Street Journal Prime Rate. Interest on the loan will accrue monthly beginning June 1, 2011. All principal and interest will become due and payable on May 31, 2016. This note is secured by an endowment that FWBBC has in the Foundation. The balance receivable on this note at December 31, 2011 was \$345,767.

The note agreements contain a provision that if payment is not made within 15 days of the due date the payment will be subject to the assessment of a late charge. At December 31, 2011 no amounts were past due on any of the notes.

The interest earned by the Foundation on these notes amounted to \$137,071 net of interest paid on its line of credit of \$41,577.

14. UNCERTAINTY IN INCOME TAXES

Accounting principals generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's director has analyzed tax positions taken and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is exempt from filing annual tax returns.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 12, 2012 which is the date the financial statements were available to be issued.

Together Way \$ 32,000 \$ 25,000 Gifts \$ 1,00 \$ 1,500 Management Fees \$ 537,000 \$ 11,500 Management Fees \$ 571,200 \$ 513,000 Total Income \$ 571,200 \$ 539,700 Expenses \$ 571,200 \$ 539,700 Equipment Expense \$ 186,802 \$ 183,004 Equipment Maintenance \$ 7,300 \$ 2,500 Equipment Depreciation \$ 18,000 \$ 18,000 Equipment Depreciation \$ 18,000 \$ 18,000 Promotion \$ 58,000 \$ 19,500 Promotion \$ 18,000 \$ 19,500 Prostage \$ 18,000 \$ 19,500 Office Expense \$ 18,000 \$ 19,500 Prostage \$ 19,500 \$ 2,500 Pent \$ 1000 \$ 1,500 Pent \$ 1,000 \$ 1,500 Publicatio	5,000 \$ 100	32,000 100 1,500 100 534,900 534,900 17,000 17,000 17,000 8,000	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,420 1,982 976 640,211 673,588 179,416 40,730	9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	24,731 10 1,900 330 524,266 551,237	50 50 6	26,851
s 100 \$ silaneous \$ 2,000 \$ silaneous \$ 100 \$ signment Fees \$ 537,000 \$ income \$ 571,200 \$ income \$ 5700 \$		101 12,79 33,79 3,37 17,71	60 60 60 60 60 60 60 60 60 60 60 60 60 6	97 97 3,58 3,58	w w w w	£ 47 4m	49 4	
Fees \$ 2,000 \$ 100		1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	wwww www	9,41	w w w w	- V +	y	
Fees \$ 537,000 \$ 5 5 100 \$ 5 5 100 \$ 5 5 1 100 \$ 5 5 1 100 \$ 5 5 1 100 \$ 5 100 \$ 5 1 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 100 \$ 1		01. 12. 12. 12. 17. 17.	60 60 60 60 60 60 60 60 60 60 60 60 60 6	97 3,58 3,58 0,73	44 W 49 49	44 400)	1,900
Fees \$ 537,000 \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		33.7.9 3.3.7.9 3.3.7.7.1.7.1.7.1.7.1.7.1.7.1.7.1.7.1.7.	w w w w w	3,58	w w	44 600	W	160
aise) \$ 571,200 \$ 5 1 186,802 \$ 1 186,802 \$ 1 186,802 \$ 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		34, 12, 12, 3, 3, 17, 17,	w w w w w	73,58	• •	52	W	593,794
ies (2% raise) \$ 186,802 \$ 1 oyee Benefits \$ 2,500 \$ ment Maintenance \$ 7,300 \$ ment Depreciation \$ 35,000 \$ 18,000 \$ 100	488 AP 801 U.S. 28 25 255 255 250 250 250 250 250 250 250	79, 112, 12, 17, 17,	W 40 40 40	79,41	69 69		4	622,705
ies (2% raise) \$ 186,802 \$ 1	ARRIVE ST ON HE EN ENDAMNABURE	37. 3. 5. 5. 5. 5. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7.	w en en en en	79,41	69 G)			
oyee Benefits \$ 41,500 \$ ament \$ 2,500 \$ ament Maintenance \$ 7,300 \$ ament Depreciation \$ 7,300 \$ ament Depreciation \$ 7,300 \$ ament Depreciation \$ 58,000 \$ at Expense \$ 35,000 \$ at Expense \$ 8,200 \$ at Expense \$ 7,500 \$ at Expense \$ 7,500 \$ at Expense \$ 7,000 \$ at Expense \$ 42,475 \$ at Expense \$ 42,000 \$ at Expense \$ 44,000 \$ at Expense \$ <			60 60 60 60	0,73	69	2,7	6)	165,650
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Iment Maintenance \$ 7,300 \$ Iment Depreciation \$ 58,000 \$ Ill \$ 58,000 \$ I Expense \$ 35,000 \$ I Expense \$ 35,000 \$ I Expense \$ 35,000 \$ I Expense \$ 8,200 \$ I Expense \$ 2,750 \$ Ingention \$ 42,475 \$ Ingentions \$ 42,475 \$ Ingentions \$ 4,000 \$ Ingentions \$ 4,000 \$ Ingentions \$ 4,000 \$ Ingentions \$ 4,000 \$ Ingentions \$ 52,000 \$ Ingentions \$ 10,750 \$	CA ZA ZA SERANGENE		69 69	2	69	3,377	W	796
ment Depreciation \$ 58,000 \$ otton \$ 35,000 \$ strong \$ 18,000 \$ strong \$ 18,000 \$ strong \$ 1,000 \$ strong \$ st	EN EN STORMSFORD		69	7,278	69	1.14	69	6,265
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t Expense \$ 35,000 \$ 18,000 \$ 18,000 \$ 18,000 \$ 18,000 \$ 19,000 \$ 10,000 \$		- N 0	69	10	69	53,582	B	50,495
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rige	W. C.	S NOO	69	5,2	W	19,294	υĐ	16,727
tige \$ 2,750 \$ shone \$ 7,500 \$ shone \$ 7,500 \$ strong \$ 7,000 \$ cations \$ 1,000 \$ criptions \$ 4,000 \$ strong & Education \$ 52,000 \$ strong & 52,000 \$		222.0	(f)	-	6	7,004	69	7,060
hone \$ 7,500 \$ \$ ng		3,000	69	2,532	S	3	69	2,565
s 42,475 \$ ng \$ 7,000 \$ cations \$ 1,000 \$ criptions \$ 4,000 \$ izine \$ 52,000 \$ ing & Education \$ 21,000 \$ ing & Education \$ 52,000 \$ in		5,200	69	9,692	69	6,176	69	5,109
sons \$ 7,000 \$ vitions \$ 4,000 \$ \$ e \$ 52,000 \$ \$ \$ 21,000 \$ \$ \$ 10.750 \$ \$		27,447	69	42,591	us.	32,098	w	23,604
\$ 1,000 \$ \$ 4,000 \$ \$ 52,000 \$ ucation \$ 21,000 \$		7,500	69	6,085	ь	3,934	69	5,770
\$ 4,000 \$ \$ 52,000 \$ ucation \$ 21,000 \$	1,500 \$	4,600	69	744	69	0	€9	4
\$ 52,000 \$ Education \$ 21,000 \$	\$ 000		Ю	3,331	69		69	2,115
& Education \$ 21,000 \$	\$ 000	48,000	69	0,4	ы	46,923	49	53
\$ 10.750 \$	30	24,000	69	20,342	69	14,000	69	12,851
	150	9,500	69	10,250	69	9,950	₩	9,660
Legal \$ 2,000 \$ 5		009	69	6,152	69	390	69	45
Bank Fees \$ 750 \$ 2,500	\$ 000	4,000	Ф	620	69	2,296	₩	3,571
Depreciation \$ 4,400 \$ 12,278	\$ 82	8,680	₩	75,585	69	9,375	69	8,680
Software depreciation \$ - \$	69	(8)	Ю	1	69	5,916	69	5,916
Miscellaneous \$ 1,000 \$ 1,0	1,000 \$	1,000	Ю	826	69	1.011	69	915
Software \$ 7,250 \$ 8,700		3	₩	7,009	69	7,250	69	9,194
Total Expense \$ 521,177 \$ 488,957		481,511	49	579,944	49	465,637	69	447,120

FREE WILL BAPTIST FOUNDATION SALARIES AND BENEFITS

			APPROVE	ED		APPROV	ED % I	not
APPROVE		% Incr	2012	**	Incl			
2011 David Brown Salary Soc Security/Medicare Retirement Insurance Replacement Life Insurance Disability		4 00%	Soc Security/Medicare	\$77 092 75 \$5,897.60 \$4,359.89 \$10,105.01 \$154.20 \$514.47 \$98.123.92	2.00%	David Brown Salary Soc Security/Medicare Retirement Insurance Replacement Life Insurance Disability	\$78.634.61 \$6.804.04 \$4.447.09 \$10.307.11 \$154.20 \$524.76 \$100.871.81	2 00%
Richard Davis Salary Soc Security/ Medicare Retirement Hopitalization Insurance Life Insurance Dental Insurance Disability Insurance	\$55,120.00 \$4,216.68 \$2,756.00 \$12,891.50 \$154.20 \$988.08 \$325.21 \$78,451.67		Salary Soc Security/ Medicare Retirement Hopitalization Insurance Life Insurance Dental Insurance Disability Insurance	\$56,222,40 \$4,301,01 \$2,811,12 \$13,586,80 \$154,20 \$1,275,60 \$331,71 \$78,684,85	2 00%	Salary Soc Security/ Medicare Retizement Hopitalization Insurance Life Insurance Dental Insurance Disability Insurance	\$57,345,85 \$4,965,82 \$2,867,34 \$14,502,39 \$154,20 \$1,275,60 \$338,35 \$81,450,55	2 00%
Dotty Moore Salary Soc Security/ Medicare Retirement Hopitalization Insurance Life Insurance Dental Insurance	\$31,668,06 \$2,422,66 \$1,583,4 \$5,751,5 \$107,4 \$280,0 \$186,6	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Salary Soc Security/ Medicare Retirement Hopitalization Insurance Life Insurance Dental Insurance Disability Insurance	\$32,301,36 \$2,471,05 \$1,615,07 \$6,306,00 \$107,40 \$313,60 \$190,5	0 8 8	Salary Soc Security/ Medicare Retirement Hopitalization Insurance Life Insurance Dental Insurance Disability Insurance	\$32,947,39 \$2,520,48 \$1,647,37 \$6,936,60 \$107,40 \$313,68 \$194,39 \$44,667,30	3 00
Disability Insurance Total Salaries	\$41 999 8 \$215 412		Total Salaries	\$220,113.9		8% Total Salaries	\$226,989.66	3



Introduction

Three bricklayers worked side by side picking up bricks, putting mortar on and putting each brick into place. A little boy asked, "What are you doing?" The first bricklayer replied, "I am putting one brick on top of the other. Isn't it obvious?" The second says, "I am building the west side of the wall of a church." The third says, "I am creating a cathedral. It will stand for centuries and inspire people to great deeds."

People quickly see the first bricklayer doing a job, the second a slightly bigger picture, but the third bricklayer recognizes his link to impacting other people in ways that will outlive him. Ask any Randall House team member what they are doing at Randall House and the reply will be "Building believers through church and home." We recognize when Randall House started back in 1962 multiple generations began to use and trust our products to teach God's Word and Free Will Baptist doctrine. If the to four generations started our Sunday School products, then over five decades, we now would reach the great-great grandchildren of the original users. Randall House takes seriously the goal of resourcing the church to equip parents to coach and mentor their kids.

Randall House Team

You will find the most incredible people who make up the Randall House team. Every team member exhibits the following traits: passionate, selfless, hardworking (Go above and beyond), respectful, adaptable, innovative, and creative. The strategic anchors of Randall House and every team member innovation, church and home filter, and an entrepreneurial spirit.

Randall House writes, edits, designs, prints, and ships 390 lessons (part of 47 distinct products) for all ages every quarter. This team typically publishes 14-16 books each year after receiving an average of in so many ways.

Fifty Years

Since the early days of 1962, Randall House continues to expand and grow. From no presses to multiple presses, from nine printed Sunday School products to 44 printed Sunday School products and multiple digital pieces, from regional clinics to national conferences, and from \$33,784.81 curriculum sales per quarter in 1963 to \$766,730.41 curriculum sales per quarter. Since 1962, Randall House has produced 65,005 lessons. Randall House celebrates 50 years of ministry as a nonprofit corporation serving Free Will Baptists and the Body of Christ. Randall House desires to preserve the legacy sustained by Oklahoma, every Randall House Board member who ever served, and most of all the churches buy from Randall House to ensure future generations have a Free Will Baptist publisher.

Broad and Diverse Denomination

For several years, Randall House has stated our desire to minister to all of Free Will Baptists. When speaking of diversity, most people think geography, some people think philosophy, and few think generational but all categories fit Free Will Baptists. Who is in the in-group or out-group is not a call for Randall House but for the district conference/association and local presbytery. Randall House's bylaws call us to serve Free Will Baptists and the Body of Christ. Randall House has produced several new products over the recent years to increase ministry opportunities to all Free Will Baptists. The most recent release occurred in 2011, Heritage Bible Series Sunday School curriculum making it the third option for adults along with Bible Scholar and Fusion. The three choices result from an intentional development of diverse products for all Free Will Baptists. Our future development of digital studies will provide for a younger audience and a more technological audience while again showing more inclusion and diversity but remaining solidly biblical and true to doctrine.

Reaching Beyond Free Will Baptists Helps Free Will Baptists

Creating products for Free Will Baptists to reach beyond Free Will Baptists helps Free Will Baptists. All Randall House books and Randall House Sunday School sales benefit Free Will Baptists through future product development and sustainment of a distinctly Free Will Baptist publishing house. Your support helps insure churches 50 years from now will still be studying and teaching our doctrine with Free Will Baptist curriculum.

Numerous other denominations no longer have a publishing house and rely upon for-profit publishing houses either teaching no distinct doctrine or teaching one not aligning with our Treatise. Churches, without a denominational publisher may rely on other non-profit denominational publishers and then wonder why they lose churches to other denominations. The lessons taught in the class determine the beliefs of the congregation.

Randall House sells to denominations and churches allowing proceeds to benefit Free Will Baptists. Randall House helps people correct the misunderstanding of Arminian beliefs giving credence to our doctrine. Reaching people through broader book sales, curriculum sales, and the D6 Conference allows Randall House to represent Free Will Baptists to many who have misunderstood who we are. We are part of the bigger kingdom ministry without compromise while building credibility in who Free Will Baptists are as a denomination.

Financial

During the third quarter of last year, we predicted a shortfall of between \$100,000-\$120,000 for 2011. By October, we formed a list of contributing factors and asked if these were trends or anomalies. If anomalies, were the anomalies controllable? Sales dipped heavily in second quarter for the first time in seven quarters and recovered immediately but the loss was sizable. In addition to a dip in sales, Randall House offered a History of English Bible exhibit at the convention in Charlotte along with a couple of other unbudgeted items affecting negatively the bottom line.

The actual loss for the 2011-year is \$91,000 slightly less than predicted. This number is still unacceptable but to reassure the body of some surrounding data to help understand what this means to our balance sheet. Even with this lost; we reduced debt by \$100,000, had \$150,000 in depreciation, and increased cash since previous year. Improvements were made on our building and we replaced a number of computers in the building. The D6 Conference produced solid gain of \$58,658 helping Randall House financially in multiple ways and the conference projects to do even better this year.

As indicated earlier, leadership and team members are watching the list of non-reoccurring contributing factors to insure Randall House recaptures these dollars for the coming year. Likewise, the sales anomaly has not reoccurred in the 2012 year. First quarter numbers for 2012 show much better trends. We provided only a 1% raise to team members and gave no raises to any leadership position going into

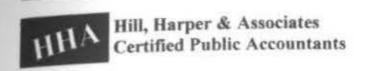
Ten years ago curriculum and the Randall House Bookstore represented 97% of total gross revenue of Randall House and gross income for Randall House was 3 million. \$338,000 came from gross income on Randall Bookstore. We no longer operate the bookstore and yet our total income for Randall House now exceeds 4.3 million and only 72% is curriculum. Randall House continues to develop other income sources within our primary mission and goals. As implied, we now have 28% of income from new growth areas such as books, electronic products, conferences, design jobs, and print jobs.

Randall House continues to perform at or above similar competitors in a difficult economy without cutting staff or salaries. The result produces little margin but maintains morale to keep Randall House positioned for the slow recovery coming out of the country's financial slow down. Churches tend to lag mainstream businesses and many have felt the slow down two years into the window. The auditor feels like Randall House sits on strong grounds financially as we continue to develop products preparing for the future. The diverse audience we serve results in a blessing as we roll out more ways to be an inclusive publisher for all Free Will Baptists.

Leading engages people to serve,



Ron Hunter Jr. Executive Director & CEO



Independent Auditors' Report

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

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, 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 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 2010 financial statements and, in our report dated April 20, 2011, 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, 2011 and 2010, 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.

thee Harper of association

April 4, 2012

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

Statements of Financial Position

December 31, 2011 and 2010

Assets		2011	2010
Current assets:			
Cash and cash equivalents:			
Cash and interest bearing deposits		s 110,256	71.701
Cash invested with the Free Will Baptist Foundation		201,525	74,794 226,223
Total cash and cash equivalents		311,781	301,017
Accounts receivable:			100
Trade, net of allowance for doubtful accounts and returns		180,069	256.010
Employees and other		338	256,940 1,000
Total receivables		180,407	257,940
Inventory			
Prepaid expenses		449,908	461,690
Total current assets		86.679	147.753
		1.028,775	1,168,400
Property, plant and equipment, at cost:			
Land		110,341	110,341
Building		965,587	944,539
Printing service equipment		1,238,932	1,237,807
Office and administrative equipment Automobiles and trucks		324,581	312,205
Administrates and trucks		108,008	108,008
		2,747,449	2.712,900
Less accumulated depreciation and amortization		2,047,344	1,898,538
Net property, plant and equipment		700,105	814,362
Other assets:		2000	0.1 11.00
Digital assets		44,800	
Liabilities and Net Assets	5	1,773,680	1.982,762
Current liabilities:			
Accounts payable	- 2	102.047	127.002
Current portion of long term debt	8	102,067	136,882
Deferred revenues		106,193	101,528
Accrued expenses		190,883 89,014	176,684
Total current liabilities		62,014	84,294
WITH A STATE OF THE STATE OF TH		488,157	499.388
Long term debt		84,706	190,899
Total liabilities		572,863	690,287
Unrestricted net assets		1,200,817	1,292,475
Commitments	s	1,773,680	1,982,762

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, 2011 and 2010

			2011		
			Cost of		2010
Revenues:		Sales	Sales	Net	Net
Gross profit: RHP product lines (including curriculum)	8	3.153,904	1,750,387	1.403.517	1,426,376
RHP books		192,496	139,826	52.670	66.333
D6 Conference		606,968	548,310	58,658	4.824
National Convention		13,254	5.100	8.154	6,252
Printing sales		289.629	227,359	62.270	56.825
Third party sales		96,755	37.425	59,330	29,439
FWBBC bookstore and snack shop		24,714	19,882	4,832	8.296
Gross profit	5	4,377,720	2,728,289	1,649,431	1,598,345
Other operating revenues:					
Freight and handling				169,155	164,084
Commissions				46,660	40,439
Interest income				5,302	6,991
Other				2.453	8,822
Total revenues				1,873,001	1,818,681
Expenses:					
Selling, general and administrative:					500 000
Administrative / Accounting				399,335	371.324
Sales / Marketing				760,305	638,386
Distribution center				355,472	358,572
IT division				49,692	49,507
Plant maintenance				130,599	148,731
General				115.654	125,939
One Magazine				46,575	44,377
Depreciation				55.695	66,503
Interest expense, including finance charges				14,595	19,143
Total selling, general and administrative expense	nses			1.927,922	1,822,482
Increase (decrease) in net assets from operation				(54,921)	(3,801)
Other income (expense):					
May 2010 Flood deemed a Federal disaster by FEMA, r	ict			E	(19,506)
Vertical 3 (formerly SCM)				(24,281)	23,683
Denominational ministries, net				(456)	(3,450)
Printing contributed to the denomination				(12,000)	(12,000)
Net other income (expense)				(36,737)	(11,273)
Decrease in net assets				(91,658)	(15,074)
				1,292,475	1,307,549
Net assets, beginning of year				5 1,200,817	1,292,475
Net assets, end of year					

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2011 and 2010

Decrease in net assets Operating Activities		2011	2010
Adjustments to reconcile decrease in net assets to not an analysis		\$ (91,658)	(15,074)
the state of the s		11110	(12/0/4)
(Increase) decrease in:		148,806	155,815
Receivables			1422,013
Inventories		77,531	(172,916)
Prepaid expenses		11.782	(7,940)
Digital assets		61.074	(22,546)
Increase (decrease) in:		(44,800)	(22,540)
Accounts payable			
Deferred revenues		(34,815)	5,186
Accrued expenses		14,199	152,626
		4.720	9,837
Net operating activities		146,839	
Cach Flour for Y		170,039	104,988
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		78.4.4.4	
Net investing activities		(34,547)	(101,474)
		(34,547)	(101,474)
Cash Flows from Financing Activities			
Debt proceeds from Free Will Baptist Foundation			
Repayments of long term debt			51,000
		(101,528)	
Net financing activities		AND DESCRIPTION	(96,443)
Increase (decrease)		(101,528)	(45,443)
Cash and cash equivalents:		10.764	(41,020)
Beginning of year		10,704	(41,929)
End of year		301,017	342,946
		211.701	
Cash and cash equivalents, as reported on statement of financial position, as follows:	.5	311,781	301,017
Cash and interest bearing deposits	:		
Cash invested with the Free Will Baptist Foundation	\$	110,256	74,794
suprist Foundation		201,525	226,223
	s	311,781	301,017
Supplemental disclosures:			501,017
Interest paid			
	\$	14,595	19,143

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2011 and 2010

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. Returns of curriculum and other printed products subsequent to balance sheet date are also included in the allowance. Balances that are still outstanding after management has used reasonable collection effects are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of December 31, 2011 and 2010 amounted to \$12,000 and \$10,000, respectively. 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.

Publishers face the challenge of valuing digital assets in a similar way to physical inventory. Digital assets would include eBooks, digital curriculum, digital studies, and similar downloadable products. Costs related to developing digital products accumulate as prepaid expenses until product launch at which time the costs are amortized over a predicted 8 year digital shelf life. The first four years provide a viability or testing period and may shorten the product's life, expensing all remaining unamortized costs at four years, if the product is determined not viable. If viability is determined at the end of the four years, a fair value assessment will be determined and adjustment made to carrying value based on previous sales to determine estimated future cash flows. These digital assets are recorded at \$44,800, which if represented by cost of \$51,308 net of accumulated amortization of \$6,508.

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 lifes of assets are expensed as incurred.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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:

D6 Conference registrations	\$	2011 47.783	2010 58,834
Truth and Peace leadership training registrations		143,100	117,850
	\$_	190,883	176,684

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 2011 and 2010. 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 \$99,714 in 2011 and \$66,494 in 2010.

Subsequent events were evaluated through April 4, 2012 which is 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 reclassifications, if any, did not change originally reported balances of net assets.

(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 \$201,525 in 2011 and \$226,223 in 2010 are subject to risk of accounting loss. Cash held in local bank are insured to FDIC limits. Management does not anticipate nonperformance by the financial institutions.

(3) 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).

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

Notes to Financial Statements, continued

Inventory consists of the follow	ng:	2011			2010	
Current assets: Print inventory: Finished curriculum Work in progress Printing raw materia Hynnals Warehoused other h Less allowance for	ooks and merchandise \$	5 171.849 69,000	154,231 122,758 68,644 1,426 102,849 449,908		\$ 132,018 47,000	174,386 119,910 68,024 14,352 85,018 461,690
Other assets: Digital assets - see no	e 1	5	44,800 494,708		2011	461,690 2010
(5) Long - Term Debt 4.5% monthly installment oblig with monthly payments of \$9,3 payment due September 2013.	Note is secured by production	otist Foundation ipal, with fina equipment.	in I	S	190,899 106,193	292,427 101,528
Current portion of Long - term debt	Maturities of 2012 \$ 106,193	84 706	Total	9	84,706	190,899

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, 2011 or 2010.

The purpose of the Vertical 3 is to provide resources and services to youth and children's workers of the National (6) Vertical 3 (formerly SCM - Student and Children Ministries) Association of Free Will Baptists, Inc. The following is a summary of the department's activities: 2010

n of Free Will Dapassa	\$ 250,162	258,442
Revenue from conferences and related services Expenditures: Conferences and related services Expenses for facility use and other services General and administrative expenses	225,785 16,000 32,658 274,443	179.107 13,500 42,152 234,759
	\$ (24,281)	23,683
Excess of revenues over (under) expenses		

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

Notes to Financial Statements, continued

Related Party Transactions, continued

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 \$53,307 in 2011 and \$55,586 in 2010. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

Agreement with Affiliated Organization to Distribute Hymnals

Randall House has an agreement to pay 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 \$7,619 in 2011 and \$11,868 in 2010. Randall House had a liability relating to these payments of \$383 and \$1,926 at December 31,

Free Will Baptist Bible College

Operation of Free Will Baptist Bible College's bookstore, campus store and snack shop.

Results of operations are as follows:

Revenues Operating expenses, including merchandise purchased,	5	2011 24,714	2010
salaries and other operating costs	-	44,714	72,050
Gain from operations		19.882	63,754
rating agreement terminated at the end of the spring 2011	5	4,832	8,296

This operating agreement terminated 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 \$46,575 and \$44,377 as their share of the funding requirement during 2011 and 2010, respectively. Further, Randall House prints and provides mailing services for One Magazine, and reported revenues of \$206,475 and \$219,860 for these services Free Will Baptist Foundation

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

Interpret b	indebted to Free Will Baptist	Foundation as	follows
Interest bearing accounts Indebtedness	S	2011 201,525	2010
nents and Contingencies	S	190,899	226,223
tio Contingencies			292,427

Commitments and Contingencies

Merchandise Held on Consignment

Randall House holds inventory on consignment with a sales value of approximately \$200,000 in 2011 and 2010; and share 33% of the proceeds from sale of the merchandise which amounted to \$3,101 in 2011 and \$4,549 in 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 2011 and 2010. The minimum payments required are \$20,016 for 2012 and \$9,460

Litigation

Randall House, in the normal course of operations, may be a defendant in lawsuits. Management is not aware of any

		Budget 2013	Budget 2012	Budget 2011	Actual 2011
	Income				
300 - RHP Product Lin	es	\$3,302,500	\$3,495,000	\$3,331,000	\$3,153,903.97
303 - RHP Books		\$224,000	\$190,000	\$223,000	\$192,495.61
305 · Event/ Off Site Sa	ales	\$1,033,500	\$606,000	\$605,000	\$620,221.35
307 · Third Party Sales		\$96,000	\$103,000	\$105,000	\$96,766.22
308 · Other Revenue		\$510,000	\$491,000	\$489,000	\$466,527.51
309 · Commission Inco	ome	\$51,000	\$51,000	\$31,000	\$46,660.16
320 · FWBBC Booksto	re Sales	\$0	\$0	\$85,500	\$24,714.32
(1)	TOTAL REVENUE	\$5,217,000	\$4,936,000	\$4,869,500	\$4,601,289.14
	Cost of Goods Sold				
310 · COS - RHP Produ		\$62,000	\$90,000	\$70,000	\$47,614.69
313 - COS - RHP Book		\$97,500	\$90,500	\$93,750	\$35,639.82
315 · COS - Events/ Of		\$929,500	\$510,500	\$507,500	\$553,410.67
317 · COS - 3rd Party S		\$55,930	\$64,200	\$65,000	\$61,555.20
318 · COS - Other	Sales (NOII KIII)	-\$8,000	\$2,500	\$7,500	\$5,153.80
316 · CO3 - Other	Total Cost of Goods	\$1,136,930	\$757,700	\$743,750	\$703,374.18
350 - Printing Product	ion	\$1,053,100	\$1,059,600	\$1,112,600	\$1,025,768.02
AND THE RESERVE OF THE PARTY OF		\$90,000	\$90,000	\$60,000	\$93,111.06
355 · Depreciation Prin 360 · Editorial	nang Equipment	\$512,500	\$525,000	\$514,000	\$491,597.25
ALPO DESCRIPTIONS	accusting.	\$412,400	\$400,900	\$341,000	\$399,334.75
400 · Administrative/A 410 · Sales/Marketing	ccounting	\$756,120	\$731,120	\$671,000	\$760,305.05
420 · Design		\$328,000	\$328,500	\$332,000	\$311,664.08
425 · RHP Book Divisi		\$90,000	\$84,250	\$85,100	\$82,884.12
430 - Distribution Cent		\$374,750	\$382,500	\$322,200	\$355,471.96
435 · IT Division	ter	\$55,000	\$54,600	\$60,200	\$49,691.80
		\$136,800	\$157,300	\$144,800	\$130,599.44
440 · Plant Maintenand 460 · FWBBC Booksto		\$136,600	\$157,300	\$99,050	\$19,882.20
490 · General	re	\$199,000	\$241,000	\$221,000	\$185,943.93
	otal Departmental Expense	\$4,007,670	\$4,054,770	\$3,962,950	\$3,906,253.66
	Youth Department				
9100 - Youth Revenue	25	\$294,500	\$237,750	\$229,500	\$250,162.41
450 · Youth Departmen		-\$303,900	-\$246,750	-\$227,750	-\$274,443.53
, road, population	. Lapottavo	-\$9,400	-\$9,000	\$1,750	-\$24,281.12
	Denominational Ministries				
9200 · Revenues Deno	m. Ministries	\$0	\$10,000	\$0	\$150.00
445 · Denominational	Ministries Expenses	-\$63,000	-\$65,000	-\$65,000	-\$59,181.43
		-\$63,000	-\$55,000	-\$65,000	-\$59,031.43
	TOTAL EXPENSE	\$5,217,000	\$4,876,470	\$4,769,950	\$4,692,940.39
	Annual Profit/Loss	\$0	\$59,530	\$99,550	-\$91,651.25
	Income				
300 · RHP Product Lin					
merces care a co		\$3,200,000	\$3,350,000	\$3,250,000	\$3,075,440.73
merces care a co	es Studies/ SS-Curriculum	\$3,200,000 \$0	\$3,350,000 \$0	\$3,250,000 \$0	\$3,075,440.73 \$54.00
300.03 · Dated 5	es Studies/ SS-Curriculum	And the second			
300.09 · Mid We 300.12 · 607	es Studies/ SS-Curriculum	\$0	\$0	\$0	\$54.00
300.03 · Dated 3 300.09 · Mid We 300.12 · 607 300.15 · Childre	es Studies/ SS-Curriculum eek Teens	\$0 \$10,000	\$0 \$50,000	\$0 \$0	\$54.00 \$5,879.50
300.03 · Dated 3 300.09 · Mid We 300.12 · 607 300.15 · Childre	es Studies/ SS-Curriculum eek Teens en's Church Sales Non Dated Studies-(A)	\$0 \$10,000 \$55,000	\$0 \$50,000 \$40,000	\$0 \$0 \$40,000	\$54.00 \$5,879.50 \$46,486.96
300.03 · Dated 3 300.09 · Mid We 300.12 · 607 300.15 · Childre 300.18 · Online 300.24 · Church	es Studies/ SS-Curriculum eek Teens en's Church Sales Non Dated Studies-(A)	\$10,000 \$55,000 \$10,000	\$0 \$50,000 \$40,000 \$25,000	\$0 \$0 \$40,000 \$0	\$54.00 \$5,879.50 \$46,486.96 \$2,126.51
300.03 · Dated 3 300.09 · Mid We 300.12 · 607 300.15 · Childre 300.18 · Online 300.24 · Church	es Studies/ SS-Curriculum eek Teens en's Church Sales Non Dated Studies-(A) a Supplies S T-Shirts/Merchandise	\$0 \$10,000 \$55,000 \$10,000 \$5,000	\$0 \$50,000 \$40,000 \$25,000 \$10,000	\$0 \$0 \$40,000 \$0 \$20,000	\$54.00 \$5,879.50 \$46,486.96 \$2,126.51 \$4,841.42

Budget Budget Actual Zott Z		Budant			
303.03 - Pastorall'Church Leadership \$27,500 \$30,000 \$35,000 \$78,700.77					
303.03 - Pastorall'Church Leadership \$27,500 \$30,000 \$35,000 \$78,700.77	303 - RHP Books				
303.06 Family/Parenting	303.03 · Pastoral/Church Leadership	\$27,500	\$30,000	\$35,000	\$21 309 49
303.09 DramalPlays	FREED 6 75 0 M ON 1996 DO 1997		7034177161001		W
303.12 Missions	303.09 · Drama/Plays	AND	1.199.791.201.201.201		2-3-4-4
303.15	303.12 · Missions	47.274.754	77000000	L. Connection	15/15/02/20
303.18 Biblical Studies	303.15 · Small Group Studies	Litary focusts in	0.47534-0258	100000000000000000000000000000000000000	3.5.7.3.3.4.4
303.21 Theology/Doctrine	303.18 - Biblical Studies	550 900-90 500 5000			
303.24 Bibles	303.21 · Theology/Doctrine	2		possible-st	MANAGEMENT AND
303.27 - Christian Living	303.24 · Bibles	With Bulleting Co.		- Total - Later Bill	
303.30 - Fiction	303.27 - Christian Living	\$10,000	202323.0000	Sameliese	
303.33 - Children	303.30 · Fiction	\$0	927-0-620-20-0	000000000000000000000000000000000000000	
303.36 - International Languages	303.33 · Children	\$0	20 CO 10 CO	200 0000000	
303.39 - Rejoice FWB Hymnal Sales	303.36 · International Languages	\$1,000	0.000		
303.42 - Rejoice Worship Hymnal Sales	303.39 · Rejoice FWB Hymnal Sales	\$50,000		-5.510/20	- Control of the control
303.45 - Lightning Source	303.42 · Rejoice Worship Hymnal Sales	\$10,000	\$10,000	2017-4-100-4-10	Sammer
303.48 - Tracts	303.45 · Lightning Source	\$5,000	\$8,000	1927	
303.48 - (Off Site RH Book Sales) 303.54 - RHP Titles in Software 32,500 303.50	303.48 · Tracts	\$2,000	772-4-1-1-1-1		And the second second
303.54 RHP Titles in Software \$2,500 \$0 \$0 \$0 \$4,292.77	303.48 - (Off Site RH Book Sales)	-\$25,000	-\$30,000	\$0	Serie Augustes
303.60 - Miscellaneous	303.54 · RHP Titles in Software	\$2,500	\$0	\$0	OCCUPATION OF THE PARTY
Total 303 - RHP Books	303.60 · Miscellaneous	\$4,000	\$0	\$0	
305.03	Total 303 · RHP Books	\$224,000	\$190,000	\$223,000	
305.06 - D6 Conference Sponsorship \$150,000	305 - Event/ Off Site Sales				
305.06 - D6 Conference Sponsorship \$150,000	305.03 · D6 Conference Registration	\$725,000	\$450,000	\$450,000	\$467,006.30
305.09 \cdot D6 Conference Sales	305.06 · D6 Conference Sponsorship	\$150,000	\$45,000	\$45,000	The section of the second
305.15 - National Sales	305.09 · D6 Confernece Sales	\$140,000	\$95,000	\$85,000	Circle Management
305.24 · RHP Sales - Misc Events (N) \$0 \$0 \$5.000 \$0.00 Total 305 · Event/ Off Site Sales \$1,033,500 \$606,000 \$605,000 \$620,221,35 307 · Third Party Sales (Non RHP) 307.03 · Curriculum (Dated) \$55,000 \$45,000 \$25,000 \$53,649,42 307.06 · VBS \$12,500 \$20,000 \$30,000 \$15,256,14 307.09 · Children's Church \$0 \$0 \$0 \$0 \$51,47,84 307.15 · Bibles (Non RHP Imprint) \$1,000 \$2,000 \$5,000 \$947,39 307.18 · Books (Non RHP Imprint) \$20,000 \$25,000 \$18,454,29 307.21 · Music \$0 \$1,000 \$5,000 \$18,454,29 307.24 · Miscellaneous \$2,500 \$2,500 \$2,500 \$2,779,18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$325,000 \$96,766,22 308 · Other Revenue 308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628,94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154,58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301,93 308.12 · Service Charges \$5,000 \$5,000 \$300,000 \$2,836,06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$0 \$5000 308 · Other Revenue - Other	305.15 · National Sales	\$17,500	\$15,000	\$15,000	\$13,253.68
Total 305 · Event/ Off Site Sales \$1,033,500 \$606,000 \$605,000 \$620,221.35 307 · Third Party Sales (Non RHP) 307.03 · Curriculum (Dated) \$55,000 \$45,000 \$25,000 \$53,649.42 307.06 · VBS \$12,500 \$20,000 \$30,000 \$15,256.14 307.09 · Children's Church \$0 \$0 \$0 \$519.96 307.12 · Church Supplies \$5,000 \$7,500 \$10,000 \$5,147.84 307.15 · Bibles (Non RHP Imprint) \$1,000 \$20,000 \$5,000 \$947.39 307.18 · Books (Non RHP Imprint) \$10,000 \$25,000 \$18,454.29 307.21 · Music \$0 \$1,000 \$5,000 \$12.00 307.24 · Miscellaneous \$2,500 \$2,500 \$5,000 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 308 · Other Revenue \$325,000 \$300,000 \$325,000 \$289,628.94 308.09 · Interest Income \$175,000 \$10,000 \$5,001.93 308.15 · Sale/Disposal of Assets \$0	305.21 · Misc. Event Sales	\$1,000	\$1,000	\$5,000	\$0.00
307 · Third Party Sales (Non RHP) 307.03 · Curriculum (Dated) 307.06 · VBS 307.09 · Children's Church 307.12 · Church Supplies 307.15 · Bibles (Non RHP Imprint) 307.18 · Books (Non RHP Imprint) 307.21 · Music 307.24 · Miscellaneous 307.24 · Miscellaneous 307.25 · Sales (Non RHP) 307.26 · Miscellaneous 308 · Other Revenue 308 · Other Revenue 308.03 · Printing/Design Services 308.03 · Printing/Design Services 308.03 · Service Charges 308.18 · In House Functions 308.00 · Stale/Disposal of Assets 308.00 · Other Revenue - Other 308.00 · Other Revenue - Stale Other Revenue - Other - Stal	305.24 · RHP Sales - Misc Events (N)	\$0	\$0	\$5,000	\$0.00
307.03 · Curriculum (Dated) \$55,000 \$45,000 \$25,000 \$53,649.42	Total 305 - Event/ Off Site Sales	\$1,033,500	\$606,000	\$605,000	\$620,221.35
307.06 · VBS	307 · Third Party Sales (Non RHP)				
307.09 - Children's Church \$0 \$0 \$0 \$55.00 \$519.96	307.03 · Curriculum (Dated)	\$55,000	\$45,000	\$25,000	\$53,649.42
307.12 · Church Supplies \$5,000 \$7,500 \$10,000 \$5,147.84 307.15 · Bibles (Non RHP Imprint) \$1,000 \$2,000 \$5,000 \$947.39 307.18 · Books (Non RHP Imprint) \$20,000 \$25,000 \$25,000 \$18,454.29 307.21 · Music \$0 \$1,000 \$5,000 \$12.00 307.24 · Miscellaneous \$2,500 \$2,500 \$5,000 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 308 · Other Revenue 308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.16 · In House Functions \$0 \$1,000 \$1,000 \$0.00	307.06 · VBS	\$12,500	\$20,000	\$30,000	\$15,256.14
307.15 · Bibles (Non RHP Imprint) \$1,000 \$2,000 \$5,000 \$947.39 307.18 · Books (Non RHP Imprint) \$20,000 \$25,000 \$25,000 \$18,454.29 307.21 · Music \$0 \$1,000 \$5,000 \$12.00 307.24 · Miscellaneous \$2,500 \$2,500 \$5,000 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 308 · Other Revenue 308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$5.000 308.16 · In House Functions \$0 \$1,000 \$1,000 \$0.00	307.09 · Children's Church	\$0	\$0	\$0	\$519.96
307.18 · Books (Non RHP Imprint) \$20,000 \$25,000 \$25,000 \$18,454.29 307.21 · Music \$0 \$1,000 \$5,000 \$12.00 307.24 · Miscellaneous \$2,500 \$2,500 \$2,500 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 \$308 · Other Revenue \$308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$5.000 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 \$308.00 \$308.00 \$10,000 \$10,000 \$10,000 \$10,000 \$2,836.06 \$308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 \$308.00 \$308.00 \$10,000 \$	307.12 · Church Supplies	\$5,000	\$7,500	\$10,000	\$5,147.84
307.21 · Music \$0 \$1,000 \$5,000 \$12.00 \$307.24 · Miscellaneous \$2,500 \$2,500 \$2,500 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 \$308 · Other Revenue \$308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 \$308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 \$308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 \$308.12 · Service Charges \$5,000 \$5,000 \$300.00 \$2,836.06 \$308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$5.000 \$308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 \$308 · Other Revenue - Other \$0 \$0 \$0 \$0 \$-\$444.00	307.15 · Bibles (Non RHP Imprint)	\$1,000	\$2,000	\$5,000	\$947.39
307.24 · Miscellaneous \$2,500 \$2,500 \$5,000 \$2,779.18 Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 308 · Other Revenue \$308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$5.000 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$0 \$5444.00	307.18 · Books (Non RHP Imprint)	\$20,000	\$25,000	\$25,000	\$18,454.29
Total 307 · Third Party Sales (Non RHP) \$96,000 \$103,000 \$105,000 \$96,766.22 308 · Other Revenue 308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$5.000 308.16 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$0 \$444.00	307.21 · Music	\$0	\$1,000	\$5,000	\$12.00
308 · Other Revenue 308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$150,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$0 \$444.00	307.24 - Miscellaneous	\$2,500	\$2,500	\$5,000	\$2,779.18
308.03 · Printing/Design Services \$325,000 \$300,000 \$325,000 \$289,628.94 308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00	Total 307 · Third Party Sales (Non RHP)	\$96,000	\$103,000	\$105,000	\$96,766.22
308.06 · Freight and Handling Income \$175,000 \$175,000 \$150,000 \$169,154.58 308.09 · Interest Income \$5,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$444.00	308 · Other Revenue				
308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$50.00	308.03 - Printing/Design Services	\$325,000	\$300,000	\$325,000	\$289,628.94
308.09 · Interest Income \$5,000 \$10,000 \$10,000 \$5,301.93 308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 -\$444.00	308.06 · Freight and Handling Income	\$175,000	\$175,000	\$150,000	\$169,154.58
308.12 · Service Charges \$5,000 \$5,000 \$3,000 \$2,836.06 308.15 · Sale/Disposal of Assets \$0 \$0 \$0 \$50.00 308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.00 308 · Other Revenue - Other \$0 \$0 \$0 \$0 -\$444.00	308.09 · Interest Income	\$5,000	\$10,000	\$10,000	SALES CARROLL MESSAGE
308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.	308.12 · Service Charges	\$5,000	\$5,000	\$3,000	\$2,836.06
308.18 · In House Functions \$0 \$1,000 \$1,000 \$0.	308.15 · Sale/Disposal of Assets	\$0	\$0	\$0	A PRODUCTION OF A
308 · Other Revenue - Other \$0 \$0 \$0 -\$444.00	308.18 · In House Functions	\$0	\$1,000	F 7500 x 55720	Careta
Total 200 Other Persons	308 - Other Revenue - Other	\$0	\$0	12/12/2015	C 2445000000
	Total 308 · Other Revenue	\$510,000	\$491,000	\$489,000	\$466,527.51

	Budget 2013	Budget 2012	Budget 2011	Actual 2011
309 - Commission Income	620 000	\$30,000	\$30,000	\$29,112.11
309.03 · Bulletins	\$30,000	\$1,000	\$1,000	\$226.47
309.06 · Signs	\$500 \$500	\$0	\$0	\$977.97
309.09 - Furniture/Steeples/etc.	\$20,000	\$20,000	\$0	\$16,343.61
309.12 · Advertising/Other	\$51,000	\$51,000	\$31,000	\$46,660.16
Total 309 - Commission Income	\$51,000			
320 · FWBBC Bookstore Sales	\$0	\$0	\$67,500	\$18,016.10
320.40 - FWBBC - Textbooks	\$0	\$0	\$12,000	\$5,276.50
320.42 · FWBBC - Snacks/School Supplies	\$0	\$0	\$1,000	\$123.47
320.44 · FWBBC - Apparel	\$0	\$0	\$0	\$57.99
320.46 · FWBBC - Shorts	\$0	\$0	\$5,000	\$1,240.26
320.48 · FWBBC - Bibles/Books/Gifts	\$0	\$0	\$85,500	\$24,714.32
Total 320 · FWBBC Bookstore Sales Total Income	\$5,217,000	\$4,936,000	\$4,869,500	\$4,601,289.14
Cost of Goods Sold				
50000 - Cost of Goods Sold			e20.000	\$29,195.63
310 · COS - RHP Product Lines 310.03 · COS - Dated Studies/ SS-Cur	\$27,500		***	***** 24
310.03 - COS - Dated Studies 55	\$0			
310.09 - COS - Mid Week Teens	\$500		****	
310.12 · COS - 607	\$20,000	\$20,000		45 570 FO
310.15 · COS - Children's Church Sales	\$1,000			-1 121 00
310.18 · COS - Onlline Non Dated Studies	\$2,500			*****
310.24 · COS - Church Supplies	\$4,000		22.22	44 640 70
310.27 · COS - RHP/D6 T-shirt Merch.	\$6,50			40 447 79
310.30 · COS - Competition Materials	\$	0 \$		
310 · COS - RHP Product Lines - Other Total 310 · COS - RHP Product Lines	\$62,00	90,00	0 \$70,00	0 341,014,00
313 · COS - RHP Books	\$10,00	\$10,00		
313.03 - COS - Pastoral/Ch. Leadership	\$30,00	00 \$25,0		*****
313.06 · COS - Family/Parenting	\$5	00 \$5		14
313.09 · COS - Drama/Plays	\$5	00 \$2,5		
313.12 · COS - Missions	\$6,0	00 \$3,5		
313.15 · COS - Small Group Studies	\$5,0	9,0		
313.18 · COS - Biblical Studies	\$11,0	000 \$9,0		
313.21 · COS - Theology/Doctrine		\$0 \$1	500 \$2,	
313.24 · COS - Bibles	\$3,	500 \$3,	000 \$10,	
313.27 · COS - Christian Living		\$0 \$	500	500 \$404.81
313.30 · COS - Fiction	\$	500 \$		500 \$1,637.21
313.33 · COS - Children	\$	500 \$	300	\$1,085.97
313.36 · COS - International Language	\$22	,500 \$20	000	,000 \$20,758.57
313.39 · COS - Rejoice FWB Hymnals	\$4	,000 \$5	,000	,500 \$9.58
313.42 · COS - Rejoice Workship Hymnals		\$0	40	,750 \$0.00
313.45 · COS - Lightning Source	\$1	,000 \$1	,000 \$2	2,000 \$894.40
313.48 - COS - Tracts	\$2	2,500	\$0	\$0 \$3,964.21
313.60 · COS - Miscellaneous	- 50	\$0	\$0	\$0 -\$77,222.21
313 · COS - RHP Books - Other	\$97	7,500 \$90	0,500 \$9	3,750 \$35,639.82
Total 313 · COS - RHP Books				

315 · COS - Events/ Off Site	Bud 20	12	dget 012	Budge 2011	actual
315.03 · COS - D6 Conf Registration					2011
315.09 - COS - D6 Conf Sales	\$84	15,000 s	435,000	\$445,0	000
315.15 · COS - National Sales	\$7	5,000	\$60,000	\$50,0	+ +49,108,1
315.21 · COS - Misc. Event Sales	\$	0.000	15,000		943,150,
315 · COS - Events/ Off Site Other		\$500	\$500	\$7,5	40,101,6
Total 315 · COS - Events/ Off Site		\$0	\$0	\$2,5	\$0.0
	\$929	,500 \$5	10,500	\$2,5	\$0.0
317 · COS - 3rd Party Sales (Non RHP)			10,500	\$507,50	\$553,410.6
317.03 · COS - Curriculum (Dated)					
317.06 - COS - VBS	\$30	.000 \$3	0.000	100	
317.09 · COS - Children's Church	\$8,	Enn	2,000	\$17,50	100.13
317.12 · COS - Record Keeping Supplies	1.5	\$0		\$17,50	9,351.56
317.15 - COS - Bibles (Non RHP)	\$3,0		\$0	\$0	\$295.78
317.18 · COS - Books (Non RHP)			1,000	\$6,000	\$2,927.43
317.21 - COS - Music	\$12,2		.200	\$3,000	
		***		15,000	
317.24 · COS - Miscellaneous	\$1,5	00	500	\$3,000	
317 · COS - 3rd Party Sales (Non RHP) - Other			500	\$3,000	\$161.08
Total 317 · COS - 3rd Party Sales (Non RHP) - Other		50	\$0	\$0	\$166.07
318 - COS - Other	\$55,93	\$64,	200 \$	65,000	\$61,555.20
318.03 · Freight in RHP					
318.09 - COS - Yearbook	\$5,000	42,0	00 \$	7,500	\$5,232.22
318.15 · COS - Change In Inventory	-\$13,000).	\$0	\$0	-\$12,000.00
318 · COS - Other - Other	\$0		\$0	\$0	\$11,782.26
Total 318 · COS - Other	\$0		0	\$0	\$139.32
Total COGS	-\$8,000	\$2,50	0 \$7	,500	\$5,153.80
Gross Profit	\$1,136,930	\$757,70			\$703,374.18
	\$4,080,070	\$4,178,30			3,897,914.96
Expense					0,007,314.36
350 · Printing Production					
350.02 · PP - Salaries					
350.06 · PD P		20239000000	********	100	
350.06 · PP - Supplies	\$278,000	\$278,000	\$270.0	100 €	202 240
350.07 · PP - Equipment Maint	\$278,000	\$278,000 \$2,500	+270,		263,319.51
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions		\$2,500	\$2,5	00	\$2,445.84
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions	\$2,500	\$2,500 \$5,000	\$2,5 \$1,0	00	\$2,445.84 \$1,080.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment	\$2,500 \$1,500	\$2,500 \$5,000 \$1,500	\$2,5 \$1,0 \$1,0	00 00 00	\$2,445.84
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing	\$2,500 \$1,500 \$1,000	\$2,500 \$5,000 \$1,500 \$100	\$2,5 \$1,0 \$1,0	00 00 00	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery	\$2,500 \$1,500 \$1,000 \$100	\$2,500 \$5,000 \$1,500 \$100 \$250,000	\$2,5 \$1,0 \$1,0 \$10 \$325,00	00 00 00 00 00 00 82	\$2,445.84 \$1,080.00 \$1,110.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000	\$2,5 \$1,0 \$1,0 \$10 \$325,00 \$50,00	000 000 000 000 000 800 \$2	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500	\$2,5 \$1,0 \$1,0 \$10 \$325,00 \$50,00 \$19,50	000 000 000 000 000 \$200 \$300 \$300 \$300	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000	\$2,5 \$1,0 \$1,0 \$10 \$325,00 \$50,00 \$19,50 \$9,00	000 000 000 000 000 \$200 \$00 \$00 \$00 \$00	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000	\$2,5 \$1,0 \$1,0 \$10 \$325,00 \$50,00 \$19,50	000 000 000 000 00 \$2 00 \$2	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000	\$2,5 \$1,0 \$1,0 \$10 \$325,00 \$50,00 \$19,50 \$9,00	000 000 000 000 000 000 000 000 000 00	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000	\$2,5 \$1,0 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$9,00 \$25,000	000 000 000 000 00 \$2 0 \$2 0 \$2	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000	\$2,5 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$9,00 \$25,000 \$11,000	000 000 000 000 00 \$2 0 \$2 0 \$2 51	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500 \$200,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000	\$2,5 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$9,00 \$25,000 \$11,000 \$12,500	000 000 000 000 000 000 000 000 000 00	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500 \$200,000 \$13,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000	\$2,5 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$9,00 \$25,000 \$11,000 \$12,500 \$10,000	000 000 000 000 00 \$2 0 \$2 0 \$2 51 \$193	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500 \$200,000 \$13,000 \$500	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000	\$2,5 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$25,000 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000	000 000 000 000 00 \$2 0 \$2 0 \$2 51 \$193	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies 350.46 · Bindery Maintenanc 350.48 · Bindery Maintenanc	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500 \$200,000 \$13,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000 \$200,000 \$15,000	\$2,5 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$25,000 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000 \$500	00 00 00 00 00 00 00 00 00 52 0 51 51 512	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41 \$0.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies 350.46 · Bindery Maintenanc 350.48 · Bindery Parts 350.50 · Pre-Press Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$15,000 \$7,500 \$200,000 \$13,000 \$500	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000 \$15,000 \$15,000 \$15,000 \$15,000	\$2,5 \$1,0 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000 \$500 \$2,500	00 00 00 00 00 00 00 00 00 52 0 51 51 512	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41 \$0.00 6568.55
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies 350.46 · Bindery Maintenanc 350.48 · Bindery Parts 350.50 · Pre-Press Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$7,500 \$200,000 \$13,000 \$500 \$1,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000 \$15,000 \$15,000 \$3,500	\$2,5 \$1,0 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000 \$500 \$2,500 \$500	00 00 00 00 00 00 00 00 00 00 00 00 00	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41 \$0.00 \$568.55 \$0.00
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies 350.46 · Bindery Maintenanc 350.48 · Bindery Parts 350.50 · Pre-Press Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$25,000 \$11,000 \$7,500 \$200,000 \$13,000 \$500 \$1,000 \$500	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000 \$15,000 \$500 \$3,500 \$500 \$5,000	\$2,5 \$1,0 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000 \$2,500 \$500 \$500 \$10,000	00 00 00 00 00 00 00 00 00 00 00 52 00 53 51 51 51 51 51 51 52 53 54 54 55 55 56 56 56 57 57 58 58 58 58 58 58 58 58 58 58 58 58 58	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41 \$0.00 \$568.55 \$0.00 000.08
350.07 · PP - Equipment Maint. 350.12 · PP - Dues & Subscriptions 350.16 · PP - Entertainment 350.18 · Outside Printing 350.19 · Outside Bindery 350.26 · PP - FICA 350.29 · PP - Retirement 350.32 · PP - Insurance 350.34 · Pressroom Supplies 350.36 · Pressroom Maintenance 350.38 · Pressroom Parts 350.40 · Pressroom Stock 350.42 · Pressroom Ink 350.44 · Bindery Supplies 350.46 · Bindery Maintenanc 350.48 · Bindery Parts 350.50 · Pre-Press Supplies	\$2,500 \$1,500 \$1,000 \$100 \$272,500 \$45,000 \$18,500 \$9,000 \$11,000 \$15,000 \$7,500 \$200,000 \$13,000 \$500 \$1,000 \$500 \$6,000	\$2,500 \$5,000 \$1,500 \$100 \$250,000 \$60,000 \$18,500 \$9,000 \$25,000 \$15,000 \$15,000 \$10,000 \$15,000 \$500 \$3,500 \$500	\$2,5 \$1,0 \$1,0 \$1,0 \$325,00 \$50,00 \$19,50 \$11,000 \$12,500 \$10,000 \$195,000 \$11,000 \$500 \$2,500 \$500	00 00 00 00 00 00 00 00 00 00 00 52 00 53 51 51 51 51 51 51 52 53 54 54 55 55 56 56 56 57 57 58 58 58 58 58 58 58 58 58 58 58 58 58	\$2,445.84 \$1,080.00 \$1,110.00 \$0.00 \$81,013.75 43,494.82 17,142.61 \$7,546.24 23,237.36 9,147.21 4,109.65 7,232.43 3,188.94 2,824.41 \$0.00 \$568.55 \$0.00

		Budget 2013	Budget 2012	Budget 2011	Actual 2011
	350.56 · Digital Press Supplies	\$500	\$500	\$1,000	\$0.00
	and the second	\$35,000	\$30,000	\$50,000	\$34,017.13
	and an Outside Durchasee Fee Dite	\$45,000	\$45,000	\$45,000	\$42,868.83
	and an interest Proper Majorian and	\$60,000	\$65,000	\$50,000	\$61,665.75
	THE CO. LEW CO. LEWIS CO.	\$500	\$500	\$500	\$0.00
1000	tal 350 - Printing Production	\$1,053,100	\$1,059,600	\$1,112,600	\$1,025,768.02
35	5.00 - Depreciation Printing Equipment	\$90,000	\$90,000	\$60,000	\$93,111.06
) · Editorial				
	360.02 · Edit - Salaries	\$275,000	\$285,500	\$265,000	\$278,635.20
	360.03 · Edit - Housing Allowance	\$41,000	\$27,000	\$30,500	\$33,900.00
	360.04 · Edit - Travel	\$2,000	\$2,000	\$2,000	\$1,667.76
	360.06 - Edit - Supplies	\$1,500	\$2,000	\$2,000	\$1,023.67
	360.07 · Edit - Equipment Maintenance	\$500	\$1,000	\$500	\$99.99
	360.09 · Product Development	\$1,000	\$2,500	\$0	\$15.15
	360.10 · Edit - Conventions & Seminars	\$1,000	\$1,000	\$2,000	\$979.81
	360.11 · Software Supply	\$500	\$500	\$500	\$191.49
	360.12 · Edit - Dues & Subscriptions	\$2,500	\$1,500	\$1,000	\$2,239.87
	360.15 · National Expense	\$1,000	\$0	\$0	\$699.41
	360.16 · Edit - Entertainment	\$1,500	\$1,500	\$1,500	\$1,112.70
	360.23 · Edit - Telephone	\$1,000	\$1,000	\$1,000	\$670.89
	360.26 · Edit - FICA	\$19,000	\$19,000	\$19,000	\$18,128.58
	360.29 · Edit - Retirement	\$12,000	\$12,000	\$10,000	\$10,615.02
	360.32 · Edit - Insurance	\$30,000	\$30,000	\$30,000	\$27,741.73
	360.34 - Curriculum Develpment	\$5,000	\$10,000	\$15,000	\$787.04
	360.35 · Product Improvement	\$2,500	\$10,000	\$2,000	\$2,546.50
	360.36 · Writer's Fees	\$100,000	\$100,000	\$90,000	\$97,149.85
	360.37 · Register of Copyrights	\$2,500	\$2,500	\$5,000	\$3,385.00
	360.88 · Outside Editing/Proofing	\$12,500	\$10,000	\$10,000	\$10,007.69
	360.89 · Access-Contract Work	\$0	\$5,000	\$25,000	-\$0.10
	360.90 · Edit - Miscellaneous	\$500	\$1,000	\$2,000	\$0.00
Tota	al 360 · Editorial	\$512,500	\$525,000	\$514,000	\$491,597.25
400	· Administrative/Accounting				
	400.02 · AD/AC - Salaries	\$237,000	\$237,000	\$200,000	\$229,243.11
	400.03 · AD/AC - Housing Allowance	\$29,400	\$29,400	\$32,000	\$29,400.00
	400.04 · AD/AC - Travel Expense	\$35,000	\$25,000	\$30,000	\$37,396.58
	400.06 · AD/AC - Supplies	\$8,500	\$7,500	\$5,000	\$8,243.02
	400.07 · AD/AC - Equipment Maintenance	\$1,500	\$1,000	\$2,000	\$1,379.00
	400.08 · AD/AC - Equipment Rental	\$0	\$0	\$0	\$1.00
	400.10 · AD/AC - Conventions & Seminars	\$5,000	\$20,000	\$1,500	\$4,687.01
	400.12 · AD/AC - Dues & Subscriptions	\$3,500	\$2,500	\$1,500	\$3,092.96
	400.16 · AD/AC - Entertainment	\$7,000	\$7,500	\$5,000	\$6,502.65
	400.20 - AD/AC - Postage	\$0	\$0	\$0	\$61.20
	400.23 · AD/AC - Telephone	\$3,500	\$3,500	\$4,000	\$3,351.19
	400.26 · AD/AC - FICA	\$15,500	\$15,500	\$12,000	\$14,924.12
	400.29 · AD/AC - Retirement	\$14,000	\$14,000	\$12,000	\$11,022.18
	400.32 · AD/AC - Insurance	\$35,500	\$30,000	\$30,000	\$36,720.29
	400.70 · AD/AC - Automobile Expense	\$5,000	\$7,500	\$5,000	\$4,718.65
			\$500		\$8,591.79

410 - Sales/Marketing	Budget 2013	Budget 2012	Budget 2011	Actual 2011
410.02 - Sales/Mkt - Salaries	£250 000			
410.03 · Sales/Mkt - Housing Allowance	\$350,000	4000,000		0 \$333,428.14
410.04 · Sales/Mkt - Travel Expense	\$37,620			\$37,620.00
410.05 - Sales/Mkt - Wholesale Marketing	\$40,000	,	\$20,000	\$44,759.41
410.06 Sales/Mkt - Supplies	\$20,000		\$0	\$0.00
410.07 · Sales/Mkt - Equipment Maint.	\$7,500	1.1000	\$7,500	\$4,641.99
410.11 · Sales/ - Conventions & Seminars	\$1,000	\$500	\$3,000	\$1,000.00
410.12 · Sales/Mk - Dues & Subscriptions	\$3,000	\$7,500	\$2,000	\$11,049.02
410.15 · National Expense	\$12,000	\$15,000	\$1,000	\$10,244.80
410.20 · Sales/Mkt - Postage	\$36,000	\$30,000	\$30,000	\$47,466.86
410.23 · Sales/Mkt - Telephone	\$0	\$0	\$2,000	\$62.66
410.26 · Sales/Mkt - FICA	\$15,000	\$17,500	\$15,000	\$16,748.01
410.29 · Sales/Mkt - Retirement	\$25,000	\$20,000	\$25,000	\$20,518.15
410.32 · Sales/Mkt - Insurance	\$12,000	\$11,000	\$9,500	\$10,823.86
410.34 - Sales/Mkt - Advertising	\$50,000	\$45,000	\$45,000	\$47,707.41
410.36 - Sales/Mkt - Promotion	\$70,000	\$80,000	\$80,000	\$99,713.93
410.88 - Sales/Mkt - Entertainment	\$70,000	\$80,000	\$80,000	\$67,945.24
410.90 · Sales/Mkt - Miscellaneous	\$6,000	\$4,000	\$3,500	\$5,459.36
Total 410 · Sales/Marketing	\$1,000	\$500	\$500	\$1,116.21
420 - Design	\$756,120	\$731,120	\$671,000	\$760,305.05
420.02 · Design - Salaries	****			
420.04 - Design - Travel Expense	\$220,500	\$220,500	\$205,000	\$211,612.98
420.06 · Design - Supplies	\$500	\$500	\$1,000	\$344.98
420.07 - Design - Equipment Maintenance	\$2,000	\$2,500	\$2,500	\$1,537.11
420.10 · Design - Conventions & Seminars	\$500	\$0	\$1,000	\$136.99
420.12 Design - Dues & Subscriptions	\$500	\$500	\$1,000	\$572.19
420.14 · Art Services	\$500	\$500	\$500	\$67.99
420.16 · Design - Entertainment	\$47,500	\$50,000	\$60,000	\$45,089.87
420.26 · Design - FICA	\$1,500	\$2,000	\$2,000	\$1,232.18
420.29 Design - Retirement	\$14,500	\$14,500	\$16,000	\$13,775.45
420.32 Design - Insurance	\$6,000	\$7,000	\$7,500	\$5,599.36
420.90 · Design - Miscellaneous	\$33,500	\$30,000	\$35,000	\$31,305.38
Total 420 · Design	\$500	\$500	\$500	\$389.60
	\$328,000	\$328,500	\$332,000	\$311,664.08
425 - RHP Book Division				
425.02 · RB - Salaries	\$52 500	*********		
425.04 · RB - Travel Expense	\$52,500	\$47,500	\$46,000	\$47,034.04
425.06 - RB - Supplies	\$500	\$1,000	\$2,000	\$0.00
425.07 - RB - Equipment Maintenance	\$500	\$500	\$1,000	\$359.66
425.10 - RB - Conventions & Seminars	\$500	\$0	\$500	\$0.00
425.11 · Royalty Payments	\$500	\$500	\$1,000	\$240.00
425.12 · RB - Dues & Subscriptions	\$17,500	\$20,000	\$20,000	\$20,120.53
425.23 · RB - Telephone	\$1,000	\$1,000	\$500	\$935.00
425.26 · RB - FICA	\$1,000	\$1,000	\$1,000	\$963.82
425.29 · RB - Retirement	\$4,000	\$3,250	\$3,600	\$3,061.75
425.32 · RB - Insurance	\$2,500	\$2,500	\$2,500	\$2,277.08
425.66 · Workshops Expense	\$6,500	\$4,500	\$4,500	\$6,218.91
425.88 · RB - Entertainment	\$500	\$500	\$1,000	\$262.69
425.89 · Product Development	\$500	\$500	\$1,000	\$111.32
425.90 · RB - Miscellaneous	\$1,500	\$1,000	\$0	\$1,234.37
Total 425 · RHP Book Division	\$500	\$500	\$500	\$64.95
WINISION WINISION	\$90,000	\$84,250		82,884.12

		Budget 2013	Budget 2012	Budget 2011	Actual 2011
430 - Distribution Center			*****	\$105,000	\$137,208.41
430.02 - DC - Salaries		\$145,000	\$150,000 \$0	\$0	\$105.42
430.04 · DC - Travel Expense		\$0	\$20,000	\$21,000	\$24,039.15
430.06 · DC - Supplies		\$25,000	\$2,000	\$2,000	\$0.00
430.07 · DC - Equipment Mair	ntenance	\$500	\$10,000	\$7,500	\$9,131.92
430.08 · DC - Equipment Ren		\$10,000	\$1,000	\$1,200	\$0.00
430.09 · DC - Software Fees	and Services	\$500	\$500	\$500	\$469.00
430.12 · DC - Dues & Subscr	iptions	\$500	\$750	\$750	\$372.48
430.16 · DC - Entertainment		\$500	200.7 (0.00 pt)	\$30,000	\$25,750.51
430.20 · DC - Postage		\$27,500	\$32,500	\$10,000	\$8,903.29
430.26 · DC - FICA		\$10,000	\$10,000	\$5,000	\$4,592.76
430.29 · DC - Retirement		\$5,500	\$5,500	\$24,000	\$20,512.65
430.32 · DC - Insurance		\$22,000	\$30,000	\$115,000	\$124,386.37
430.40 · DC - Freight Expens	se	\$127,500	\$120,000	\$250	\$0.00
430.90 · DC - Miscellaneous		\$250	\$250	\$322,200	\$355,471.96
Total 430 · Distribution Center		\$374,750	\$382,500	\$322,200	\$330,41
435 · IT Division		#20 000	\$39,000	\$42,000	\$37,531.79
435.02 · IT - Salaries		\$39,000 \$500	\$500	\$500	\$0.00
435.04 · IT- Travel			\$500	\$2,500	\$837.49
435.06 · IT - Supplies		\$1,000	\$1,500	\$3,000	\$961.98
435.07 · IT - Equipment Mai		\$1,500	\$1,000	\$2,000	\$1,351.17
435.08 · IT - Software Service	ces	\$1,000	\$500	\$500	\$0.00
435.10 · IT - Conventions/S		\$500	\$4,000	\$1,500	\$1,842.55
435.12 · IT- Dues & Subscri	ptions	\$2,500	\$500	\$0	\$538.74
435.23 · IT - Telephone		\$500	\$2,600	\$3,200	\$2,443.80
435.26 · IT - FICA		\$3,000	\$2,000	\$0	\$0.00
435.29 · IT- Retirement		\$1,000	\$4,500	\$4,500	\$4,184.28
435.32 · IT - Insurance		\$4,500	\$4,500	\$500	\$0.00
435 · IT Division - Other		\$0	16000	\$60,200	\$49,691.80
Total 435 - IT Division		\$55,000	\$54,600	\$00,200	***************************************
440 · Plant Maintenance		*** ***	\$22,000	\$19,000	\$15,962.43
440.02 · PM - Salaries		\$20,000		\$13,000	\$37.75
440.04 - PM - Travel Expen	se	\$0	\$0	\$7,500	\$6,645.92
440.06 · PM - Supplies		\$7,500	\$10,000	\$7,500	\$3,249.94
440.07 · PM - Equipment N	laintenance	\$5,000	\$12,000	\$0	-\$16,000.00
440.08 · PM - Overhead (Ye	outh Department)	-\$16,000	-\$13,500	\$0	\$450.00
440.23 · PM - Telephone		\$1,000	\$2,000	\$1,500	
440.26 · PM - FICA		\$1,500	\$1,500		
440.34 · PM - Building Mai	intenance	\$40,000	\$31,000		
440.40 · Utilities		\$50,000	\$60,000		
440.45 · Building Insurance	ce	\$27,500	\$32,000		
440.90 · PM - Miscellaneo	us	\$300		10000000	700000
Total 440 · Plant Maintenance		\$136,800	\$157,300	\$144,800	\$130,335.44
460 · FWBBC Bookstore				\$17,500	\$5,752.54
460.02 · FWBBC - Salarie	8	\$0		A. 3040300-	22.22
460.04 · FWBBC - Travel I	Expense	\$0	1990	274,000	
460.05 · FWBBC - Buildin	g Rental	\$0			
460.06 · FWBBC - Supplie		\$0		- 12.000	
460.12 · FWBBC - Dues 8	Subscriptions	\$0) \$(5100	J \$0.00

	Budget 2013	Budget 2012	Budget 2011	Actual 2011
460.26 · FWBBC - FICA	\$0	\$0	\$1,200	\$377.12
460.40 · FWBBC - Textbooks	\$0	\$0	\$60,000	\$10,299.79
460.42 · FWBBC - Snacks/School Supplies	\$0	\$0	\$10,000	\$3,059.38
460.44 · FWBBC - Apparel	\$0	\$0	\$500	\$0.00
460.46 · FWBBC - Shorts	\$0	\$0	\$500	\$77.20
460.48 - FWBBC - Bibles/Books/Gifts	\$0	\$0	\$2,500	\$0.00
460.90 · FWBBC - Miscellaneous	\$0	\$0	\$250	\$0.00
Total 460 · FWBBC Bookstore	\$0	\$0	\$99,050	\$19,882.20
490 · General				
490.06 - GE - Supplies	\$1,000	\$3,000	\$5,000	\$295.84
490.07 · GE - Equipment Maintenance	\$500	\$1,000	\$5,000	\$0.0
490.08 · GE - Equipment Rental	\$20,000	\$25,000	\$20,000	\$19,142.0
490.14 · Depreciation	\$60,000	\$80,000	\$75,000	\$55,695.0
490.15 - Interest Expense	\$17,000	\$20,000	\$20,000	\$14,594.9
490.18 · Bank Service Charges	\$35,000	\$30,000	\$15,000	\$33,451.9
490.20 - Insurance	\$500	\$15,000	\$15,000	\$152.0
490.25 · RHP - Board Expense	\$20,000	\$20,000	\$20,000	\$17,854.6
490.30 · Legal & Audit	\$17,500	\$15,000	\$15,000	\$15,773.0
490.35 · GE - Automobile Expense	\$2,000	\$2,000	\$2,500	\$1,883.1
490.40 · Bad Debts	\$2,000	\$1,000	\$1,000	\$3,958.6
490.45 · In House Functions	\$10,000	\$12,000	\$10,000	\$8,036.8
490.50 · Taxes	\$6,000	\$6,000	\$5,000	\$5,698.2
490.55 · Payroll Services	\$6,500	\$9,000	\$7,500	\$8,895.3
490.90 · GE - Miscellaneous	\$1,000	\$2,000	\$5,000	\$478.9
490 - General - Other	\$0	\$0	\$0	\$33.3
Total 490 · General	\$199,000	\$241,000	\$221,000	\$185,943.9
9000 - Youth Department				
9100 · Youth Revenues				
300.62 · NYC 2013	\$125,000	\$0	\$115,000	\$108,917.9
300.63 - NYC 2012	\$0	\$115,000	\$0	\$145.0
300.64 · Truth & Peace Fees - 2013	\$145,000	\$0	\$105,000	\$122,801.4
300.65 - Truth & Peace Fees 2012	\$0	\$110,000	\$0	-\$1,250.0
300.66 · NYET Fees - 2013	\$20,000	\$0	\$7,500	\$17,100.00
300.67 · NYET Fees 2012	\$0	\$10,000	\$0	\$0.00
300.70 · Youth Collections	\$2,500	\$2,500	\$2,000	\$2,175.5
300.73 · Buck-A-Week Revenues	\$2,000	\$250	\$0	\$272.49
Total 9100 - Youth Revenues	\$294,500	\$237,750	\$229,500	\$250,162.4
Total 9000 · Youth Department	\$294,500	\$237,750	\$229,500	\$250,162.4
450 · Youth Department Expenses				
450.02 · YD - Salaries	\$18,000	\$23,000	\$30,000	\$16,408.31
450.03 · YD - Housing Allowance	\$5,400	\$5,400	\$6,000	\$5,400.00
450.04 · YD - Travel Expense	\$3,000	\$3,500	\$3,500	\$2,466.50
450.06 · YD - Supplies	\$1,500	\$1,000	\$1,000	\$1,372.17
450.08 · YD - Overhead	\$16,000	\$13,500	\$0	\$16,000.00
450.10 · YD - Conventions & Seminars	\$500	\$500	\$1,000	\$300.00
450.12 · YD - Dues & Subscriptions	\$500	\$500	\$500	\$69.90
450.16 · YD - Entertainment	\$1,500	\$500	\$500	\$1,360.41
450.23 · YD - Telephone	\$500	\$500	\$0	\$335.44
	+300	4000		-300.4

	Budget 2013	Budget 2012	Budget 2011	Actual 2011
	\$1,000	\$1,000	\$750	\$830.18
450.29 - YD - Retirement	\$3,500	\$4,000	\$3,500	\$3,046.88
450.32 · YD - Insurance	\$110,000	\$0	\$85,000	\$96,274.23
450.34 · NYC Expense 2013	\$110,000	\$85,000	\$0	\$0.00
450.35 - SCM - NYC 2012		\$0	\$85,000	\$97,082.76
450.36 - Truth & Peace - 2013	\$120,000	\$95,000	\$0	\$24.00
450.36 - Truth & Peace 2012	\$0	\$0	\$7,500	\$29,836.42
	\$20,000	\$10,000	\$0	\$0.00
450.38 · NYET 2013	\$0	\$10,000	\$0	\$2,568.45
450.39 - SCM - NYET 2012	\$1,500	\$1,000	\$1,000	\$0.00
450.88 · Buck-A-Week Expenses	\$0	\$246,750	\$227,750	\$274,443.53
450.90 · YD - Miscellaneous Total 450 · Youth Department Expenses	\$303,900	\$240,750	*****	
	***	\$0	\$0	\$150.00
200 - Revenues Denom. Ministries 300.91 - Alabama Conference Fees	\$0	\$10,000	\$0	\$0.00
9200 · Revenues Denom. Ministries - Other	\$0	\$10,000	\$0	\$150.00
9200 Revenues Denom Ministries	\$0	\$10,000		
Total 9200 · Revenues Denom. Ministries				
Micietries Expenses		\$0	\$0	\$606.3
445 · Denominational Ministries Expenses	\$0			\$12,000.0
445.45 - Team Church Travel	\$13,000			\$46,575.1
445.65 - Yearbook Printing	\$50,000	62.00	** ***	\$0.0
445.66 · ONE Magazine	\$		*****	
445.93 · Scholarships	\$63,00	0 \$65,00	0 000,000	
Total 445 · Denominational Ministries				

	2012 PACKAGE	2013 PROJECTED	PACKAGE
EXECUTIVE DIRECTOR & CEO	2012 PACKAGE		
RONALD HUNTER, JR			
	\$55,573	\$59,821	
SALARY ***	\$29,400	\$29,400	
HOUSING ALLOWANCE	\$1,634	\$1,716	
CHRISTMAS BONUS	A. Contract	\$90,	
COMPENSATION TOTAL			
	\$0	\$0	
SOCIAL SECURITY	\$4,249	\$4,461	44 451
RETIREMENT		4,249	\$4,461
BENEFITS TOTAL	\$9	0,866	\$95,398
TOTAL PAY PACKAGE		light increase is projecte	ed for 2013.

Medical, Dental, Life and Long Term Disability Insurances in 2012 is \$12,645.24. A slight increase is projected for 2013.

^{***} Salary is subject to change dependent on the performance of the company for the year.

Summary of the Minutes For the Randall House Publications Board 2011-2012

The Board had three regular meetings. The first meeting was held at the National Association July 20, 2011 in Charlotte, North Carolina. At that meeting we elected officers and determined committees.

The second meeting was held at Randall House December 7, 2011 after the National Leadership Conference. We authorized the scheduling of a second additional location for the 2013 D6 Conference. We heard a report on the September D6 Conference. We approved the speakers for the Youth Worship Services for NYC 2012. The dates for the Spring 2012 Board Meeting were set.

The third meeting was held April 22-23, 2012 in Columbus, OH. At that meeting, we accepted the 2011 audit and approved the 2013 budget. The board discussed the D6 Conference. The board expressed its poard set the opportunity that FWB is a leader in generational discipleship in the Kingdom of God. The of service (the majority of which were as clerk) to Free Will Baptist as a RHP board member.



Home Missions North America 2011

Dear Friends of Home Missions,

Home Missions North America is planting a record number of churches. We have better participation from our Free Will Baptists, churches, and states than ever before. Our people are taking ownership and building prayer and support relationships with our missionaries across America. From our board, our church planters, and mission staff, Thank You!

New and Recent Projects

Tyler and Kellie Penn - Champaign, Illinois
Jay and Annette Baines - Dover, Delaware (Parenting Project)
Len and Lynda Blanchard - Oxford, Alabama
Jamie and Abigail Hernández - Elkhart, Indiana
Jason and Holly Weaver - Winchester, Virginia

Church Planters Going Self-Supporting

Jeff and Donna Crabtree - Fredericton New Brunswick, Canada 2012 Keith and Janet Bartlett, Ray and Iris Hollifield, Castaic, California 2012 Scott and Rebecca Cheatham, Denver, Colorado 2012

Mexico Ministries

Convention Center and Bible Institute, Altamira, Mexico Seminario Biblico La Cruz, Reynosa, Mexico El Uro Convention Center and Campground, Monterrey, Mexico **Hispanic Training Centers**

Gwen Hendrix Hispanic Institute, Inman, South Carolina Siempre Gozosos Church and Institute, Johnson City, Tennessee Iglesia Bautista Libre and Institute, Houston, Texas Southern California Hispanic Seminary, Los Angeles, California

Free Will Baptist Chaplains

The Home Missions Department continues to endorse chaplains for the United States Army, Navy, Air Force, National Guard, and Reserve Forces.

CH (MAJ) Richard G. Anderson, Creech AFB, Las Vegas NV

CH (COL) Terry Austin, Fort Sam Houston, Texas

CH (MAJ) John Carey, Fort Hood, Texas

CH (CPT) Tracy Kerr, Lehrberg, Germany

CH (MAJ) Steven Simpson, Aberdeen Proving Ground, Maryland

CH (LT COL) Tim Sturgill, Wright-Patterson Air Force Base, Ohio

CH (CPT) Kevin Trimble, Fort Campbell, Kentucky

CH (MAJ) David Trogdon, Fort Stewart, Georgia

CH (CPT) W. Lee Fry Jr. Fort Gordon, Georgia

Our chaplains are Free Will Baptist ministers in the uniform of our country. They have a tremendous ministry as they connect with hundreds of people that need our Lord Jesus. We are thankful for their witness as they serve "God and Country."

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

Synopsis of Board Minutes

April 26, 2011

Met with Len Blanchard and with enthusiasm agree with Director Larry Powell to partner with Alabama State Mission Board in planting a church in Oxford, Alabama.

Reviewed the document "Guidelines for Military Chaplains" and recommend that Scriptural references be added in the footnotes of the document.

MSC that all Free Will Baptist Military Chaplains be required to send an annual report to the National Home Missions Board for its December meeting.

MSC that we give special commendation to all church planters who have brought their works to autonomous church status.

July 20, 2011

MSC to approve Tyler and Kellie Penn as Joint-Project missionaries to Champaign, IL.

Special Prayer was given for Randy Wright, Chairman; Chaplain David Spears, Tim Osborn and Melissa Lewis.

The board heard Jay Baines plans for a "Parenting Project" for Dover, Delaware. The board received his report as information. The general director will approve him as an Associate Missionary for this project.



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 statements of financial position of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits provide 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, 2011 and 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.

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

God D. Collins. Jr., CPA

April 26, 2012

P.O. Box 291561 . Nashville, Tennessee 37229 . 615.974.2918 . joelcollumcpe@yaboo.com

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, 2011 and 2010

ASSETS

ASSELD	10004	2010
ASSETS Cash Investments Investments in Church Extension Fund Accounts receivable - related party Inventory	\$ 563,814 3,789 715,217 291,469 43,285	\$ 309,481 3,288 728,536 300,659 38,321
Property & equipment, at cost less accumulated less accumulated depreciation of \$146,530 (\$122,389 in 2010) TOTAL ASSETS	\$ 1,771,637	\$ 1,552,004
LIABILITIES AND NET A	SSETS	
LIABILITIES Accounts payable and accrued expenses Capital lease payable Total liabilities COMMITMENTS	\$ 5,784 13,222 19,006	\$ 45,508 16,518 62,026
NET ASSETS Unrestricted Operating Board designated Total Unrestricted	1,124,932 343,255 1,468,187 284,444	911,366 343,255 1,254,621 235,357
Temporarily Restricted	1,752,631	1,489,978
TOTAL LIABILITIES AND NET ASSETS	\$ 1,771,637	\$ 1,552,004

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, 2011 and 2010

UNRESTRICTED	2011	2010
REVENUES		
Cooperative program		
Designated contributions	\$ 168,918	\$ 144,488
Management fees - Note 4	1,052,610	732,065
Interest income	240,000	240,000
Gain (loss) on sale of property & equipment	34,681	33,755
Unrealized gain (loss) on value of investment	-	680
Net assets released from restrictions:	501	(1,845)
Restrictions satisfied by payments	2 500 114	* ***
	3,528,114	3,620,809
Total revenue	5,024,824	4,769,952
EXPENSES		
Administrative expenses	1 202 144	1 270 (10
Missionary expenses	1,283,144	1,270,618
Missionary land & building	3,305,166 222,948	3,399,640 221,169
Total expenses		AND CAR STORY
	4,811,258	4,891,427
Increase (decrease) in unrestricted net assets	213,566	(121,475)
TEMPORARILY RESTRICTED		
REVENUES		
Cooperative program	(70.010	
Designated contributions	678,919	787,871
Net assets released from restrictions:	2,898,282	3,032,969
Restrictions satisfied by payments		
Missionary expenses		
Missionary land & building	(3,305,166)	(3,399,640)
	(222,948)	(221,169)
Increase (decrease) in temporarily restricted net assets	49,087	200,031
Total increase (decrease) in net assets	262,653	78,556
Net assets - beginning of year	1,489,978	1,411,422
Net assets - end of year	\$ 1,752,631	\$ 1,489,978

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, 2011 and 2010

FOR THE TENES	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		s 78,556
CASH FLOWS FROM OF EXALENCE ASSETS	\$ 262,653	\$ 78,556
Increase (decrease) in net assets Adjustments to reconcile change in net assets to net		
cash provided (used) by operating activities:	24,141	27,567
Deprecation	24,111	(680)
(Gain) loss on sale of property & equipment	(501)	1,845
(Coin) loss on value of investment		
Changes in operating assets and Habilities.	9,190	(123,411)
(Increase) decrease in receivables	(4,964)	(7,236)
(Increase) decrease in inventories		* C 05B
Increase (decrease) in accounts payable and	(39,724)	16,958
accrued expenses		(6,401)
Net Cash Provided (Used) By Operating Activities	250,795	(0,401)
Net Cash Provided (Used) By Operating		
CASH FLOWS FROM INVESTING ACTIVITIES:	48,000	5,000
Redemption of investments	(34,681)	(226,755)
Acquisition of investments	(6,485)	(6,896)
Purchases of property and equipment	(0,400)	
	6,834	(228,651)
Net Cash Provided (Used) By Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:	(2.000)	(2,839)
Capital lease payments made	(3,296)	(2,033)
	(3,296)	(2,839)
Net Cash Provided (Used) by Financing Activities		45
INCREASE (DECREASE) IN	254,333	(237,891)
CASH AND CASH EQUIVALENTS	234,333	
	309,481	547,372
Cash and cash equivalents at beginning of years		
	\$ 563,814	\$ 309,481
Cash and cash equivalents at end of years		
SUPPLEMENTAL DISCLOSURES	\$ 1,468	\$ 1,346
Interest paid	5 1,700	
	\$ -	\$ 25,684
Purchases of property and equipment		(18,788)
Less: capital lease		15 12000
¥	\$ -	\$ 6,896
Cash paid for property and equipment		

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, 2011 and 2010**

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 2011 or 2010.

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, 2011 and 2010.

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, 2011 and 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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

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

Property and Equipment and Depreciation:

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

Automobile Office furniture and equipment

5 years 3 - 20 years

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

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

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, 2011 and 2010

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

Land - Puerto Rico	_	2011		2010
Automobile Office furniture & equipment	\$	105,000 66,699 128,894	S	105,000 66,699
Less: Accumulated depreciation	\$	300,593 (146,530) 154,063		122,409 294,108 (122,389)
Depreciation for the year	\$	24,141	2	171,719 27,567

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Missionaries	2011	2010	
	\$ 284,444	\$ 235,357	

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 (\$240,000 at December 31, 2010) 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 \$715,217 (\$728,536 at December 31, 2010). 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 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 \$291,469 (\$300,659 at December 31, 2010).

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, 2011 and 2010

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 (\$57,264 for the year ended December 31, 2010).

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, 2011, the excess amount over the federally insured limit was \$313,814 (\$59,481 in 2010). 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 \$715,217 (\$728,536 in 2010) 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, 2011 and 2010

INVESTMENTS

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

				ber 31, 2011		nrealized
				Fair		opreciation
		Cost	-	Value	(De	epreciation)
Equity securities	\$	144,684	2	3,789	\$	(140,895)
Investment return is summarized	d as follows:					
Net realized and unrealized inco	ome (loss)				\$	501
Net realized and unrealized inco	ome (loss)		Deceml	ber 31, 2010)	
Net realized and unrealized inco	ome (loss)]			U	nrealized
Net realized and unrealized inco				Fair) Aj	nrealized opreciation
		Cost		Fair Value) Aj	Inrealized opreciation
Equity securities	\$			Fair) Aj	nrealized opreciation
	\$	Cost		Fair Value) Aj	Inrealized opreciation epreciation)

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 \$62,041 (\$64,541 in 2010). 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, 2011 and 2010

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:	\$ 4,764
2012	4,764
2013	4,764
2014	1,191
2015	15,483
	(2,261)
Less amount representing interest	
	\$ 13,222
Present value of net minimum lease payments	

The depreciation expense related to this office equipment amounted to \$3,758.

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.

f directors. Accordingly, the following data is disclosed about	2011	2010
	\$ 41,960,583	\$ 39,239,155
Total assets		
Total liabilities	\$ 39,931,099	\$ 36,950,882
	\$ 2,029,484	\$ 2,288,273
Net assets	\$ 2,671,652	\$ 2,749,706
Revenue		2 729 201
Expenses	\$ 2,930,441	\$ 2,728,301

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 26, 2012 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. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

14. UNCERTAINTY IN INCOME TAXES

Accounting principals generally accepted in the United States of America require the Board's management to evaluate tax positions taken by the Board and recognize a tax liability (or asset) if the Board has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Board's executive director has analyzed tax positions taken and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Board is exempt from filing annual tax returns.

BOARD OF HOME MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS OF THE UNITED STATES OF AMERICA, INC. SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	2011	2010
ADMINISTRATIVE EXPENSES		* 222 677
Salaries and wages	\$ 333,396	\$ 323,677
Payroll taxes	12,739	11,996
Housing allowance and employee benefits	76,429	65,080
Retirement	9,611	14,022
Cost of literature	19,617	6,355
Promotion expense	124,293	85,131
Utilities	17,061	17,758
Office expense	29,775	30,861
Printing and postage	72,244	126,751
Rent expense	57,264	57,264
Professional fees	8,100	6,600
Auto and travel expense	331,946	286,236
Board meeting expense	12,903	11,501
Insurance expense	68,834	72,329
Telephone	2,869	3,020
Scholarships	2,700	2,000
Flowers and gifts	5,438	3,854
Miscellaneous	1,294	49,922
	71,022	67,348
One magazine	1,468	1,346
Interest expense Depreciation	24,141	27,567
Total administrative expenses	1,283,144	1,270,618
MISSIONARY EXPENSES		
	2,666,790	2,652,056
Salary and wages Retirement	52,430	50,519
	10,557	18,334
Promotion expense	102,736	103,826
Printing and postage	88,611	179,699
Literature	188,012	236,347
Auto and travel expense	64,565	45,145
Insurance expense	1,330	24,604
Designated contributions	130,135	89,110
Miscellaneous other expense		Discussion was
Total missionary expenses	3,305,166	
MISSIONARY LAND & BUILDINGS	222,948	221,169
Total Expenses	\$ 4,811,258	\$4,891,427

	2011	2012	2013
General Director: Larry Pow	rell		2013
Salary	\$67,560.35	\$68,911.55	\$70,289.78
Housing	\$18,000.00	\$18,000.00	
Utilities	\$3,200.00	\$3,500.00	\$18,000.00
Retirement	\$4,278.01	\$4,350.00	\$3,700.00
Insurance*	\$11,000.00	\$12,000.00	\$4,400.00
TOTALS	\$104,038.36	\$106,761.55	\$12,000.00
Office car furnished		, 100, 01.33	\$108,389.78
Director of Missionary Assist	ance: Richard Atwood		
Salary	\$50,525.75	\$51,968.26	ČE2 420 50
Housing	\$21,600.00	\$21,600.00	\$53,439.62
Utilities	\$3,200.00	\$3,500.00	\$21,600.00
Retirement	\$3,606.28	\$3,700.00	\$3,700.00
Insurance*	\$15,500.00	\$12,000.00	\$3,800.00
TOTALS	\$94,432.03	\$92,768.26	\$12,000.00
Office car furnished		\$32,700.20	\$94,539.62
Director of Development: Da	vid Crowe		
Salary	\$54,125.75	\$55,568.26	\$57,039.62
Housing	\$18,000.00	\$18,000.00	
Utilities	\$3,200.00	\$3,500.00	\$18,000.00
Retirement	\$3,606.28	\$3,700.00	\$3,700.00
Insurance*	\$15,500.00	\$12,000.00	\$3,800.00
TOTALS	\$94,432.03	\$92,768.26	\$12,000.00
Office car furnished	1201-1110 PACE PACE PACE PACE PACE PACE PACE PACE	452,700.20	\$94,539.62

Insurance: Travel, Life, Health, Dental

Total Expenses	\$3,057,785.93 \$62,040.74 \$133,398.56 \$515,778.77 \$56,691.32 \$102,016.52 \$134,850.70 \$33,602.81 \$71,022.24 \$71,022.24 \$71,022.24 \$71,022.24 \$17,400.21 \$12,903.40 \$12,903.40 \$10.324.56 \$23,781.41 \$23,781.41 \$23,781.41 \$23,781.41 \$23,781.41 \$23,781.41 \$2,40.00 \$2,700.00 \$4,912.61 \$12,756.06 \$17,158.84 \$4,817,463.61
Total Budget	\$3,475,000.00 \$120,000.00 \$400,000.00 \$400,000.00 \$110,000.00 \$105,000.00 \$15,000.00 \$15,000.00 \$15,000.00 \$15,000.00 \$10,000.00 \$20,000.00 \$20,000.00 \$20,000.00 \$20,000.00 \$20,000.00 \$20,000.00 \$20,000.00 \$210,000.00 \$250,000.00 \$250,000.00 \$250,000.00 \$250,000.00 \$250,000.00 \$250,000.00
Actual Expenses	\$2,666,789.78 \$52,429.58 \$64,564.91 \$186,941.87 \$32,085.11 \$70,651.04 \$10,557.33 \$10,557.33 \$10,557.33 \$10,557.33 \$17,756.06 \$222,948.82 \$17,158.84 \$3,525,713.98
Missionary Budget	\$3,000,000.00 \$45,000.00 \$200,000.00 \$40,000.00 \$40,000.00 \$5,000.00 \$35,000.00 \$10,000.00 \$3,790,000.00 \$3,790,000.00
	\$390,996.15 \$68,833.65 \$328,836.90 \$24,606.21 \$52,016.52 \$124,293.37 \$33,602.81 \$71,022.24 \$17,400.21 \$12,903.40 \$12,903.40 \$12,903.40 \$10,324.56 \$23,781.41 \$2,700.00 \$46,294.50 \$46,294.50 \$4,912.61
Adm. Budget Actual Expenses	\$475,000.00 \$10,000.00 \$80,000.00 \$200,000.00 \$40,000.00 \$50,000.00 \$15,000.00 \$15,000.00 \$15,000.00 \$15,000.00 \$10,000.00 \$10,000.00 \$2,500.00 \$2,500.00 \$3,000.00 \$3,000.00 \$1,210,000.00
	Year 2011: Salaries/Housing Retirement Insurance Auto and Travel Postage Printing Printing Printing Office Supplies/Maintenance ONE Magazine Utilities Board Expense Literature Rent Phone and FAX Depreciation Payroll Taxes Medicare Taxes Legal and Audit Misc. Scholarships Flowers/Gifts Misc. Receipts Land/Building Foreign Missions Exchange

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	
West Virginia	\$7,500.00
Wisconsin	\$120,000.00
WNAC	\$25,000.00
Wyoming	\$140,000.00 \$2,500.00
TOTAL	\$5,000,000.00

	Administrative	Missionary	Total
410 41153	\$400,000.00	\$3,000,000.00	\$3,400,000.00
Salaries/Housing	\$10,000.00	\$50,000.00	\$60,000.00
Retirement	\$75,000.00	\$60,000.00	\$135,000.00
Insurance	\$300,000.00	\$200,000.00	\$500,000.00
Auto and Travel	\$25,000.00	\$30,000.00	\$55,000.00
Postage	\$50,000.00	\$65,000.00	\$115,000.00
Printing	\$125,000.00	\$10,000.00	\$135,000.00
Promotion/Adv.	\$25,000.00	T.T.S./	\$25,000.00
Off. Supplies/Maint.	\$70,000.00		\$70,000.00
ONE Magazine	\$15,000.00		\$15,000.00
Utilities	\$10,000.00		\$10,000.00
Board Expense	A Committee of the Comm	\$70,000.00	\$80,000.00
Literature	\$10,000.00	\$70,000.00	\$58,000.00
Rent	\$58,000.00		\$3,000.00
Phone/Fax	\$3,000.00		\$20,000.00
Depreciation	\$20,000.00		\$10,000.00
Payroll Taxes	\$10,000.00		\$2,500.00
Medicare Taxes	\$2,500.00		\$8,000.00
Legal/Audit	\$8,000.00	\$75,000.00	\$77,500.00
Misc.	\$2,500.00	\$75,000.00	\$3,000.00
Scholarships	\$3,000.00		\$3,000.00
Flowers/Gifts	\$3,000.00	¢10,000,00	\$10,000.00
Misc. Receipts		\$10,000.00	\$200,000.00
Land/Building		\$200,000.00	\$5,000.00
FM Exchange		\$5,000.00	\$3,000.00
TOTALS	\$1,225,000.00	\$3,775,000.00	\$5,000,000.00



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Church Extension Loan Fund, Inc., Antioch, Tennessec

I have audited the accompanying statements of financial position of the Church Extension Loan Fund, Inc., (a nonprofit organization), as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits provide 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 Church Extension Loan Fund, Inc., as of December 31, 2011 and 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.

April 25, 2012

P.O. Box 291561 . Nashville, Tennessee 37229 . 615.974.2918 . joelcollumcpa@yahoo.com

CHURCH EXTENSION LOAN FUND, INC. STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2011 and 2010

ASSETS

ASSETS		
	2011	2010
ASSETS	\$ 1,949,773 254,780	\$ 3,270,943 752,259
Cash Certificates of deposit Notes receivable, net of allowance for doubtful accounts of \$380,000 (\$259,980 in 2010) Accrued interest receivable	39,474,432 244,137	34,945,434 220,034
Property & equipment, at cost less accumulated depreciation of \$39,506 (\$29,597 in 2010)	37,461	\$ 39,239,155
TOTAL ASSETS	\$ 41,960,583	
LIABILITIES AND	NET ASSETS	
LIABILITIES Accounts payable - related party Accrued interest Revocable and irrevocable trusts Notes payable	\$ 291,469 435 1,522,378 38,116,131 686	\$ 300,659 422 1,608,082 35,041,033 686
Other accrued liabilities Total liabilities	39,931,099	36,950,88
NET ASSETS Unrestricted	2,029,484	2,288,27
Total net assets TOTAL LIABILITIES AND NET ASSETS	\$ 41,960,583	\$ 39,239,1
TOTAL LIABILITIES AND INC.		

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

CHURCH EXTENSION LOAN FUND, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

OPERATING	2011	2010
REVENUES		
Investment income	Wy PARAGONI	
Interest income on notes receivable	\$ 13,808	\$ 11,114
Gain on disposition of collateral property	2,657,844	2,573,946
out on disposition of conateral property		143,241
Total revenue	2,671,652	2,728,301
EXPENSES		
Interest expense	1,816,057	1 976 560
Office expense		1,876,569
Management fee - Note 4	13,056	15,164
Promotion	240,000	240,000
Travel	35,497	17,532
Professional fees	500	
Depreciation	8,380	8,325
Build My Church Project expense	14,386	11,737
Transfer to Free Will Baptists Home Missions	50,000	53,315
Bad debt expense	263,796	300,659
	229,980	205,000
Total expenses	2,671,652	2,728,301
Increase (decrease) in operating net assets		-
BUILD MY CHURCH - NOTE 5		
REVENUES		
Designated Contributions		21,405
EXPENSES		
Transfer to Free Will Baptists Home Missions	258,789	
Increase (decrease) in Build My Church net assets	(258,789)	21,405
Total increase (decrease) in net assets	(258,789)	21,405
Net assets - beginning of year	2,288,273	2,266,868
Net assets - end of year	\$ 2,029,484	\$ 2,288,273

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

CHURCH EXTENSION LOAN FUND, INC. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

CASH FLOWS FROM OPERATING ACTIVITIES:		
	6 (259 790)	\$ 21,405
t (decrease) in net assets	\$ (258,789)	2,,,,,
A directments to reconcile change in net assets to net		
cash provided (used) by operating activities:	14,386	11,737
Depreciation	14,500	*
Loss on disposition of property and equipment	151	
Changes in operating assets and liabilities:	(24,103)	(8,484)
(Increase) decrease in accrued interest receivable	(24,105)	1,200
(Increase) decrease in prepaid unrelated business income tax	(9,190)	123,412
Increase (decrease) in accounts payable	13	53
Increase (decrease) in accrued interest payable		LINE TO THE PARTY OF THE PARTY
Net Cash Provided (Used) By Operating Activities	(277,683)	149,323
CASH FLOWS FROM INVESTING ACTIVITIES:		
CASH FLOWS FROM INVESTING ACTIVITIES	(6,025,935)	(4,267,075)
Additions to notes and bonds receivable	1,266,957	2,909,720
Collection on notes receivable	(3,165)	(1,002,530)
Purchase of certificates of deposit	500,644	250,271
Redemption of certificates of deposit	229,980	205,000
Increase in allowance for doubtful accounts	(1,362)	(14,062)
Purchases of new equipment	(4,032,881)	(1,918,676)
Net Cash Provided (Used) By Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES:	79,347	104,411
Additions to trust	(165,051)	(185,732)
Terminations of trust	7,133,629	7,012,114
Additions to notes payable	The second secon	(4,145,689)
Repayment of notes payable	(4,058,531)	(4,145,005)
Net Cash Provided (Used) by Financing Activities	2,989,394	2,785,104
INCREASE (DECREASE) IN		1,015,751
CASH AND CASH EQUIVALENTS	(1,321,170)	
Cash and cash equivalents at beginning of years	3,270,943	2,255,192
Cash and cash equivalents at end of years	\$ 1,949,773	\$ 3,270,943
SUPPLEMENTAL DISCLOSURES	\$ 2,633,741_	\$ 2,565,462
Interest received	\$ 2,000,171	- 101 AND TO 121 PM
Interest paid	\$ 1,816,044	\$ 1,876,516

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

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

The Church Extension Loan Fund, Inc., 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 2011 (\$-0- for 2010).

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.

The Organization uses estimates to prepare the allowance for doubtful accounts. This estimate is based on managements experience with the church and the current fair market value of the property. The actual amount may be significantly different from this estimate.

Cash equivalents

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

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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.

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
Viiionic	5 years
Office equipment	J years

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

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

		2011		2010
	\$	21,837	\$	21,837
Automobile	•	55,130		58,245
Office equipment		76,967	0 mm 51, 2523	80,082
		(39,506)		(29,597)
Less: Accumulated depreciation	-\$	37,461	S	50,485
		AND DESCRIPTION OF THE PERSON	-	1200

2010

3. NOTES PAYABLE

Notes payable consist of 3.5 - 5% (4 - 5.5% in 2010) 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.

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 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 (\$240,000 at December 31, 2010) 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 \$291,469 (\$300,659 at December 31, 2010).

5. DESIGNATED CONTRIBUTIONS

The designated contributions are amounts given to the "Build My Church" program. The monies given to this program are loaned to churches in the same manner that other funds are loaned to churches. The total amount given for the first phase of the Build My Church program has reached \$1,000,000. In accordance with the provisions of the program payments totaling \$50,000 (\$53,315 at December 31, 2010) were made during the year 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 was begun. In 2011 the Board voted to discontinue this program and transfer the funds to Home Missions for missionary assistance.

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2011, the excess amount over the federally insured limit was \$1,954,552 (\$2,025,733 in 2010). 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, 2011 and 2010.

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, 2011 and 2010.

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

8. CONCENTRATION

Included in notes receivable at December 31, 2011 are six loans which total \$9,127,245 (four which total \$5,817,679 in 2010). This balance represents 22.90% (16,52% in 2010) of total notes receivable.

Notes payable include ten notes which total \$7,148,573 or 18.75% (eight notes which total \$6,302,479 or 17.99% in 2010) 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, 2011 amounted to \$118,885 (\$122,469 at December 31, 2010).

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:

	20	11	20.00	2.0
Current payable	\$	-	\$	-
		-		*
Deferred taxes	\$	-	\$	

2010

2011

11. UNCERTAINTY IN INCOME TAXES

Accounting principals generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's executive director has analyzed tax positions taken and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is exempt from filing annual tax returns. For the past several years the Organization has filed form 990-T. Management believes that none of returns filed prior to the year ended December 31, 2008 are subject to examination.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 25, 2012 which is the date the financial statements were available to be issued.

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

13. 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 2010) 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.

Notes are stated at unpaid principal balances, less an 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 \$380,000 (\$259,980 in 2010) has been recorded. This allowance is based on managements experience with the church and the current fair market value of the property.

The Fund's practice is to charge off a note with the approval of the Board of Directors when there is no chance of collection either from the borrower or by disposition of the property.

There were no changes in the Fund's accounting policies during the period. There have been no purchases, sales or reclassifications of notes receivables.

Activity in the allowance for doubtful accounts is as follows:

Beginning balance	
Loan written off	\$ 259,980
Current year provision	(109,960)
Ending balance	 229,980
	\$ 380,000

Management of the Fund reviews each loan balance where the Church is past due and having difficulty making payments. Based on this assessment and the value of the property an estimate is made of the amount, if any, it believes will not be collected.

The ending balance in the allowance for doubtful accounts is attributed to notes evaluated individually as follows:

Loans evaluated individually	
	\$ 380,000

The ending balance of notes evaluated individually as follows:

Loans evaluated individually	
	\$ 8,357,953

CHURCH EXTENSION LOAN FUND, INC. NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 and 2010

ed impaired when, based on currently available information, it is probable that Fund will not collect all of th note. The notes receivable and allowance for doubtful accounts included one note that is considered impaired.

90

considered nonperforming and, consequently, interest income is only recognized interest received on the impaired loan for the year ended December 31, 2011 was

	Q	December 31, 201	-	December	Jecember 31, 2011
	Recorded Investment In Impaired Notes	Unpaid Principal Balance of Impaired Notes	Allowance for Doubtful Accounts on Impaired Notes	Average Recorded Investment In Impaired Notes	Interest Income Recognized While Notes Were Impaired
r which an allowance ounts has been recognized	\$ 341,432	\$ 341,432	\$ 239,002	\$ 341,432	



REPORT OF THE GENERAL DIRECTOR

I firmly believe Acts 26:16-18 presents our major tasks as missionaries:

"But rise, and stand upon thy feet:

for I have appeared unto thee for this purpose,

to make thee a minister and a witness...

Delivering thee from the people...unto whom now I send thee,

To open their eyes, and to turn them from darkness to light,

and from the power of Satan unto God,

that they may receive forgiveness of sins,

and inheritance among them which are sanctified by faith that is in me."

We are to minister and witness.

NO THANK YOU?

During our 25-plus years in Africa, we were frequently called on to respond to physical needs. Often, it was at the request of the one in need. At other times, we saw a need and took action.

A very dear African friend was facing tough financial times. In an effort to alleviate his stress, Lynette and I gave him some money. I held it out to him and, hesitantly, he took it. Then, without a word, he turned and walked away.

I was totally shocked. How could he take my gift of love and not express even a word of appreciation? My cultural background demanded a sincere "thank you" follow close on the heels of receiving a gift.

I went to my cultural confidant to seek understanding of what had occurred. He chuckled and assured me there was nothing to worry about. He said the recipient of the gift would return in a few weeks, or maybe even a month. He would bring a friend or two, and express his deep gratitude for what we had done. This was my African friend's cultural expression of sincere appreciation. It let the giver know how important the gift was by showing it was not forgotten, even with a lapse of time. Additionally, the joy of receiving had been shared with others.

A couple of weeks later, the scenario unfolded just as predicted. My friend returned with a family member to share just how much the gift had helped his family through a time of great need.

I learned two lessons. First, expressions of appreciation can vary from culture to culture. I also reflected on how often we receive a gift or assistance and, shortly thereafter, do not remember who gave the gift or aided us. The African cultural pattern may have much value.

THANK YOU!

We at IM find ourselves in the position of receivers of some outstanding gifts and help over the past year. The gifts have come in small and large quantities. The help has been words of encouragement, advice, trust, positive promotion, and much more.

If I could, I would follow the African pattern of expressing thanks. I would come to each and every one of you with another staff member and tell you just how much we appreciate everything you have done.

In many ways, I sense the denomination is doing just what we have been praying. You, our brothers and sisters, are stepping up and taking ownership and personal responsibility for the well being and success of Free Will Baptist International Missions.

We sincerely thank you and humbly ask that you keep it up. Long-term commitment is imperative because the task of the Great Commission is not finished. Many of you have made steps to ensure International Missions can continue to fulfill our responsibility to reach the unreached.

WORLD MISSIONS OFFERING (WMO)

As I prepare this report, it appears this will be a record-breaking year for our WMO. Our development team set a goal of 650 churches committed to an offering on World Missions Sunday, April 29. Through April 27, 2012, an amazing 712 churches had pledged to participate in the WMO.

We rejoice in your response to this call to engagement. Thank you for responding to God's leadership and playing your role in reaching the unreached.

A GLANCE AT THE NEXT FIVE YEARS

Let me assure you, this is not an attempt to predict the future. I am looking at indicators related to our personnel, philosophy, and focus, and attempting to foresee, to some degree, the direction things are taking and will take.

❖ I project our missionary force of 72 will reach a low point of 60-65 missionaries, including our apprentices. Several missionaries are scheduled for retirement in the next few years. Natural attrition will also play a role as some workers leave us for other ministries. This does not discourage me. Such losses are a natural part of an aging agency experiencing significant change and challenges. We will make the adjustments necessary to prepare for the next phase. A reduced work force does not have to mean reduced effectiveness.

- I believe the period of decline should bottom out in three to four years. Right on the heels of this, we should see an increase in the number of people interested in serving with IM. As we regain our organizational equilibrium, clearly communicate our goals and objectives to our constituency, and, properly report the results of ongoing field ministries, additional interest in serving overseas will occur. A renewed interest will be manifested by the resources put at our disposal and the number of people coming to us for ministry opportunities.
- Research reveals a significant influx of workers, looking for specialized ministry opportunities ranging from two to eight years, should be expected. We must make adjustments in our recruitment, mobilization, training, and sending to accommodate this genre of missionary. Otherwise, we will find ourselves irrelevant and ineffective in carrying out our mandate to reach the unreached. This does not preclude a renewed interest in a lifetime commitment to missions by many individuals. We must have structures to accommodate both short- and long-term engagements.
- Our field ministries will be greatly affected by the reduction of field personnel. As a result, strategic partnerships between the Mission, missionaries, the national churches, and their leaders will continue to be forged. Together, we will strategize and execute plans and programs to facilitate church planting movements on existing fields.
- We will see an increase in the awareness of what is happening in the 1040 Window. A greater understanding of the needs of this area will lead us to direct new personnel to consider ministry to people groups to whom the gospel has never been preached or is not even accessible.

Be assured, these thoughts are not designed as definitive statements of what the world, nor Free Will Baptist International Missions, will be like in five years. However, we believe strong indicators point in these directions and we must prepare for the changes, challenges, and opportunities they present.

CONCLUSION

Again I want to thank you for *every* thing you have done to help International Missions achieve its designated purposes. Our missionary personnel are encouraged by your response to our financial crisis. The office staff has been greatly moved by the number of pastors, laymen, and denominational leaders who have assured us of their support and proved it by their actions. It is our prayer that God will properly reward each one who has responded in obedience to His moving.

We are all grateful for the privilege of serving God through Free Will Baptist International Missions. We praise Him for all He is doing through His people to reach His world with the Good News.

It has been said by many, "Discover where God is at work and go join Him there." I propose we discover where God wants to work and join Him there.

Clint Morgan General Director God is accomplishing amazing things through Free Will Baptists around the globe!

Highlights from 2011:

- 14 people acknowledged Christ as Savior and eight were baptized in our churches in France
- In Bulgaria, working through suspicion of anything religious and anyone not Bulgarian, the Awtreys saw two people come to Christ
- In Panama, every church is actively involved in planting at least one other church; almost 350 people were saved
- Almost 18,000 people attended close to 900 churches and mission works each week in India, with hundreds of trained workers traveling to minister to these works and to evangelize unreached villages
- Around 10,000 people gathered to worship God in at least 180 locales in Cuba each week;
 38 students trained for ministry; 450 people professed salvation
- Although Spain experienced astronomical unemployment and economic pressures, the churches grew; nine people joined the Body of Christ and four were baptized
- Brazilian churches sustained an attendance of around 2,100 and saw 232 people saved; in addition to evangelizing their neighborhoods, families, and friends, Brazilian Christians embraced working cooperatively to plant churches within Brazil and sending missionaries to Uruguay and South Africa
- 25 people professed Jesus as Lord in Uruguay; five churches, all with Uruguayan pastors, worked to impact their communities with the gospel
- Still recovering from civil war and experiencing unrest, around 5,100 people worshipped in close to 70 churches and mission works in Côte d'Ivoire; 47 people came to Christ
- Natural disasters in Japan led to more people being willing to hear the gospel or receive Bibles; our 10 churches saw 12 conversions and six baptisms
- Through partnerships in Central Asia and Russia, workers were trained to better preach, teach, and evangelize.
- Free Will Baptist churches in South Korea planted churches in Pakistan and Kenya and evangelized in Cambodia, Iran, Nepal, and Bangladesh.

Much of the work accomplished overseas is a direct result of the prayer and financial support of the denomination. Every gift, every prayer is significant. We cannot measure the prayers. However, the following chart acknowledges the churches whose contributions met or exceeded \$10,000 for the 2011 fiscal year.

69 CHURCHES GAVE \$10,000 OR MORE IN 2011

Church	City	State	Amount
Donelson FWB Church	Nashville	TN	\$114,158.32
Unity FW8 Church	Greenville	NC	\$98,203.32
Horse Branch FWB Church	Turbeville	SC	\$65,796.64
First FWB Church	Russellville	AR	\$55,520.61
Grace FWB Church	Lake City	SC	\$47,353.80
Cofer's Chapel FWB Church	Nashville	TN	\$41,860.21
First FWB Church	Albany	GA	\$39,809.82
Macedonia FWB Church	Purdy	MO	\$35,947.00
First FWB Church	N Little Rock	AR	\$32,915.31

Mostalda FIMB Ch I	A SECOND STATE OF THE SECO		
Westside FWB Church	Johnsonville	SC	\$30,354.24
Sherwood Forest FWB Church	New Bern	NC	\$30,344.36
Cross Timbers FWB Church	Nashville	TN	\$29,263.99
Union Grove FWB Church	Atkins	AR	\$29,038.05
Cavanaugh FWB Church	Fort Smith	AR	\$27,935.98
Ina FWB Church	Ina	IL	\$26,701.00
Peace FWB Church	Florence	SC	\$25,389.84
Zephyr Hills FWB Church	Asheville	NC	\$25,250.00
Piney Grove FWB Church	Guin	AL	\$23,678.21
New Hope FWB Church	Joelton	TN	\$22,719.70
First FWB Church	Washington	NC	\$22,378.61
Garner FWB Church	Garner	NC	\$21,383.25
Central FWB Church	Royal Oak	MI	\$21,370.53
Bethany FWB Church	Timmonsville	SC	\$19,870.00
Bethel FWB Church	Kinston	NC	\$19,660.71
Winfield First FWB Church	Winfield	AL	\$19,638.08
First FWB Church	Gastonia	NC	\$19,448.00
New Liberty FWB Church	Bankston	AL	\$19,058.99
First FWB Church	Star City	AR	\$18,940.00
First FWB Church	Beaufort	NC	\$18,865.25
Red Bay FWB Church	Red Bay	AL	\$18,437.91
Peace FWB Church	Wilson	NC	\$17,899.92
Good Springs FWB Church	Pleasant View	TN	\$17,707.03
First FWB Church	Pocahontas	AR	\$17,635.20
Tippett's Chapel FWB Church	Clayton	NC	\$17,197.65
Temple FWB Church	Winterville	NC	\$16,520.53
Blue Point FWB Church	Cisne	1L	\$16,438.79
Sand Hill FWB Church	Coward	SC	\$16,431.01
Bethlehem FWB Church	Ashland City	TN	\$15,982.00
Calvary Fellowship FWB Church	Fenton	MO	\$15,541.50
Head's FWB Church	Cedar Hill	TN	\$15,156.33
Grace For The World Ministries	Dickson	TN	\$15,008.00
Mullins-Marion FWB Church	Mullins	SC	\$14,384.12
Temple FWB Church	Darlington	SC	\$14,364.28
Allen Chapel FWB Church	Batesville	AR	\$13,987.31
First FWB Church	Owensboro	KY	\$13,550.00
Sutton FWB Church	Pocahontas	AR	\$13,403.80
Forestdale FWB Church	Birmingham	AL	\$13,044.19
Lebanon FWB Church	Effingham	SC	\$12,941.21
Black River FWB Church	Andrews	SC	\$12,697.25
Kirby FWB Church	Flat Rock	MI	\$12,674.39
Porter FWB Church	Wheelersburg	ОН	\$12,560.17
North Warren FWB Church	Warren	MI	\$12,279.49
Hannon FWB Church	Liberal	MO	\$12,272.60
First FWB Church	Tuckerman	AR	\$12,173.14
Mt Olive FWB Church	Guin	AL	\$12,162.81
	Control of the Contro	4.66	712,102.01

Mt. Zion FWB Church	Pell City	AL	\$12,154.12
Liberty FWB Church	Lawley	AL	\$11,945.40
First FWB Church	Ypsilanti	MI	\$11,836.57
Trinity FWB Church	Bowling Green	KY	\$11,211.31
First FWB Church	Mountain Grove	MO	\$11,055.70
First FWB Church	Darlington	SC	\$11,022.76
Harrison FWB Church	Minford	OH	\$10,835.26
First FWB Church	Northport	AL	\$10,720.41
Phillips Chapel FWB Church	Springdale	AR	\$10,706.43
Fellowship FWB Church	Kingsport	TN	\$10,534.62
New Hope FWB Church	Jesup	GA	\$10,523.00
New Hope FWB Church	Ewing	IL	\$10,322.13
Harmony FWB Church	Fresno	CA	\$10,204.83
Fayette First FWB Church	Fayette	AL	\$10,070.79
	3 10 5 10 10 10	40 3 1 3 4	

These churches helped propel their states into the top ten states in overall giving to International Missions.

10 STATES GAVE OVER \$4.7 MILLION

Tennessee	\$1,016,636.28
North Carolina	\$640,502.85
Arkansas	\$606,665.46
Oklahoma	\$528,004.65
South Carolina	\$489,101.79
Missouri	\$388,509.41
Alabama	\$386,574.79
Georgia	\$307,750.49
Illinois	\$210,551.62
Ohio	\$183,513.36

In 2011, 19% of our Free Will Baptist churches in the United States participated in the World Missions Offering. Together, these churches, individuals, and several overseas churches contributed \$509,965.30 to the 2011 WMO. The following churches gave \$750 or more designated to the 2011 World Missions Offering. Note: the Villalba FWB Church in Spain is included in this list.

141 CHURCHES CONTRIBUTED \$750 OR MORE TO THE WORLD MISSIONS OFFERING

Church	City	State	Amount
Zephyr Hills FWB Church	Asheville	NC	\$22,200.00
Unity FWB Church	Greenville	NO NO	\$14,988.50
Piney Grove FWB Church	Guin	AL	\$12,679.36
Trinity FWB Church	Bowling Green	KY	\$8,193,73
Peace FWB Church	Florence	SC	\$8,152.00
Tupeto FWB Church	Tupelo	MS	\$8,100,00
Horse Branch FWB Church	Turbeville	SC	\$8,000.00
First FWB Church	Pocahontas	AR	\$8,000.00
First FWB Church	Beaufort	NC	\$7,994.25
Donelson FWB Church	Nashville	TN	\$7,713.00
First FWB Church	Gastonia	NC	\$6,394.00
First FWB Church	Dickson	TN	\$5,732,97
Red Bay FWB Church	Red Bay	AL	\$5,460.52
Cofer's Chapel FWB Church	Nashville	THE STATE OF	\$5,383.45
Head's FWB Church	Cedar Hill	TN	\$5,113.63
Macedonia FWB Church	Purdy	MO	\$5,000.00
Peace FWB Church	Wilson	NC	\$5,000.00
Cross Timbers FWB Church	Nashville	PERSON A	\$4,808.03
New Hope FWB Church	Joelton	TN	\$4,716.30
New Oak Grove FWB Church	Nauvoo	AL	\$4,700.00
Harrison FWB Church	Minford	ОН	\$4,565.26
Cardinal Village FW8 Church	Jacksonville	NC NC	\$4,332.00
Philadelphia FWB Church	Folkston	GA	\$4,188.89
Porter FWB Church	Wheelersburg	OH	\$3,841.80
Brush Creek FWB Church	Argillite	KY	\$3,841.50
Sophia FWB Church	Sophia	WV	53,604.87
Bethlehem FWB Church	Ashland City	TN	\$3,359.00
Heritage FWR Church	Columbus	OH	\$3,287.45
Keystone FWB Church	Johnson City	TN	\$3,283.96
Davis FWB Church	Davis	NC	\$3,275.33
Sherwood Forest FWB Church	El Sobrante	CA	\$3,166.45
First FWB Church	Savannah	GA	\$3,150.00
Sciotodale FWB Church	Portsmouth	ОН	\$3,033.87
Reynoldsburg FWB Church	Reynoldsburg	OH	\$2,900.00
Nolan FWB Church	Williamson	WV	\$2,775.42
Bethany FWB Church	Timmonsville	sc	52,653.00
Townsend FWB Church	Townsend	DE	\$2,588.74
Immanuel FWB Church	Ducham	NC	\$2,531.34
First FWB Church	Blakely	GA	\$2,526.50
Trinity FW6 Church	La Grange	NC A	\$2,500.00
Westside FWB Church	Johnsonville	SC	\$2,281.82
Cleveland FW8 Church	Cleveland	HO	\$2,274.00
Madison FWB Church	Lucasville	ОН	\$2,230.27

First FWB Church	Sulligent	AL	\$2,216.48
United FWB Church	Dickson	TN	\$2,200.00
First FWB Church	Bakersfield	CA	\$2,140.10
First FWB Church	Mountain Grove	MO	\$2,099.65
Madison FWB Church	Madison	AL	\$2,000.00
A STATE OF THE STA	Christiansted	VI	\$2,000.00
Free Will Baptist Church	Spartanburg	SC	\$2,000.00
Fairview FWB Church	Bankston	AL	\$1,973.49
New Liberty FWB Church	Darlington	SC	\$1,918.20
First FWB Church	Reynoldsburg	ОН	\$1,904.70
Hillview FWB Church	Fairdale	WV	\$1,836.19
Fairdale FWB Church	(- A) () A)	FL	\$1,823.60
First FWB Church of Chipley	Chipley	TN	51,811,25
Harper Road FWB Church	Joelton	TN	\$1,782.75
Cane Ridge FWB Church	Nolensville		\$1,756.57
Blue Point FWB Church	Cisne	TX	\$1,754.68
Liberation FWB Church	Houston	-	\$1,754.00
Bay Branch FWB Church	Timmonsville	SC	\$1,669.00
Ebenezer FWB Church	Miami	FL	THE RESERVE OF THE PARTY OF THE
Prospect Freewill Baptist Church	Dunn	NC	\$1,663.03
First FWB Church	Washington	NC	\$1,648.61
Harmony FWB Church	Lake Butler	FL	\$1,633.46
North Warren FWB Church	Warren	MI	\$1,624.00
New Hope First FWB Church	Sumner	WA	\$1,564.00
Ryanwood Fellowship FWB Ch	Vero Beach	FL	\$1,540.00
First FWB of Johnston City	Johnston City	AL .	\$1,538.06
Cross Creek FWB Church	Olive Branch	MS	\$1,529.81
Rocky Pass FWB Church	Marion	NC.	\$1,500.00
Mill Branch FWB Church	Johnsonville	SC	\$1,500.00
White Oak Hill FWB Church	Bailey	NC	\$1,489.84
Central FWB Church	Royal Oak	MI	\$1,484.25
First FWB Church	Farmersville	CA	\$1,475.02
Calvary Chapel FWB Church	Buffalo	MO	\$1,456.77
Ben Avenue FWB Church	Kannapolis	NC	\$1,429.50
Travelers Rest FWB Church	Colquitt	GA	\$1,429.31
Grace FWB Church	Louisa	VA	\$1,401.73
South Fremont FWB Church	Springfield	МО	\$1,400.00
	THE RESIDENCE OF THE PARTY OF THE PARTY.	GA	\$1,393.93
New Life Fellowship FWB Church	O Fallon	IL	\$1,389.86
Victory FWB Church	Pamplico	SC	\$1,372.88
Mt. Elon FWB Church		МО	\$1,358.00
Hartville FWB Church	Hartville	WV	\$1,268.78
Mt. Carmel FWB Church	Matheny	TN	\$1,250.63
Knights Chapel FWB Church	Cookeville	GA	\$1,237.19
Ebenezer FWB Church	Glennville	The second second	\$1,220.00
Union FWB Church	Wheelersburg	OH	\$1,225.57
First FWB Church	Ypsilanti	M	
Faith FWB Church	Oakland	TN	\$1,200.00

Mothers Home FWB Church First FWB Church Wernon AL \$1,176.15 First FWB Church Wernon AL \$1,176.15 First FWB Church Westerville Westervill		Table Section 1	TO WAR TO SE	42.450.55
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Happy Home FWB ChurchAndrewsSC\$878.00Beulah FWB ChurchPamplicoSC\$855.05Hendersonville FWB ChurchHendersonvilleTN\$851.85Forest Valley FWB ChurchSpringfieldOH\$845.82		Eastman	GA	THE RESERVE AND ADDRESS OF THE PARTY OF THE
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Hendersonville FWB Church Hendersonville TN \$851.85 Forest Valley FWB Church Springfield OH \$845.82			THE PERSON NAMED IN	
Forest Valley FWB Church Springfield OH \$845.82	The state of the s		SC W	A CONTRACT OF THE PARTY OF
	CONTRACTOR OF THE PARTY OF THE			The second second second
Unity FWB Church Murfreesboro TN \$836.31				
The state of the s	Unity FWB Church	Murfreesboro	TN	\$836.31

aven of the	Blakely	GA	\$825.00
New Salem FWB Church	Hillsboro	ОН	\$816.27
Hillsboro FWB Church	Vernon	AL	\$809.00
Springfield FWB Church	Oklahoma City	OK	\$766.34
Southern Oaks FWB Church	THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER, THE OWNER	NC	\$755.00
Stacy FWB Church	Stacy	WV	\$750.00
Victory FWB Church	Pecks Mill	CONTRACTOR OF THE	A PROPERTY OF

SUMMARY OF BOARD MEETINGS

The Board of International Missions met four times, held two phone conferences, and conducted seven email ballots from May 9, 2011, to April 25, 2012. Board members for the period were Danny Williams (chairman, AL), Randy Wilson (vice-chairman, OK), Tom McCullough (secretary, MI), Greg McAllister (CA), Jeff Manning (NC), Nelson Henderson (AR), Rob Morgan (TN), Mark Price (OH), and Paul Creech (GA).

The search for a new general director occupied a good portion of the board's energy. The board defined the process through which to proceed, set a timeline for the process, reviewed and revised the general director's job description, surveyed state leaders and leading supporters for input in developing a candidate profile, accepted and reviewed resumés, set September 27-28, 2011, as the date to interview a short list of selected candidates, and hired Clint Morgan (interim director, missionary to Côte d'Ivoire, France, and Creative Access fields, regional director of creative access countries, director of The Hanna Project) to fill the position on September 27, 2011.

The board also continued grappling with financial issues. They reviewed and discussed various strategies to increase income, wrestled with the appropriate time to hire someone to direct fundraising strategies, clarified a willingness to accommodate donors who prefer designated and general giving philosophies, analyzed data, postponed hiring replacements for vacant THP director and regional director positions, adopted an operational budget of \$6.1 million, and halted the deployment of missionaries to their fields of service until cash reserves reached and proved sustainable at 10% of the approved budget.

Three missionaries resigned with commendation for long and faithful service. Debbie Griffin resigned to meet her mother's health needs after two and a half decades of service in Japan (May 5, 2011). Stan and Brenda Bunch, after serving in Panama for 28 years, resigned to accept a stateside position as Missouri executive director (February 29, 2012). Additional missionary resignations were accepted: Patrick and Jill M., France, The Hanna Project (May 25, 2011) and David and Kendra Dodson, Uruguay (October 31, 2011).

Two couples were appointed for two-year terms: Joel and Lydie Teague to France (December 7, 2011) and Doug and Miriam Bishop to Japan (April 23, 2012).

Additionally, a one-year leave of absence was granted to Kimberly Johnson (Brazil) effective November 30, 2011. David and Angie O.'s (The Hanna Project) stateside assignment was extended one year with David returning to Central Asia for occasional teaching and training responsibilities. Darren and Dana P. were authorized to investigate a partnership with an Ivorian Free Will Baptist missionary in Senegal. Matthew and Brooke T. were approved to transfer to The Hanna Project on July 1, 2012.

The board also said goodbye to two outstanding members during the year. The board was both saddened and joyful when Paul Creech said goodbye to this world and entered Heaven for his reward on September 15, 2011. Randy Wilson was given an appreciative farewell as he completed his 12-year tenure with the April 2012 board meeting.

Free Will Baptist International Missions

A PARTY OF THE PAR	No. of	2013 Ope	retica	sel Budget Sum	mary	WINDSHIP BOOK		S JULIS STATE
Category		2011 Proposed Budget		2011 Actuals		2012 Proposed Budget		2013 Proposed Budge
Field Ministries & Projects Messionary Compensation & Benefits Messionary Travel/Transportation Mobilization & Development Administration	5 5 5 5	1,772,111.98 3,675,558.03 509,701.29 826,961.65 1,015,667.04	5 5	1,024,201,26 3,267,207,76 393,694,24 442,266,74 630,846,90	5 5	924,587,02 3,870,334,59 446,073,93 974,103,40 1,034,901,07	5 5	1,203,280.92 3,838,472.95 462,530.94 519,596.25 976,118.93
Grand Totals	s	7.800.000.00	S	5 958 216 91	9	7 250 000 00	9	7 000 000 00

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National Convention

THE RESERVE OF THE PARTY OF THE PARTY.	2013 Operational Bi	udget dreakout	
Functional Description	2019 Ann	Functional Description	2010 Amr.
Missionary Salary	1.169.809.83	Int'l Missions Month	2,654.0
Missionary COLA	303.003.90	One Magazine	63,697.5
Missionary Housing - Field	652 929 01	Board Expenses	17.516.8
Missionary Housing - US	219.023.92	Office Travel Domestic	16,986.0
Missionary Christmas Bonus	23.119.09	Travel Insurance	460.7
Missionary Social Security Taxes	243 414 44	Department Insurance	2,806.5
Missionary Fieldside Transportation	177 180 02	Candidate Expenses	1.061.6
Missionary Cell Phones	38.273.73	Recruiting	530.8
Missionary Vehicle Purchases	101 916 07	Mobilization	690.0
Missionary Medical Insurance	590 379 07	Employee Recognition	3.674.9
Missionary Furlough Expenses	1.061.63	Strategic Planning Retreat	10.616.2
Missionary Overseas Travel	105.299.48	COLA Indices	7,006.7
Missionary Childrens Schooling	47.879.32	Compassion/Relief	1,592.4
Missionary Language School/Cont Ed	29.799.83	Cell Phone Usage	8.280.6
Missionary Furniture/Appliances	12,739.51	Meals/Enter/Lodging Others	2.388.6
Missionary Childrens College	7.776.41	Orientation for New Missionary	265.4
Missionary Retirement	47 835 82	Mission Community Development	212.3
Missionery Non US Taxes	39.757.88	Donor Development	2,123.2
Missionary Special Projects	176,919.93	Advisory Council	1,592.4
Missionary Newsiellers	36.275.75	Office Travel International	39,810,9
Missionary Miscellaneous	27.963.22	Missionary Stateside Assignment - Fuel	64,276.6
Missionary Equipment	31.785.07	Missionary Stateside Assignment - Airfare	12,739.5
Missionary Meeting Places	86 097 85	이 이 전에 이 1 시나고 있는데 이 사람들이 아이지를 보냈다면 가득하면 하네요. 그런 이 사람들이 되었다.	21,232.5
Missionary Maintenance Mission Prop	33,335.05	Missionary Stateside Assignment - Lodging	26,540.6
Missionary Evangelism	82 320 58	Missionary Stateside Assignment - Meals	4,777.3
Missionary National Workers	156.122.68	Missionary Stateside Assignment - ReEntry	
Missionary Other Supporting		Missionary Stateside Assignment - Internet	1,273.9
	288,490.42	Missionary Stateside Assignment - EveryOne Car	2.123.2
Missionary Overseas Shipping	16,497.66	Missionary Stateside Assignment - Equipment	6.900.5
Missionery Dental & Optical	71,373.10	Missionary Stateside Assignment - National Conv	19,109.2
Missionary Customs Charges	1,380.11	Missionary Stateside Assignment - Misc	1.061.6
Missionary COLA Equalization	57 096 35	WMO Ambassador Travel	18,578.4
Missionary Other Insurance	21,890.72	WMO Ambassador Honorariums	10,616.2
Missionary Field Admin Expenses	3,338.81	WMO Campaign Expenses	5,308.1
ELIC Personnel	100,854.44	WMO Coin Banks	21,873.7
Office Salary	525,164.03	WMO Ambassador Training	6,369.7
Office Housing	78.730.16	Professional Services	7,696.7
Office Social Security	68,868.05	Auditing Expenses	13,801.1
Office Christmas Bonus	11,613.35	Rent - 5233 Mt View Rd	95,546.3
Office Insurance	110,496.97	Software Expense	10,828.5
Office Retirement	28,167.40	Office/Computer Equipment	10,616.2
Audio Visual	530.81	Office Equip Maint	1.061.6
Film and Art	6,369.75	Office Supplies	11,412.4
Video	22,294.14	Other Expenses	286,532.7
Promotional Materials	9.342.31	Bank Service Charges	7,696.7
Services and Dues	424 65	Depreciation Expense	97,669.5
rifo Services Materials	636.98	Credit Card Process Fees	7,696.7
dephone	7,165.97	Website	29,460.1
Copier Expense	3,928.02	Internet Service Provider	2,854.0
Regular Postage	13,588.81	Vehicle Fuel	17.410.6
Alscellaneous Mailings	5,573.53	Vehicle Maintenance	6,369.7
Books and Subscriptions	1,486.26	Vehicle Repairs	20.701.7
ogether Way Campaign	2,229.41	Vehicle Registration	1,528.7
Surveys	530.81	Vehicle Insurance	12,739.5
Reentry	1.327.03		
Seminary/Training Expense	23.408.85		
Basilian at the	36,600.05		

Free Will Baptist International Missions Directors Compensation Detail

General Director - Clint Morgan Salary	2011	2012	2013 Proposed
Housing and Utilities Social Security Retirement Insurance Christmas Bonus Total Cost of Employment	12,288.25 9,742.50 3,552.68 1,101.54 7,786.52 423.67	38,886.87 24,000.00 10,141.13 1,886.61 12,552.42 1,209.36	40,053.4 24,720.0 10,445.3 3,238.6 12,552.4 1,245.6
Director of Advancement - Mark McPeak		88,676,39	92,255.5
Salary Housing and Utilities Social Security Retirement Insurance Christmas Bonus Total Cost of Employment	3,092.34 3,750.00 1,103.39 342.12 2,869.23	22,295.75 27,037.50 7,955.48 1,480.00 16,044.79 948.72	33,352.29 24,720.00 9,364.73 2,903.61 18,336.90 1,116.77
Director of Field Operations - Jeff Turnbough	and the state of t	75,762.23	89,794,31
Housing and Utilities Social Security Retirement Insurance Christmas Bonus Total Cost of Employment	33,306.60 26,600.00 9,660.53 2,995.33 13,260.00 1,152.05	32,380.86 24,000.00 9,091.97 1,691.43 12,552.42 1,084.25	33,352.29 24,720.00 9,364.73 2,903.61 12,552.42 1,116.77
Salary Social Security Retirement Insurance Christmas Bonus otal Cost of Employment	48,422.18 7,715.59 1,452.67 17,215.38 931.20 75,737.02	56,380.86 8,983.73 1,691.43 18,336.90 1,084.25	58,072.29 9,253.24 2,903.61 18,336.90 1,116.77

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Board of International Missions of the

National Association of Free Will Baptists
and Subsidiary

We have audited the accompanying consolidated statements of financial position of the Board of International Missions of the National Association of Free Will Baptists and Subsidiary (the "Organization") as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 consolidated financial statements taken as a whole. The supplemental schedules on pages 11 through 12 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blankenship CPA Group, PLLC

109 Westpark Drive • Suite 430 • Brentwood, TN 37027-5032 • 615-373-3771 • Fax 615-377-4915

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2011 AND 2010

ASSETS

700513		
	2011	2010
Cash	12/10/2004 (1974)	
Investments in trusts	\$ 1,005,834	\$ 1,230,505
Investments	225,896	415,198
Prepaid expenses	2,268	1,960
Receivables from employees and missionaries	64,930	45,605
Note receivable	276,550	337,909
Property and equipment, net	54,108	54,108
i sa - darbinour'i tier	917,661	1,206,497
Total assets	-	8
	\$ 2,547,247	\$ 3,291,782
LIABILITIES AND NET ASS	ETS	
Accounts payable and accrued expenses	£ 000 nm	1426 - Lander Communication
Notes payable	\$ 230,351	\$ 205,552
Accrued severance payable	241,530	259,882
	121,544	146,618
Total liabilities	500 405	
	593,425	612,052
Net assets:		
Unrestricted	4 504 740	
Temporarily restricted	1,504,712	2,312,429
Permanently restricted	422,869	341,060
	26,241	26,241
Total net assets	4 050 000	
STATE OF STATE AND THE	1,953,822	2,679,730
Total liabilities and net assets	\$ 2,547,247	\$ 3,291,782

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, 2011 AND 2010

	2011	2010
Unrestricted:		
Revenue:	\$ 2,726,295	\$ 3,576,300
Contributions	\$ 2,120,200	489,005
Release of benevolent supplemental insurance obligation	11,005	21,931
Investment income	6,895	29,145
Other income	17,054	11,943
Gain on disposal of property and equipment	11,00	78
Net assets released from restrictions:	2,874,134	4,925,034
Restrictions satisfied by payments	2,014,104	
Total revenue	5,635,383	9,053,358
Expenses:		4 414 402
General fund	988,913	1,411,403
Missionaries	5,341,751	5,570,095
IMpact/VISION campaign	112,436	187,647
Total expenses	6,443,100	7,169,145
(Decrease) increase in unrestricted net assets	(807,717)	1,884,213
Temporarity restricted:		
Revenue:	0.055.043	3,165,145
Contributions	2,955,943	3,103,143
Net assets released from restrictions:	(2.074.124)	(4,925,034)
Restrictions satisfied by payments	(2,874,134)	(4,823,001)
Increase (decrease) in temporarily restricted net assets	81,809_	(1,759,889)
Total (decrease) increase in net assets	(725,908)	124,324
Net assets, beginning of year	2,679,730	2,555,406
Net assets, end of year	\$ 1,953,822	\$ 2,679,730

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, 2011 AND 2010

Cash flows from operating activities: (Decrease) increase in net assets	2011	2010
Adjustments to reconcile (decrees)	\$ (725,908)	
net cash used in operating activities:	+ (/23,300)	\$ 124,324
Depreciation		
Unrealized gain on investments	151,362	202 504
Loss on disposal of property and equipment	(11,005)	202,581
A STATE OF THE STA	184,484	(21,354)
Receivables from employees and missionaries	CACAGO CONTRA	47.851
	61,359	20,413
Increase (decrease) in	(19,325)	63,000
Accounts payable and accrued expenses	*	03,000
Supplemental insuran	24,799	(180,657)
Accrued severance payable	-	(532,144)
Net cash want:	(25,074)	(14,746)
Net cash used in operating activities		(14,740)
Cash flows from investing activities	(359,308)	(290,732)
Purchases of property		1.02/
Purchases of property and equipment		
Proceeds from sale of property and equipment Proceeds from sale of investments	(148,129)	(230,797)
sale of investments	101,118	142,629
Net cash provided by investing activities	200,000	662,179
Cash flows from financing activities:	152,989	574,011
Payments on notes payable		
	(18,352)	(73,935)
Net cash used in financing activities	_	(10,933)
(Decrease) increase in cash	(18,352)	(73,935)
, more as in cash	/224 27	
Cash, beginning of year	(224,671)	209,344
Cash, end of year	1,230,505	1,021,161
	\$ 1,005,834 \$ °	1 220 505
UPPLEMENTAL DISCLOSURES	9	1,230,505
Interest paid during the year		
	\$ 16,536 \$	20,941

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, 2011 AND 2010

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 by Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2011, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010

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 consolidated statements of financial position and consolidated statements of activities reflect an increase in unrestricted contributions and decrease in restricted contributions, respectively.

Cash

Cash includes checking deposits and cash on hand both in the United States and on the international mission fields.

Investments in Trusts

Investments in trusts are composed of four 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, 2011 AND 2010

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:

Jet 31, contains of the	2011	2010
General Reserves Trust Support Services Endowment St. Sebastian Trust Scholarship Endowment	\$ 196,307 23,635 3,780 2,174	\$ 386,405 22,999 3,679 2,115
	\$ 225,896	\$ 415,19

The total investment income was \$10,698 and \$20,831 for 2011 and 2010, respectively.

Accounting principles generally accepted in the United States of America require the Organization to disclose the basis for considering market participants assumptions in fair value measurements. Fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). As of December 31, 2011, all the Organization's investments are valued using Level 1 measurements.

NOTE 4 - INVESTMENTS

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2011 and 2010 consisted of equity securities. Unrealized gains were \$307 and \$1,100 for 2011 and 2010, respectively. There were no realized gains or losses. The equity securities are valued with Level 1 inputs as more fully described in Note 3.

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES

Included in receivables from missionaries and employees is \$252,562 and \$291,783 in 2011 and 2010, 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 were received from the mortgagee during 2011 and 2010. In 2012, the Organization foreclosed and liquidated the property for an amount that is in excess of the loan balance of \$54,108.

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2	2011		2010
Land	\$ 1	98,463	\$	253,303
Buildings		95,388		759,909
Office furniture and equipment		39,979		39,979
Cameras and projectors		49,325		149,325
Automobiles		36,373		944,718
Computer equipment	1	15,355		115,355
Loca secumulated d		34,883	2	262,589
Less accumulated depreciation	(1,1	17,222)	(1	,056,092)
Total	\$ 9	17,661	\$1.	206.497

Depreciation expense amounted to \$151,362 and \$202,581 for 2011 and 2010, respectively. Depreciation expense in the amount of \$81,011 and \$101,832 is included in the general fund expenses for 2011 and 2010, 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 \$184,484 for 2011. This net loss consisted of gains on sale totaling \$17,054 and a donation of land and buildings of \$201,538 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.

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 consolidated 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.

NOTE 10 - NOTES PAYABLE

Notes payable consist of the following as of December 31:

	2011	2010
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.	\$ 93,055	\$ 102,881
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.	148,475	157,001
	\$ 241,530	\$ 259,882
Annual principal maturities of notes payable are a	s follows as of	December 31
Year ending December 31,		
2012	\$ 19,595	

2012	\$ 19,595
2013	20,910
2014	22,316
2015	23,815
2016	25,417
Thereafter	129,477
	\$ 241,530

BOARD OF INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 11 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

		2010		
Missionaries	\$	95,020	\$	77,878
IMpact/VISION campaign		269,108		237,706
Subsidiary	_	58,741	_	25,476
	\$	422,869	\$	341.060

These net assets are restricted due to donor restrictions.

Permanently restricted net assets are restricted to:

	2011	2010
Support Services Endowment MK Scholarship Endowment	\$ 25,031 1,210	\$ 25,031 1,210
	\$ 26,241	\$ 26,241

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 \$146,154 and \$106,246 for 2011 and 2010 respectively. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

NOTE 13 - LEASE

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$87,053 and \$88,383 for 2011 and 2012, respectively.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 11, 2012 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, 2011 AND 2010

	2011	2010
	\$ 337,057 \$	423,427
General fund:	87,053	88,383
Salaries	81,011	101,832
Office rent	67,581	88,509
Depreciation assignment	60,799	105,675
Missionary stateside assignment	44,183	48.882
Health insurance	40,751	57,963
Department auto	40,713	53,584
One Magazine	29,960	88,500
Employer payroll taxes	23,571	29,524
Housing	18,922	35,136
Office supplies and equipment	17,258	29,619
Department travel	16,958	12,783
Website	14,440	63,981
Board members	13,905	24,014
Legal and professional	13,167	23,004
WMO Ambassador travel	10,485	17,801
Telephone and internet	10,210	16,172
Fees and service charges	9,615	13,598
Postage	9,306	13,554
WMO coin bank	7,510	2,845
Retirement	7,144	9,040
Convention	5,166	2,307
WMO Ambassador honorariums	5,099	2,577
Staff recognition	4,523	5,767
Video and audio visual	3,663	28,670
Department insurance	1,937	1,233
Publicity and promotion	1,851	4,813
Other field ministry	1,335	3,807
Seminars, training and retreats	1,238	1,807
TOTAL CONTRACTOR	1,118	605
Visitor meals, entertainment and lodging	794	3,459
Advisory council	542	1,923
Recruiting and candidate	38	44
Donor development		6,565
Impulse video magazine	10_	10.10
COLA indexes	988,913	1,411,403

Total general fund

NATIONAL ASSOCIATION OF FREE WILL BAPTISTS AND SUBSIDIARY

CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010

Missionaries' expenses: Japan	2011	2010
France	\$ 1,007,000	
Subsidiary	\$ 1,007,830	1,000,004
Panama	867,567	0,000
Spain	714,102	
India	520,088	EUU / 13
Uruguay	473,292	12/2/ - 1/
Brazil	361,890	000.01.3
Student ministries	359,943	364.158
Ivory Coast	282,089	466,885
Field operations	220,718	230,991
Bulgaria	154,352	237,438
Russia	136,397	202,439
	80,546	75,232
Other projects	58,000	56,338
Unreached people	51,927	267,150
Missionary medical	26,653	47,536
Korea	17,218	(5,004)
Total missionaries' expenses	9,139	8,240
	5,341,751	5,570,095
Mpact/VISION campaign expenses: Project expenses		
otal functional expenses	112,436	187,647
- Paperises	\$ 6,443,100	\$ 7,169,145

Free Will Baptist Bible College

President's Report

2012 President's Report Free Will Baptist Bible College

I recently opened a prayer letter to college supporters with the famous quote from Charles Dickens's classic *Tale* of *Two Cities*: "It was the best of times; it was the worst of times." I don't think there's a better phrase to describe the environment swirling around Free Will Baptist Bible College right now.

In terms of quality and mission fulfillment, it's the best of times at Free Will Baptist Bible College. Yet quantitatively (finances and enrollment) we are in difficult times.

Difficult Times

As in the past few years, economic forecasters like Moody's Investors Service are saying 2012 will be another very difficult year for small private colleges like ours. We're in the middle of the worst economy the college has ever faced. Even though our ministry student enrollment and Tennessee student enrollment have maintained stability, out-of-state and non-ministry enrollment have declined, as students stay home for lower-cost options at state schools, just as Moody's and other forecasters predicted.

Like many other ministries inside and outside our denomination, giving has suffered the past few years. Despite added personnel and initiatives which have increased annual fund giving from last year to this year, as of this writing it was projected that we would receive \$150,000 less than we budgeted in annual fund gifts. Even while we have more personnel on the road talking to our people about giving, our supporting churches and donors have been hit hard by the economy and have had to scale back their outside giving, including to FWBBC.

Another factor in our financial difficulty is that we had to award about \$150,000 more in scholarships because of the unexpected number of high-achieving freshmen last fall.

The silver lining behind these dark clouds is that dorm enrollment and full-time enrollment stabilized this past year. However, we lost heavily in commuter enrollment. Increasingly, adult students are afraid to relocate their families to Nashville, try to sell their homes, and find new jobs, when they have so many accredited online bachelor's degrees in ministry available to them right now. This has led us to move toward the offering of an online bachelor's degree in ministry.

The most difficult blow to the college's cash flow has been the unanticipated change in federal regulations, directly tied to market fluctuations, requiring the college to pay out approximately \$825,000 over the past three years to bring our pension plan up to full funding. This has cost the college over \$500,000 in unexpected expense over the past three years.

We are not alone in this dilemma. General Motors, for example, was underfunded by \$13.3 billion at the end of 2011. Our actuarial consultant has told us that most of the old-fashioned, defined benefit pension plans have been terminated or are undergoing termination. More details will be given on this in the financial report. We had no way of predicting this change in federal regulations, and we simply did not have a funding source for this extra cash expense. Now it is catching up to us.

Because of the above conditions, we are currently facing a large cash shortfall, as you will see detailed in the financial report. The college has not faced these sorts of cash flow issues since the early 1990s, when the institution was drawing on a line of credit, as it is currently doing.

Applications for enrollment are up from last year, and we project another increase in freshmen and transfer students. Yet having graduated the largest senior class in four years, we don't predict an increase in overall enrollment next year. However, we have made substantial budget reductions in order to achieve a balanced

Strategic Recovery Plan

In its May meeting, the Board of Trustees approved a Strategic Financial Recovery Plan presented by the college administration. That involves reducing expenditures. This includes lower debt service resulting from the sale of homes between now and the time the college relocates. These sales of tangential, non-student-oriented houses will go directly to pay off debt and create a cash reserve for liquidity that will later go toward campus relocation.

Other expenditure reductions include the termination of our pension plan which will enable us to save several hundred thousand dollars in pension payments over the next few fiscal years. The Recovery Plan also involves new initiatives, chiefly (1) the college name change which will be voted on during this 2012 annual convention; (2) the expansion of online degree programs in 2013 and 2014; and (3) the addition of master's degree programs in theology and ministry, teaching, and educational leadership in 2013.

Enrollment Shifts

With the decline in the enrollment of married students who fear they can't sell their homes, find new jobs, and relocate their families to Nashville to attend the college—and who now have numerous accredited online degree options in ministry—the college plans to expand its online degree offerings to rebuild this part of our student

A study of colleges and universities in TICUA (Tennessee Independent Colleges and Universities Association) shows that, as a whole, they are growing in enrollment. However, traditional undergraduate enrollment has largely remained flat. Enrollment growth in TICUA has come from non-traditional, graduate, and professional programs. We are responding by adding programs in the non-traditional, graduate, and professional areas.

Name Change

Of course, the most important new initiative is our proposed name change. The 2011 survey we conducted among pastors, alumni, donors, faculty and staff, students, and prospective students showed the following: 70% of respondents agree with the name change, while 85% of supporting alumni agree with it. The study also showed that college supporters will increase their gift aid and sending of students should the name change. We have been encouraged by this level of support for the name change and request that the national body vote affirmatively to change the college name to "Welch College" at this annual convention.

The name change will help more Free Will Baptist students who want to major in competitive professional programs to attend the college. This will in turn put more of them in a campus environment in which they can be sensitive to the call of God on their lives for vocational Christian ministry. Furthermore, a change to Welch College will provide more of our graduates access to closed and restricted access countries for missions and

The name change will not change the mission, philosophy, standards, or theology of the college. Only the National Association-which alone owns, operates, and controls the college through its board of trustees, which the National Association elects-can do that.

Mission-Driven

One of the most important things we must do in this time of economic challenge is to re-emphasize the mission to which God has called us, and increase the excellence with which we fulfill that mission. There is no question that we are doing this and will continue to do so. We have a better record of increasing excellence and mission fulfillment—and officially documenting and assessing it—than at any time in the college's history.

We remain a ministry-centered college, with a core mission of training people for local church ministry. Despite the facts (1) that young men are not answering the call to preach as early or in as great numbers as in the past and (2) that most married men who are answering the call to preach are not relocating to Nashville, our students who are training to be preachers and missionaries remain our basic ministry, not only in numbers but in the way we structure campus life and spiritual formation.

For example, this year we're graduating the fourth-highest number of pastoral students in the past 15 years. While higher education indicators point to an increase in enrollment as a result of the name change, we as a college are committed to maintaining emphasis on vocational Christian ministry, and on the role of all students in the local church and the fulfillment of the Great Commission, regardless of their major.

One of the most urgent needs among Free Will Baptists today is for more young men to answer the call to preach. Please understand-FWBBC has the staff, the resources, and the programs in place to educate and train preachers. But we cannot call men to preach. That's something only God can do. He has done it before, and I believe he will do it again, if we pray and ask God to call more of our sons into the ministry. That's why I'm asking every level of our denomination, from the local church to the local and state associations to the national agencies to join with us and plead for the Lord of the harvest to call more of our young men to preach and send them forth as laborers into this harvest.

Our initiation of a master's degree in theology and ministry, and our dream of a full-fledged Free Will Baptist theological seminary, will further contribute to our goal of being a local church, Great Commission, ministrycentered college with the mission of educating godly leaders to serve Christ, His Church, and His world, through biblical thought and life.

Increasing Excellence

We are committed to fulfilling this mission with increasing excellence.

- Our commitment to Christ-centered excellence is why we receive such high marks from our accrediting bodies, the Association for Biblical Higher Education (ABHE) and the Southern Association of Colleges and Schools (SACS).
- We're moving up in U.S. News and World Report Best Colleges rankings; this year we tied with colleges that have 14 times and 33 times the endowment we have, respectively.
- · For the first time ever, our students scored higher than the national average in every category of the senior exit exam, the Collegiate Assessment of Academic Proficiency, not only in writing, reading, and critical thinking—where we've always done well—but now, for the first time, in math and

Illinois6

- · For the first time, we sent a student group to the Tennessee Intercollegiate Student Legislature, and our student body president, Frank Thomsbury, was named "Best Student Senator" out of hundreds of delegates from 60 Tennessee colleges and universities.
- Despite our salary, benefits, and other budget cuts, faculty and staff morale is reflected positively in the college's being named as one of America's Best Christian Workplaces for the first time.
- · We receive higher and higher ratings on surveys of prospective students who visit our campus, as well as Forum/Bible Conference guests.
- Our recent Noel-Levitz student satisfaction survey indicated that our students gave us higher marks than two years ago, which were higher than the two years previous. And these marks are much higher than the industry average.

A recent luncheon I hosted with the FWBBC Student Council confirmed that our students are very thankful for their college experience and what God is doing on this campus to prepare them to be Christian leaders and to fulfill His calling on their lives. These sentiments were echoed in this year's senior testimonies. That is worth it

I reminded some faculty recently that, even though we have fewer students than in 2006-2007 (when we had a 22-year record high enrollment), the students we have are still called by God, and they're serious-minded and zealous about the gospel and the Word of God, and the power of that gospel and Word to change lives. Our mission is alive and well at Free Will Baptist Bible College, and we are increasing our excellence and commitment to our mission to the glory of God.

We will weather the storm of this current economy through wisdom, hard work, and (most of all) God's grace. But day by day, we are going to remain faithful in fulfilling our mission to produce godly Free Will Baptist leaders who will radically change their world for Christ. And we will see the fruit of our labors in decades to come as people are brought into the kingdom and the Lord's Church is built as a result of these precious students God has entrusted to our care.

Thank You

I thank God for the National Association of Free Will Baptists and its faithful support of the ministry of Free Will Baptist Bible College. Thank you for all you do to support the college as we stay on mission for God's glory, the expansion of His kingdom, and the honor of His name.

Sincerely,

J. Matthew Pinson President

Registration Report

2011-2012

ENROLLMENT 319	10	South Carolina4
States	Kentucky 1 Louisiana 1 Michigan 15 Missouri 13 Mississippi 11 North Carolina 13 Ohio 12	South Dakota

Oklahoma3

The student body represents 25 states (USA) and six other countries (Canada, Cuba, France, Japan, Kazakhstan, and Panama). Oregon 1

Classification	90
Freshman	

*Vocational Pastoral	English	Psychology
Business24	Music	Music and Physical Education.

**Teacher Education includes these areas: Bible, Biology, Early Childhood, Elementary, English, History, Music, and Physical Education.

Other Categories Full-Time 209 Part-Time 110 Dorm 60 Commuter 20 Lifetime Learning 57	Male	New
Online22	Other	

Financial Aid Report 2011-2012

Type of Aid	Number of D. 1.	
Institutional Loans	Number of Recipients	Amount of Air
College-Administered Scholarsh	ips	\$ 22.081.00
rederal Pell Grants	200 111111111111111111111111	
Federal SEOG Grants		470.540.20
Federal Work-Study		4/9,549.34
Federal Stafford Loans (S. b	ed)140	13,035.31
Federal Stafford Loan (Subsidize	ed)140	13,097.50
Federal Plus Loans (Unsubsid	dized)140	558,266.85
TSAA Const.		506,187.00
Town Grants		243,925.00
rennessee HOPE Scholarship		
Tennessee Helping Heroes Grant	21	
Tennessee Dual Enrollment Crant		
Tennessee Teaching Scholars Awa	ard	**********
rederal ACG		******************
Campus Workers		**********
Alternative Loans		
External Scholarships		56,384.00
TOTAL FINANCIAL AID ADMINISTE	RED, 2011-2012	79 950 00
THE ADMINISTE	RED, 2011-2012	
		\$3,326,337.21

Welch Library Report 2011-2012

EOS Statistics	
Reference	
Reference	
General Collection	58,304
Curriculum Lab	2,494
Microfiche Books	426
DOTO:	168,717

Synopsis of Minutes for the Board of Trustees

July 18, 2011

The Board met at the national convention. The 2010 audit was reviewed and approved. The Board recommended that the name of the college be changed to Welch College, and that the college's Charter and By-Laws be amended to reflect the change.

July 25, 2011

The Board met via conference call and approved the hiring of Mr. Gary Fry as Vice President for Church Relations.

September 29, 2011

The Board met via conference call and approved that Mr. Tom Sass assume a new position (Vice President and Senior Financial Counsel), and that Mr. Craig Mahler assume the position of Vice President for Financial Affairs. Both changes effective January 1, 2012.

December 7, 2011

The Board adopted a resolution to terminate the existing pension plan effective March 1, 2012. The Board voted to commend Mr. Tom Sass for his expertise, faithfulness, and dedication for his years of service as CFO at FWBBC. Meetings were held with real estate agents, builders, and the Relocation Task Force. The Board agreed to adjust the minimum purchase price of the present campus and adopt the new ten-year plan for campus relocation.

February 3, 2012

The Board adopted a resolution via email votes and one verbal telephone vote to approve the sale of the Ennis property located at 3533 Richland Avenue (Nashville, Tennessee).

March 1, 2012

The Board met via conference call and voted to move pension plan assets from Suntrust Investments to Equitable Trust, and accepted the plan for partial liquidation of assets and a treadline disposal of remaining assets. The Board approved the marketing and sale of the Missionary-in-Residence house at 3618 Richland Avenue (Nashville, Tennessee) with provision that proceeds go toward reduction of long-term debt.

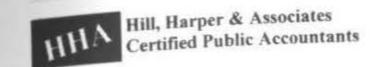
May 1-3, 2012

The board unanimously approved the administration's strategic financial recovery plan, the first step of which is to sell certain tangential campus houses as a transition toward campus relocation, retire the debt on the Gallatin land, and create a cash reserve to improve liquidity. A resolution to commend Dr. Jack Williams for his faithful work in communicating the mission of the College was adopted. The Board met with realtors and a representative for online programs. The Board resolved to acknowledge faculty and staff of the college for their dedication under challenging financial conditions.

Salary Breakdowns

President*	2010-2011	2011-2012	2012-2013
Salary	46		
Social Security	\$64,154	\$65,437	\$65,437
Retirement**	4,908	5,006	5,006
Medical Insurance	10,052	11,112	7,838
Life Insurance	9,076	9,701	10,447
the mounting	242	331	331
	\$88,432	\$91,587	\$89,059
Provost			
Salary	\$52,055	\$53,096	*** ***
Social Security	3,982	4,062	\$53,096
Retirement**	8,156		4,062
Medical Insurance***	0	9,016	6,360
Life Insurance	242	0	0
	\$64,435	331 \$66,505	\$63,849
Vice President for Finance	rial Affairs		
Salary		****	Name of Street
Social Security	\$50,426	\$51,434	\$47,750
Retirement**	3,858	3,935	3,653
Medical Insurance	7,901	8,735	5,720
Life Insurance	0	0	3,442
and modified	242	331	331
	\$62,427	\$64,435	\$60,896
Vice President for Institu	tional Advancer	ment	
Salary	\$46,379	\$48,429	¢50,000
Social Security	3,548	3,705	\$50,000
Retirement**	7,266	8,033	3,825
Medical Insurance	6,340	6,671	4,400
Life Insurance	242		7,229
	\$63,375	\$67,169	\$65,785

^{*}Campus housing provided (with Social Security variation). Vehicle provided.



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, 2012 and 2011, 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 2011 financial statements and, in our report dated July 8, 2011, 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, 2012 and 2011, 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 9, 2012

Hel Harper & associates

Terry A. Hill 615 417 - 7414 terrybill.HHA@gmail.com

P O Box 680788 Franklin, Tennessee 37068

Ernest R. Harper 615 417 - 6358 e.harper@cemcast.net

^{**}Represents legally required amount paid to pension plan to alleviate underfunded status. Pension currently frozen—no funds credited to employee accounts.

Statements of Financial Position

May 31, 2012 and 2011

Current assets:	Assets		2012	2011
Cash and cash equivalents				
Investments in marketable	securities, at market value	.5	832,001	250,718
Accounts receivable net of	f allowance for doubtful accounts		170,085	364,731
of \$75,000 in 2012 and	\$55,000 in 2011			
Prepaid expenses	433,000 III 2011		469,750	254,735
Total curren	t assets		460,368	219,520
Non current assets:	100013		1,932,204	1,089,704
Cash and cash equivalents:				
Restricted for endowme	ents			
Restricted for student lo			117,929	37,360
	securities, at market value:		221,497	223,020
Restricted for endowme	ents			
Investment in land - gift in			1,191,188	1,082,336
Campaign pledges receivab			30,000	62,500
Loans to students, net of all	owance for doubtful loans		448,839	564,434
of \$30,000 in 2012 and	\$40,000 in 2011			
Total non cur	Trent assets		184,324	200,495
Property, plant and equipme			2,193,777	2,170,145
Investment in property, plan	nt and equipment			
Accumulated depreciation	n and equipment		14,600,382	14,798,872
	plant and equipment		4,897,027	4,836,658
	plant and equipment		9,703,355	9,962,214
Total assets	Carriers .	\$	13,829,336	13,222,063
Current liabilities:	Liabilities and Net Assets			15,222,005
	9			
Accounts payable and accru	ed expenses	5	126,174	69,702
Current portion of long-term Line of credit	debt		72,863	-
Notes payable			500,000	215,000
	6 1		138,061	143,506
Student deposits and agency Accrued salaries	runds		166,362	172,153
Deferred revenues - summer	- F - 9		111,442	119,396
			2 7 A.M. M. V.T.	41,443
Total current Other liabilities:	liabilities		1.114,902	761,200
Long-term debt			PERSONAL PRINCIPAL	101,200
Excess pension liability			3,387,735	3,617,050
			1,941,521	1,431,894
Asset retirement obligation			261,375	244,848
Total liabilities Net assets:	1		6,705,533	6,054,992
Unrestricted funds				0,054,772
			4,767,240	4,920,317
Temporarily restricted funds			590,571	628,751
Permanently restricted funds			1,765,992	1,618,003
Total net assets			7,123,803	7,167,071
Total liabilities	and net assets	\$	13,829,336	13,222,063

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, 2012 and 2011

	2012				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2012	Total 2011
Revenues:	\$ 2,019,802			2,019,802	2,254,490
I UILION AND ICCS	\$ 2,019,802	24,458	_	24,458	28,716
Federal grants and contracts	1,367,737	319,060	159,757	1,846,554	1,561,232
Private gifts	1,307,737	317,000			
Income from investment transactions					
including endowment income and	(1,449)	(75,548)	1,253	(75,744)	248,848
gain or loss transactions	920,393	(12,210)	-	920,393	931,799
Revenues of auxiliary enterprises	212,241		(13,021)	199,220	(6,545)
Other sources	212,241				
	4,518,724	267,970	147,989	4,934,683	5,018,540
	306,150	(306,150)		-	196
Net assets released from restrictions	300,130	(300,130)			
Total revenues	4,824,874	(38,180)	147,989	4,934,683	5,018,540
Expenditures:					
Educational and general:					
Instruction	1,405,162			1,405,162	1,414,494
Academic support	373,395	2		373,395	368,449
Student services	629,640	9	-	629,640	637,266
Institutional support	1,804,845		-	1,804,845	1,576,206
Total educational and general				N. VOCANI I LOCA	
expenditures	4,213,042	-	2	4,213,042	3,996,415
Auxiliary enterprises:	_				100 /10
Dormitories	473,166	(90)		473,166	483,645
Dining hall	419,753	-	-	419,753	426,975
Bookstore	18,607	-	-	18,607	6,753
Snack shop	18,520	1.40	-	18,520	9,960
Total auxiliary enterprises				District Miles	
expenditures	930,046		*	930,046	927,333
Total expenditures	5,143,088	-	-	5,143,088	4,923,748
	(318,214)	(38,180)	147,989	(208,405)	94,792
Gain from disposition of real estate	674,764		-	674,764	
Increase in pension liability	(509,627)		- 21	(509,627)	(430,348
Increase (decrease) in net assets	(153,077)	(38,180	147,989	(43,268)	(335,556
Net assets:	4.020.217	628,751	1,618,003	7,167,071	7,502,627
Beginning of year	4,920,317			I VI. ALIONTO-FOR	
End of the year	\$ 4,767,240	590,571	1,765,992	7,123,803	7,167,071

See accompanying notes to financial statements.

Statements of Cash Flows

For the years ended May 31, 2012 and 2011

2012 Temporarily Permanently Unrestricted Restricted Restricted Total Total Funds Funds 2012 Funds 2011 Cash flows from operating activities Cash collected from students 5 2,907,234 2,907,234 3,130,433 Federal grants 27,085 27,085 33,549 Federal grant funds considered to be agency fund transactions 471,075 471,075 495,909 Private gifts and grants 1,112,216 64,610 1,176,826 1,210,438 Investment income 11,407 1,676 13,083 63,671 Other revenues 212,241 212,241 23,559 Cash paid for scholarships, to vendors and for payroll (4.775,452)(306, 150)(5,081,602)(4.944,345)Cash paid for federal grant funds considered agency transactions (471,075)(471,075)(495,909)Net operating activities cash flows (532,354)(212,779)(745, 133)(482,695)Cash flows from investing activities Proceeds from sale of real property 839,618 839,618 Proceeds from sale of marketable investments 2,428 102,138 32,546 137,112 21,188 Purchase of marketable investments (141,398)(141,398)-Expended for plant assets (87,178)(87,178)(271,807)Student notes receivable, net change 26,171 26,171 35,579 Net investing activities cash flows 754,868 102,138 (82,681)774,325 (215.040)Cash flows from capital activities Campaign pledges receivable collected 187,915 187,915 211,583 Gifts received for: Endowments and student loans 159,757 159,757 69,475 Proposed new campus 182,130 182,130 109,104 Other student loan transactions: Interest income on student loans and investment income 1,253 1,253 2,044 Collection costs and other transactions (19,993)(19,993)(42.181)Net capital activities cash flows 370,045 141,017 511,062 350,025 Cash flows from financing activities Line of credit transactions, net 285,000 215,000 285,000 Proceeds from notes payable advances, net 21,225 Repayment of debt (156,452)(156,452)(13,628)Interfund activities 230,221 (259,404)29,183 Notes payable for student loans, net (8,473)(8,473)* Net financing activities cash flows 358,769 (259,404)20,710 120,075 222,597 Cash and cash equivalents Net increase (decrease) 581,283 79,046 660,329 (125,113)Beginning of year 250,718 260,380 511,098 End of year 832,001 339,426 1,171,427 511,098

FREE WILL BAPTIST BIBLE COLLEGE

Statements of Cash Flows, continued

For the years ended May 31, 2012 and 2011

	2012				
		Temporarily	Permanently		
	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2012	Total 2011
Cash and cash equivalents					
consist of the following:				and a companies	200 210
Current assets	832,001	2		832,001	250,718
Non current assets:				50000000000	27.240
Cash restricted for endowments		7.	117,929	117,929	37,360
Cash restricted for student loans		12	221,497	221,497	223,020
Total cash and cash equivalents	832,001		339,426	1,171,427	511,098
Reconciliation of change in net assets to					
net operating activities cash flows					
ZONO ZELO VIR.	(153,077)	(38,180)	147,989	(43,268)	(335,556)
Gain from disposition of real estate	(674,764)		18	(674,764)	-
Increase in pension liability	509,627	-	4	509,627	430,348
Transactions considered to be capital additio					
Gifts for endowments and student loans	-	-	(159,757)	(159,757)	(69,475)
Proposed new campus	-	(254,450)	-	(254,450)	(309,241)
Net other transactions from					
student loan funds			11,768	11,768	28,060
Depreciation and amortization	213,683		2	213,683	228,184
Accretion of asset retirement obligation	16,527	-		16,527	15,482
Loss (gain) on investments	12,856	77,224	-	90,080	(183,133)
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	14,273	-		14,273	(36,887)
Employee and other	3,606	5		3,606	13,954
Bequest	(248,965)	-	-	(248,965)	-
Federal student financial aid funds		2,627	2	2,627	4,833
Accrued interest	(14,000)	-	-	(14,000)	31,466
Unrestricted pledges receivable	7,444	-		7,444	(3,544
Less allowance for doubtful accounts		-	2	20,000	(35,000
Prepaid expenses	(240,848)	12		(240,848)	(213,724
Increase (decrease) in current liabilities:	1677.007 \$51.0.EA				
Accounts payable / accrued expenses	56,472	2		56,472	(16,093
Student deposits and agency funds	(5,791)			(5,791)	(60,412
Accrued salaries	(7,954)			(7,954)	(13,400
Deferred revenues	(41,443)			(41,443)	41,443
Net operating activities cash flows	s (532,354)	(212,779))	(745,133)	(482,695

See accompanying notes to financial statements.

\$ 147,748

200,584

Supplemental disclosures:

Interest paid

Notes to Financial Statements

May 31, 2012 and 2011

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

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 2012 and 2011.

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.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

Summary of Significant Accounting Policies, continued

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.

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 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, 2012 and 2011, investments in marketable securities were valued at market using Level 1 and Level 2 inputs; land investments were valued using Level 3 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.

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.

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.

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 consists of amounts billed prior to year end for services rendered after year end. These revenues pertain substantially to summer semester 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.

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for income taxes has been made in the accompanying financial statements. There is no unrelated business income tax for 2012 and 2011. 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, 2012 and 2011, expenses totaling \$321,434 and \$271,285, respectively, were related to expenses associated with fund raising and are classified in the statements of activities under institutional support.

Financial Statement Presentation

Certain reclassifications may have been made to the amounts as reported in the prior year to conform to current year presentation. These reclassifications had no effect on reported 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, 2011, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through July 9, 2012, the date these financial statements were available to be issued.

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

Investment securities are stated at market value. The following table summarizes by type the relationship between Investments - Marketable Securities carrying value and market value of the investment assets. Excess of Unrealized Unrealized

carrying value and market value of the investment assets.			ccess of	Unrealized	Cumulative		
		Cost or Basis	Market Value		ket Over der) Cost	Cumulative Gains	Losses
Balance May 31, 2011	\$	1,180,141	1,447,067		266,926		
Permanently Restricted Funds: Common stock Mutual funds FWB Foundation invested	S	120 164,762 1,026,306	120 164,762 1,026,306		*	266	*
Unrestricted / Temporarily Rest	Hetee	4,900	5,166		266	28,205	-
Common stock Mutual funds / annuity contr	ntract	15.228	43,433 121,486		28,205 43,809	43,809	
FWB Foundation invested			1,361,273		72,280	72,280	
	\$	1,288,993	1,001,00	S	2012 170,085	2011 364,731	
Current assets							
Non current assets:					1,191,188	1,082,336	
Restricted for endowments				5	1,361,273	1,447,067	
Reconciliation of income (loss) from investment activities: Earnings and endowment income				\$	62,567 56,335	71,660 2,188	
Realized gain on stock sales Unrealized gain (loss) due to	chang	ge in the cumula	tive		(194,646) 175,000)
change in market value pools				5	(75,744	248,848	3
The Free Will Baptist Foundat	ion h	olds funds for	the benefit of	the C	College as fol 879,000	lows:	0
Endowments from which the	Com	B	ome	S	327,00		0
Gifts to pass to the College at some future date							

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 (3) Endowments 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

Notes to Financial Statements, continued

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:

- I> 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:

Permanently restricted net assets		2012	2011
Donor-restricted endowment funds Temporarily restricted net assets:	\$	1,320,077	1,164,598
Funds available scholarships Funds available for future unrestricted endowment income		40,351 8,582	149,833 30,267
Total temporarily restricted net assets	200	48,933	180,100
Portion of endowment funds required to be retained permanently either by explicit donor stipulation	S ₋	1,369,010	1,344,698
or by SPMIFA	\$	1,320,077	1,164,598

			277	
J	Jurestricted	Temporarily Restricted	Permanently Restricted	Tota!
S	251	82,822	1,068,467	1,151,289
	*	2	•	¥
	38,268	176,495		214,763
	•	(63,542)	28,934	(34,608)
		•	67,197	67,197
	(8,001)	(45,942)		(53,943)
2	30,267	149,833	1,164,598	1,344,698
	(13,684)	(63,540)	S E	(77,224)
		<i>€</i>	155,479	155,479
	(8,001)	(45,942)		(53,943)
\$	8,582	40,351	1,320,077	1,369,010
	s s	(8,001) \$ 30,267 (13,684)	Unrestricted Restricted \$ - 82,822	Unrestricted Restricted Restricted \$ - 82,822 1,068,467

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

Endowments, continued

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).

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.

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. 2011

alues of Juture cash flows using a store title		2012	2011
The following summarizes pledges receivable: Post dated check books and bank draft agreements Proposed future campus relocation	\$	80,748 660,119 39,236	82,628 833,034 42,000
Pledges for operations Less allowance for potential uncollectible pledges Less discount to present value of future cash flows	2.5	780,103 (172,980) (52,600)	957,662 (210,300) (69,800)
Total pledges receivable	\$_	554,523	677,562
Pledges are recorded in the statement of financial position as follows: Pledges for unrestricted operations Campaign pledges for future campus relocation	\$	105,684 448,839	113,128 564,434
Campaign pieuges to ristate and pieuges	\$_	554,523	677,562
Pledges are expected to be collected during years ended May 31, as follows	s:	227,795	
	2014	135,627	
	2015 2016	63,112 14,637	
years there	2017 after	10,503	
	\$_	554,523	

Notes to Financial Statements, continued

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection effects are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts as of May 31, 2012 and 2011 amounted to \$75,000

254,735

Accou	nts receivable included in current assets is as follows:		2012	
	Student accounts	5	2012	2011
	Employee and other	. 3	158,638	172,911
	Federal student financial aid funds		6,009	9,615
	Bequest receivable		11,454	14,081
	Accrued interest		248,965	-
	Unrestricted pledges receivable		14,000	-
	monitored predges receivable		105,684	113,128
	Allowance for doubtful accounts		544,750	309,735
	doubtful accounts		75,000	55,000
		5	469,750	254,735

(6) Property, Plant and Fauinment

(0)	Components of property, plant and equipment are as follows:			
	Land Proposed campus architectural and other costs Proposed campus land Buildings Equipment Library books	s	2012 488,812 1,155,835 5,031,793 4,946,974 2,153,587 823,381	2011 496,871 1,155,834 5,031,793 5,224,583 2,077,717 812,074
	Accumulated depreciation and amortization		14,600,382 4,897,027	14,798,872 4,836,658
	Net investment in plant	S	9,703,355	
	Depreciation and amortization charged to expenditures	S	213,683	9,962,214
	Interest capitalized as proposed campus costs		213,083	228,184
(7)	Line of Credit - Current Liability	\$		117,573
	Line of credit agreement with Pinnacle National Bank at 5%, with a maximum amount of \$500,000, expiring September 2012. Secured by residential property.		2012 500,000	2011 215,000
con	w : 5	5	500,000	215,000
(8)	Notes Payable and Long-Term Debt Notes payable:		2012	2011
	Permanently Restricted Funds - Student Loan Funds 5% unsecured demand notes payable to individuals	\$	88,061	93,506
	Unrestricted Funds - Currently Due:			
	5% unsecured demand notes payable to individual		50,000	50,000
	Notes Payable	\$	138,061	143,506

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

No	otes Payable and Long-Term Debt, continued ong Term Debt:	2012	2011
100	Line of credit agreement at 1% over prime rates, with a maximum amount of \$1,000,000 expiring May 2016. Secured by endowment fund investments.	680,000	*
	Promissory notes secured by land acquired for potential relocation (see note 16) located in Gallatin, Tennessee and certain properties included in the existing campus in Nashville, Tennessee. These loans were amended June 28, 2011 which transferred \$1,000,000 from the variable rate loan to the fixed rate loan.		
	4.5% term loan requiring interest only monthly payments through July 2012. Beginning August 2012 monthly payments of \$13,918 are required including principal and interest. This loan is subject to call on January 28, 2016 which will require a payment of approximately \$1,943,000 or to be refinanced.	2,200,000	1,200,000
	Term loan requiring interest only monthly payments through July 2012 with an original interest rate of 4.5% 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		2.117.050
	interest rates and will approximate \$3,673.	580,598	2,417,050
	interest rates and triti-pp	3,460,598	3,617,050
	Less current portion of long-term debt	72,863	
	,	3,387,735	3,617,050
	Long-term debt	3 7260	112 2016

Principal maturities of unrestricted fund long-term debt are as follows: 2013- \$72,863; 2014 - \$91,113; 2015 -\$775,299; 2016 - \$99,677; 2017 - \$104,256; 2018 and thereafter - \$2,317,390.

(9) Pension Plan and

Cumulative Adjustment for Excess Pension Liabilities

The College had a defined benefit pension plan which covered 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. The College's funding policy is to fund pension costs accrued. The plan assets consist of investments held and managed by Equitable Trust, 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. Effective December 2011, the College started the process to terminate the plan. Application has been made to the appropriate governmental agencies for approval to terminate the plan. When the termination plan is approved the College will be required to buyout each of the pension plan participants in an appropriate amount to provide like benefits that the pension plan would have provided. Total cost of this buyout is estimated to be \$1,880,000 and will be funded from borrowings.

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. During the 2012 fiscal year this actuarial liability grew to \$1,941,521.

Notes to Financial Statements, continued

Pension Plan and

Cumulative Adjustment for Excess Pension Liabilities, continued

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 \$324,200 in 2012 and \$293,100 in 2011, and deposits are scheduled totaling \$142,500 during 2013 fiscal year. These deposits will be recognized as an expense (net of change in current accrued liability or prepaid expense) and additional annual deposits will be made until the under funded status is eliminated. The amount of the annual deposits may vary depending on the performance of the plan assets. These deposits will no longer be required when the plan is terminated.

The following table sets forth the plan's funded status and required disclosures.

Reconciliation of benefit obligations:		2012	2011
Benefit obligation at beginning of year	\$	4,114,930	3,318,176
Service cost			-,,,,,,,,,
Interest cost		228,843	247,728
Plan amendments		-	-
(Gain) loss due to actuarial experience		(42,294)	26,420
Gain due to changes in actuarial assumptions		466,258	736,970
Curtailment gain		777 T-878 T-27-27-	
Benefits paid to plan participants		(220,021)	(214,364)
Benefit obligation at end of year	5	4,547,716	4,114,930
Reconciliation of asset value:			
Plan assets at beginning of year	\$	2,889,919	2,331,178
Actual return of plan assets		67,473	480,005
Employer contributions		324,200	293,100
Benefits paid to plan participants		(220,021)	(214,364)
Plan assets at end of year	S	3,061,571	2,889,919
Reconciliation of funded status:			
Funded status at end of year (liability)	\$	(1,486,145)	(1,225,011)
Unrecognized net transition obligation asset		-	-
Unrecognized prior service cost		*	: *·
Unrecognized net loss		1,941,521	1,431,894
Amount included in prepaid expense	S	455,376	206,883
Accumulated benefit obligation at end of year	\$	4,547,716	4,114,930
Vested benefit obligation at end of year	\$	4,542,695	4,095,013
Reconciliation of unfunded status of pension plan:			
Unfunded status of pension plan at beginning of year	\$	1,431,894	1,001,546
Amount of loss recognized during the year		(97,089)	(55,533)
(Gain) loss due to actuarial experience		(42,294)	26,420
(Gain)/loss due to curtailment		_	-
(Gain) loss due to changes in actuarial assumptions		466,258	736,970
(Gain) loss due to assets		182,752	(277,509)
Unfunded status of pension plan at end of year	\$	1,941,521	1,431,894

FREE WILL BAPTIST BIBLE COLLEGE

Notes to Financial Statements, continued

		2012	2011
Pension Plan, continued			
	\$	-	-
Interest cost on projected benefit obligation		228,843	247,728 (202,496)
Expected return on plan assets		7 - 7 - 6	(202,490)
		18	
		97,089	55,533
Net periodic benefit cost	\$	75,707	100,765
	Net periodic benefit cost: Service cost at end of year Interest cost on projected benefit obligation Expected return on plan assets Amortization of transition obligation Amortization of prior service costs Amortization of net loss	Net periodic benefit cost: Service cost at end of year Interest cost on projected benefit obligation Expected return on plan assets Amortization of transition obligation Amortization of prior service costs Amortization of net loss	Pension Plan, continued Net periodic benefit cost: Service cost at end of year Interest cost on projected benefit obligation Expected return on plan assets Amortization of transition obligation Amortization of prior service costs Amortization of net loss 97,089

Expected Future Benefit Payments:

The expected benefit payments for the next ten fiscal years ended May 31, are: \$261,498 in 2013; \$259,756 in 2014; \$271,098 in 2015; \$266,600 in 2016; \$280,027 in 2017; and \$1,505,584 in years 2018 through 2022. If the plan is terminated, which is expected to occur during fiscal year 2013, these payments will cease.

Assumptions used for determination of net pension cost: Assumed discount rate Expected long-term rate of return Actuarial valuation method	7.75% 8.50% Projected Unit Credit	7.75% 8.50% Projected Unit Credit
Assumptions used for determination of end of year obligations: Assumed discount rate Expected long-term rate of return Actuarial valuation method	4.75% N/A Projected Unit Credit	5.75% N/A 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, and 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 following additional instruments also subjects the College to risk of accounting loss which approximates:

Cash funds in banks in excess of the FDIC insurable limit	\$ 601,000
Funds invested with Free Will Baptist Foundation	1,466,000
Marketable securities	213,000

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 \$261,375 at May 31, 2012 and \$244,848 at May 31, 2011 relates to the future removal of asbestos from existing buildings.

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

	Charge to	Liability
	Expenditures	Balance
As of and for the year ended May 31:		
2013	\$ 17,643	279,018
2014	18,834	297,852
2015	20,105	317,957
2016	21,462	339,419
2017	22,911	362,330

(12) Net Assets

Net assets of the College consist of the following as of May 31, 2012 and 2011.

			20	112		
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	Total 2011
Operations	ŝ	6,708,761			6,708,761	6,352,211
Excess pension liabilities		(1,941,521)	*	90	(1,941,521)	(1,431,894)
Cumulative endowment losses		2		-		(1,121,071)
Unexpended funds restricted for:						
Operating purposes			12,105	-	12,105	16,141
Scholarships: Donor gifts Available for distributions			194,758		194,758	159,125
from endowment returns			48,933	12	48,933	180,100
Potential relocation		4	334,775		334,775	273,385
Student loan funds		-	(# C	445,915	445,915	453,405
True endowment funds		4	4	264,778	264,778	160,020
Scholarship endowment funds		-	-	1,055,299	1,055,299	1,004,578
Total net assets	\$	4,767,240	590,571	1,765,992	7,123,803	7,167,071

(13) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:

\$	71,900
	14,635
	9,823
	8,731
	8,001
	193,060
S	306,150
	\$

Certain federal grants to students amounting to \$471,075 and \$505,797 for 2012 and 2011, 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 \$1,466,000 or 61% of its total cash and cash equivalents, and investments. Further, the College has liabilities to the Foundation amounting to \$3,460,598 which amount to 53% of the College's total recorded 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 \$51,696 in 2012 and \$50,270 in 2011 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 Bequest

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. During fiscal year 2012 the College changed to another realtor firm to handle the sale. Two properties were sold during fiscal year 2012 which resulted in proceeds from the sale of \$839,618. The College continues to aggressively market its 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, use of the proceeds derived from sale of the existing campus and long term borrowings.

(17) Note Receivable - Related Party

In previous years, a note receivable from a former member of the College's Board of Trustees was written off to expense. The write off was due to collection concerns and the value of the property securing the note receivable had become impaired. During the fiscal year 2012, the property was sold and College was repaid the entire original balance of the obligation amounting to \$200,000. This amount is reflected as revenues in other sources on the statement of activities and changes in net assets.

(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)

MANAGEMENT SUMMARY OF MAY 31, 2012, FINANCIAL INFORMATION

Audit Reveals Unrestricted Funds Deficit after Extraordinary Events

Unrestricted income (including income recorded as gain on disposition of property) was \$5,499,638 against unrestricted expenses (including non-cash recording of additional pension liability) of \$5,652,715 for a \$153,077 decrease in unrestricted net assets at the end of the fiscal year. The overall net assets, including temporarily and permanently restricted funds, decreased by \$43,268.

Extraordinary events were:

Cash Proceeds--Sale of two surplus properties: \$839,618 (See next note)
Cash Income--Repayment of previous debt 200,000
Bequest Receivable-- (Rec'd June, 2012): 248,965
Non-Cash Expense--Additional Pension Liability: (509,627)

Sale of Surplus Properties Lowers Long-Term Debt

The college changed realty companies during the fiscal year, which resulted in the sale of two residences unrelated to academic programming for a net amount of \$839,618. Of that amount, \$700,000 was applied to long-term capital debt with the balance placed in reserve earmarked for capital repair. The gain on sale of assets recorded in the audit was \$674,764, after deductions for balance sheet values. No funds were applied toward operating expenses.

Individual's Repayment of Previous Debt

The college received \$200,000 to repay an old loan provided to a long term friend and donor. Said loan had been fully expensed to operations in previous fiscal years. As a result, the repayment was recorded as operational income.

Unrestricted Giving Increases 23%

Gifts to the unrestricted fund amounted to \$1,367,737. Of that amount, \$1,083,054 was annual fund unrestricted gifts (adjusted for payments on pledges); \$30,982 was FWB Foundation income; \$252,081 was estate gifts, and \$1,620 was library gifts. The previous fiscal year's unrestricted gifts totaled \$1,113,917.

Annual Fund Giving Subsidizes Average Full-Time Student \$5,190

Students enrolled in 2011-2012 were subsidized \$173 per semester hour through annual fund gifts. In other words, students would have paid \$621 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 \$5,190.

Institutional Scholarships Reach Historic High

The college awarded a historic \$1,009,520 in institutionally-awarded scholarships. On average, the scholarships provided a \$162 per semester hour discount against the \$448 list price, or an average net cost of only \$286 per semester hour, or a 36% discount rate for tuition.

Tuition, Fees, Room and Board Charges for 2012-2013

After no student fee increases for the previous school year, student charges for 2012-2013 have been increased 6%. The two-year average increase from 2010-2011 to 2012-2013 is 3% per year.

Investments in Marketable Securities

Investments held for operational purposes decreased from \$364,731 to \$170,085. Investments held for endowments increased from \$1,082,336 to \$1,191,188. Of the total investments, \$1,038,792 is held by the FWB Foundation.

Asset to Debt Ratio

Total assets amount to \$13,829,336. Long-term liabilities total \$5,590,631, giving a 2.47 to 1 debt ratio. Adding all other liabilities bring the total to \$6,705,533, and provides a 2.06 to 1 debt ratio.

Cash Flow Statement

The combined cash flows of the college's operating, investing, capital, and financing activities report cash and cash equivalents increased \$581,283 in unrestricted funds, and \$79,049 in permanently restricted funds for a cumulative cash increase of \$660,329.

Cash and Cash Equivalents for Operations

Cash for operations has increased from the previous year. Last year's total was \$250,718 against this year's \$832,001, supported by \$1,180,000 in draws against operational lines of credit as of May 31, 2012.

Debt

Overall, the college has three types of debt. The first type is for renovation of properties, the purchase of 3622 West End Avenue, and the purchase of 66 acres in Gallatin that amounts to \$2,853,461. The second type is for operational purposes, and is split between Pinnacle National Bank for \$500,000 and FWB Foundation for \$680,000. The third type relates to demand notes to individuals for student loans and unrestricted funds totaling \$138,061. Details and the accounting of these obligations are disclosed in Notes 7 and 8 of the audited financial statements.

Pension Plan Update

The Board of Trustees took action to terminate the college pension plan. As reported in recent years, increasing government regulation and poor market performance have been a financial burden on the school. From 2009-2010 through 2011-2012, the mandatory funding has been an excessive cash outlay of \$825,000. Further, the underfunded amount has increased from \$1,431,894 to \$1,941,521 due to adverse market conditions.

Pension plan participants include retirees now drawing, terminated employees who are vested, and current employees who are vested. All participants will receive information regarding potential options for receipt of benefits. Those options include either a monthly benefit, a lump sum benefit, or a roll-over benefit.

In addition to the funds available, the college will be required to invest approximately another \$1.88 million to facilitate termination. It should be noted that terminations of defined benefit pension plans are occurring nation-wide. The termination will result in an annual \$200,000+ reduction of expenses for the next several years, plus elimination of adverse market conditions and future government regulations.

Management Actions to Address Debt

Multiple efforts are underway to decrease, and ultimately eliminate debt:

- Proposed budget is balanced, cash-wise, and is less than the previous year's.
- · The upcoming termination of the pension plan (refer to previous paragraph).
- Other non-program, residential-type buildings are slated for sale, with funds helping to lower and ultimately eliminate all long-term debt.
- New efforts in non-traditional education are designed to increase income.

FREE WILL BAPTIST BIBLE COLLEGE Budgets for the years ending May 2012-2014

	Budget May 31, 2012	Audit May 31, 2012	Proposed Budget May 31, 2013	Strategic Budget May 31, 2014
Revenues Tuition and fees	2,519,723	2,019,802	2,135,937	2,300,000
Private Gifts: Together Way/Unrestricted General Fund	1,230,000	1,083,054	1,255,000	1,268,000
Estate, grant, stock, special gift, and miscellaneous income	413,000	495,475	90,586	50,000
Gifts in kind Investment and endowment income Sales and services of auxiliary enterprises	29,500 984,100	920,393	68,000 991,270	55,000 1,020,000
Other sources: Net assets released from restrictions	300,000	306,150	250,000 4,790,793	
Total Revenues	5,476,323	4,824,874	4,790,793	1,000,000
Expenditures Educational and general: Instructional Academic Support Student Services	1,515,393 388,834 750,874	373,395 629,640	363,302 659,606	380,000 700,000
Institutional Support	1,806,747		-	The second secon
Total educational and general expenditures Auxiliary enterprises:	1,014,47	1	963,12	
Expenditures Total Expenditures	5,476,32		8 4,790,79	3 4,893,000

Non-Operational Audit Entries: Gain on disposition of property (Revenue) Additional pension liability (Expense)

674,764 (509,627)

Minutes

of the

Seventy-seventh Annual Session

of the

Women Nationally Active for Christ Convention

of the

National Association of Free Will Baptists

when convened in

Memphis, Tennessee

July 17, 2012

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

Executive Committee:

President

Diana Bryant 2156 54th Avenue Vero Beach, FL 32966 772-567-1956

bryantfwb@bellsouth.net

Vice President

Pam Hackett 121 Springside Drive Boiling Springs, SC 29316 864-599-9512 hackettp71@bellsouth.net

Secretary

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

Executive Director Elizabeth Hodges

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

Members-at-Large

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

Jonda Patton
P.O. Box 2522
Pikeville, KY 41502
606-631-3420
jbpatton@bellsouth.net

Janie Campbell 490 Whitney Woods Road Conway, AR 72034 501-450-3552 janiec.campbell@gmail.com

Theme: God's Mighty Hand Scripture: 1 Peter 5:6-11 Music Coordinator: Susan Forlines

Pianist: Dawn Wenning

Proceedings

Tuesday, July 17, 2012, 8:00 a.m.

The business session opened with a welcome from Vice President of Tennessee Women Active for Christ, Susan Forlines, who then led the body in reciting the theme scripture verses, 1 Peter 5:5-7. Free Will Baptist Bible College's Rejoice Ensemble then joined Susan Forlines in leading us in worship songs.

President of Women Nationally Active for Christ, Diana Bryant, introduced the current slate of Executive WNAC officers to the body and called the business session to order.

The Credentials Committee Report was submitted by Virginia Aldridge, Chairperson (FL) and read by WNAC Secretary Jan Clay

Secretary Jan Clay.

Nineteen state conventions submitted reports and paid dues: Alabama — Arkansas — California — Florida —

Nineteen state conventions 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 – West Virginia.

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

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

Total Registration - 794

Motion carried to receive the report and seat the delegates.

WNAC Executive Director, Elizabeth Hodges gave the Executive Director's report informing the body of her travels to WAC groups across the country. Mrs. Hodges used a slide show to show convention participants the items given from WNAC to the Chame Institute, the 2011 Dr. Mary Ruth Wisehart Student Scholarship Fund Recipients, and results of the 2011 WNAC Survey. Information was also presented about various WNAC social networking and media production, including the WNAC QR code, Facebook page, Twitter, and upcoming Pinterest account. Elizabeth gave an update on Treasure Bible study guide, citing a decline in subscriptions, positive comments about the new format, retaining its missions focus and an option of a digital format in the near future. 2013 proposed budget was presented for approval.

Motion carried to approve 2013 budget.

President Diana Bryant presented the Executive Committee Recommendations, read by Secretary, Jan Clay:

The Executive Committee recommends the approval of the proposed WNAC Constitution and By-Law changes in response to Recommendation #3 of the 2009 WNAC Resolutions Committee in Cincinnati, Ohio.

The Executive Committee recommends that scholarships be given from the Cleo Purcell Foreign Student Scholarship Fund in the amount of \$1,389.29, to be divided at the discretion of the Chame Institute among the following students: Elisa Niz — Cynthia Urriola — Stephanie Concepcion — Baderlin Castaneda — Liz Gonzalez.

Motion and second to approve Recommendation 1 - Discussion

After discussion about Recommendation #1, a motion was made to amend the former motion to read:

"We move to accept the changes of the WNAC Constitution and By-Laws, with the understanding that we further study Article #2 and Article #7 for clarification."

Motion carried to adopt the amendment to Recommendation #1.

Motion carried to adopt Recommendation #2.

Sheila Harris (AR), Resolutions Committee Chairman, read the Resolution Report:

Be it resolved that we would like to express our gratitude and appreciation to the women of Tennessee for their hospitality and hosting of WNAC. We would also like to thank all our national members for attending.

Motion carried to adopt Resolution #1.

Sarah Fletcher, Editor of Treasure Study Guide, presented the theme for the coming year, "God's Mighty Hand," through a power point presentation.

Motion carried to adjourn. Meeting was closed in prayer.

Worship Service

9:30 a.m.

The congregation sang songs and recited scripture led by Susan Forlines and Rejoice Ensemble. Special music was presented by Rejoice Ensemble. A message was delivered to the group by Mrs. Terri Roberts of Lancaster County, Pennsylvania.

And offering was taken in the amount of \$1,613.08.

Seminars

10:45 a.m.

Convention participants were given a choice of 3 seminars:

"Depression" - Neil Gilliland

"Parenting" – Janie Campbell, Debe Taylor, Pam Hackett

"Finances/Budgeting" — Amy Johnson, Jonda Patton

WNAC Fellowship Luncheon

12:00 p.m.

The annual Fellowship Luncheon convened at noon. Participants ate their meals to the piano and violin music of Susan Forlines and Michael Kear. Bud Bivens introduced his wife, Ruth Bivens, as our speaker for the luncheon. Mrs. Bivens spoke about God's Mighty Hand throughout her life leading her to enter the Peace Corps and become a Free Will Baptist Missionary to Mexico and the Spanish speaking people of the United States.

Workshops

1:30 p.m.

Convention participants were given a choice of two workshops:

"WNAC Survey Results" — Diana Bryant

"Exchange of Ideas" — Sarah Fletcher

WNAC Executive Committee Meetings and Actions

The Executive Committee met in Nashville, TN, November 10 –12, 2011. Members present were Diana Bryant, Pam Hackett, Jan Clay, Amy Johnson, Jonda Patton and Executive Director Elizabeth Hodges.

November 10, 2011

Executive Committee Members met and reviewed the proposed 2013 budget, discussed the new WNAC reporting forms, possible speakers for the 2012 WNAC Convention and the Executive Director's performance evaluation results. A motion was made to hire Mr. Terry Hill as WNAC Auditor. The motion was seconded and carried.

November 11, 2011

Executive Committee Members met and participated in a Leadership Growth and Development Session led by independent consultants, and viewed and discussed results and implications of the 2011 WNAC Survey. Members took part in a brainstorming session for planning the 2012 WNAC Convention in Memphis, TN, and discussed revisions of the WNAC Convention Constitution and Bylaws.

A motion was made to send our Free Will Baptist College female students and student wives the "Treasure" Study Guide. The motion was seconded and carried.

A motion was made to approve the revised WNAC Personnel Policies. The motion was seconded and carried. A motion was made to approve the revised WNAC Financial Policies. The motion was seconded and carried.

November 12, 2011

Executive Committee Members met and discussed 2013 WNAC Convention Schedule, booth setup, promotional items and theme songs.

February 17, 2012

Executive Committee conducted email discussion and vote. Motion was made to accept the proposed WNAC Constitution with changes and to present them to the body for a vote in July. The motion was seconded and carried.

Motion was made to provide the WNAC Program and Plan Book free of charge to subscribers and to include the abridged WNAC manual and new ministry guide in that mailing. The motion was seconded and carried.

February 28, 2012

Executive Committee participated in a conference call meeting to discuss MIR House status, WNAC Convention speaker, WNAC survey input from state officers, WNAC finances and the upcoming Master's Men/WNAC Couples retreats.

Motion was made to give choice of the MIR house furnishings to Clint and Lynette Morgan to use to help furnish their house for missionaries, missionary's children/college students stateside ministry. The motion was seconded and carried.

July 15, 2012

The WNAC Executive Committee met in Marriott's St. Louis Room. Members present were Diana Bryant, Pam Hackett, Jan Clay, Janie Campbell, Amy Johnson, Jonda Patton and Executive Director Elizabeth Hodges. WNAC staff members Phyllis York and Sarah Fletcher were present for the first part of the meeting.

Auditor Terry Hill explained financial information and recommended that WNAC become an incorporated entity. He further recommended billing our Treasure subscriptions in September in order to delete accounts that have not been paid by December.

Executive Director Elizabeth Hodges went over her report with the committee.

Ron Hunter, Randall House CEO, presented information to the committee concerning digital literature media and Digital Rights Management (DRM). He explained Randall House's research and development and their intention to sell licenses to those who wish to produce digitally.

Committee discussed offering Treasure in a PDF format to bridge the gap between printed material and total digital material. Subscribers to have choice of printed, mailable format or PDF email or online format by 2013.

Devotion was given by Jan Clay from 1 Kings 18:40-46 about "God's Mighty Hand" sometimes being seen as ordinary, but He may be doing a mighty work that we are unaware of.

Committee Members dismissed with a circle of prayer.



Women Nationally Active for Christ 2012

Jeremiah, the prophet, proclaimed, "Great is thy faithfulness," in Lamentations 3:23. That has been proven over and over again through the 77-year history of WNAC. It has been my privilege to visit

women in 21 of our 22 reporting states comprised of our 4,720

Giving to the national office was down in 2011 by nine percent.

The office is solely funded by dues and gifts to the general fund. Please pray with us as we seek to rebuild the financial base of support.

Our women are active in support of missions and ministry causes in their homes, churches, communities, and around the world, giving a total of \$499,877.46. Support for the Steward Provision Closet continues to be strong and our missionaries and Bible Institutes are the beneficiaries. It was our privilege to supply items for the Chame' Institute's kitchen and cafeteria which enhanced the 50th celebration in Panama

The recipients of the Cleo Purcell Foreign Student Scholarship, **Ester** and **Gabriela**, were students at Seminary of the Cross in Reynosa.

We also have two recipients of the Dr. Mary R. Wisehart Student

Scholarship monies. **Bre Reierson** is a sophomore at Hillsdale FWB

College, and **Dominique Ward** is a sophomore at Southeastern FWB

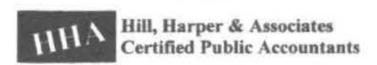
College. We are thankful for the opportunity to support these young

ladies who are training to effectively serve the Lord.

In the fall of 2011, we surveyed our state officers seeking input for the overall program. The 2012 convention program was structured to meet the five major needs identified during the survey. There is an excitement among the ladies as they see the incorporation of their ideas and suggestions.

Phyllis York and Sarah Fletcher, my staff members, work tirelessly to accomplish all that God has for us to do. I deeply appreciate their expertise and efforts. We are looking forward to the many ways God will exhibit *His Mighty Hand* in the coming year.

Elizabeth C. Hodges, Ed.S. WNAC Executive Director



Independent Auditors' Report

Executive Committee of Women Nationally Active for Christ

We have audited the statement of financial position of Women Nationally Active For Christ (a nonprofit organization) (hereafter WNAC) as of December 31, 2011, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of WNAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WNAC, as of December 31, 2011, and 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.

Heef Harper & association Franklin, Tennessee May 1, 2012

Terry A. Hill 615 417 - 7414 terry hill. HHA@gmail.com

P O Bex 689788 Franklin, Tennessee 37068

Ernest R. Harper 615 417 - 6358 e.harper@comcast.net

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists)

Statement of Financial Position

December 31, 2011

Assets

Funds held by Free Will Baptist Foundation consideration (including \$183,562 of temporarily restricted funds) Accounts receivable	94,709 21,996 15,731 3,788
Accounts receivable	21,996 15,731
Accounts receivable	
	3,788
	and the second
Inventory and prepaid expenses	21,723
Office equipment and furniture:	21,723
Cost basis Less accumulated depreciation	-
	51,827
Funds held by Free Will Baptist Foundation for endowments	293,342
Liabilities and Net Assets	0.50 0 40
Current liabilities: Accounts payable and accrued expenses Funds held for other organizations and agencies Funds held for other organizations subscriptions	3,267 878 32,808
Deferred revenues related to magazine	36,953
Total current liabilities	
Net assets:: Unrestricted	21,000 187,271 48,118
Temporarily restricted Permanently restricted	256,389
Total net assets	293,342

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST (An Auxiliary of The National Association of Free Will Baptists) Statement of Activities and Changes in Net Assets

Revenue and Support:	Others	Operations	Operations Publications	Retreats	Unrestricted Net Assets	Restricted Net Assets	Restricted Net Assets	Total
Funds for other agencies and departments.								THE WAY
Amount received	302,446	ò						
Amount incurred	(302,446)				302,446	×	74	302 446
Giffs and offerings		2 4 4134	,	1	(302,446)	4		1303 44
Magazine subscriptions	8 3	15,8,40		21,136	75,973	7 811	700	(305,440)
dentities color	÷		36,928	4	34 079		000	84,670
CHEMINIC SAICS	(e)	3.193	19		976,00	¥.		36,928
Dues / delegate fees	-	70.700		0	3,193			1 103
Convention revenues		10,198		*	70,798		9 9	2010
Interest income	ă.	0		12,573	17 573			(0,798
Constitution of the consti	**	462	3		275			12.573
LANS HOTH INVESTMENT DISSELS	K	· i	: 1		70+	5.139	0	5.601
Distributions - endowment income		2016	, ;		ĕ	(633)	,	1633
Other income		504,7	¥	10	2,405	(2.405)	. 30	CONT.
14		1.731			1.731			100
Total revenue and support		122 122						1,731
Cost of publications:		02450	36.928	33,709	204,063	9.912	988	214.861
Magazine printing	8		30.344		1828.00			10000
Support for One Magazine			040,02	ï	20,346	1		20 246
Editor		7	2,388	ii.	5,588		. 19	00000
Postage	,	£	23,200	F	23,200	2.5	,	5,588
		3	1,405	٨	1,405	,		23,200
	34		20.000			e.		1,405
Nes recognition of the second		ř.	50,539		50,539	N.	886	50.530
Hoddie and sense as a		133,426	(13,611)	33,709	153,524	0.010		
Net assets released from restrictions	8	13 840				3.3.5	*	164,322
		04-0-41			14,840	(14,840)	ĸ	8
	34	148,266	(13,611)	33.709	168 364	14 000		
Operating expenses:			On the Control of the		100000	(4,928)	886	164,322
Operations	79	156 516						
Convention and retreats		DT PROPE			156,516	E	,	156 516
				24,026	24,026	1	8 (34 036
		156,516	,	24.026	180 542			070'17
Increase (decrease) in net assets S		(0508)	10000	74 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	A MANAGEMENT	Ì		180,542
		(0,5,50)	(13,611)	9,683	(12.178)	(4.928)	988	(16.330)
					33,178	192,199	47,232	272,609
Net assets end of the year				S	21,000	187.271	48 118	356.390
					The second secon		10,110	430,389

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists)

Statement of Functional Expenses

For the year ended December 31, 2011

	Opera	ations	Convention and Retreats	Totals
Expenses of operations:	s 5	7.184	2	57,184
Salaries				
Employee benefits, payroll taxes,	1	8,570		18,570
and health insurance		1,810	-	1,810
Literature for sale and for promotional purposes	1	8,167	-	18,167
Rent		3,622	14,310	27,932
Travel		9,945	9,716	19,661
Office expense and other		14,840	-	14,840
Restricted expenditures		8,674	6	8,674
Legal and audit		5.035		5,035
Postage and shipping		4,490	180	4,490
Executive Committee		2,087	-	2,087
Promotion		1,563	-	1,563
Dues, subscriptions and continuing education		529	2	529
Depreciation		50,400		
	s 1	56,516	24,026	180,542
Total expenses	*	2012		

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists)

Statement of Cash Flows

For the year ended December 31, 2011

Cash Flows from Operating Activities		
Decrease in net assets		
Adjustments to reconcile change in net assets to		
net operating activities:		\$ (16,220)
Depreciation		
Loss on endowment funds held by E. Way		***
Loss on endowment funds held by Free Will Baptist Foundation (Increase) decrease in:		529
Receivables		633
Inventory and prepaid expenses		W 1000
Increase (decrease) in:		(8,140)
Deferred revenues related to magazine subscriptions		1,651
Funds held for other denomination to		Version.
Funds held for other denominational agencies and organizations Accounts payable and accrued expenses		5,392
payable and accrued expenses		(17.955)
N.,		1,956
Net operating activities		774 × 1010 111
Cash Flows from Investing Activities		(32,154)
Net distribution from endowment i		
Net distribution from endowment investments held by Free Will Baptist Foundation		21272
		1,518
Net investing activities		
D.		1,518
Decrease in cash and cash equivalents		Washington and
Cash and cash equivalents:		(30,636)
Beginning of year		
		252,632
End of year		
	S	221,996
Cash in bank Cash in bank		
	S	27,287
		194,709
	\$	221,996

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists)
Notes to Financial Statements

December 31, 2011

Women Nationally Active For Christ (hereafter WNAC) operates as an auxiliary of the National Association of Free Will Baptists, Inc. and is governed by the Executive Committee. The Executive Committee is comprised of the four elected officers and three members elected from the body at large. WNAC is an unincorporated non profit entity.

The purpose of the organizations shall be to assist the various bodies comprising the WNAC in providing opportunities for each woman to fulfill the Great Commission through her God-designed role in the home, Church, community and world.

Summary of Significant Accounting Policies

Basis of Presentation

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

As required by generally accepted accounting principles, WNAC 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.

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.

Funds received which are designated by the donor to be transferred to third parties are accounted for as liability transactions. WNAC is encouraging donors to make their contributions direct to the respective beneficiary.

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.

Jse 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

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, 2011, endowment 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.

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists) Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued 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 restricted net assets (if net gains) or unrestricted net assets (if net losses). The balances relating to endowment funds are as follows:

Permanently restricted net asset:

Original donor investment (corpus) Balance at beginning of year		
Donor gifts	S	47,232 886
Temporarily restricted net assets: Balance at beginning of year	\$_	48,118
Investment earnings, including investment gains and losses Distributions of earnings to unrestricted net assets at 5% of account balance	\$	6,747 (633) (2,405)
Total invested funds with Free Will Baptist Foundation as endowment	\$	3,709
unts Receivable	\$	51.827

Accounts Receivable

WNAC extends credit to churches and individuals located throughout the United States for magazine subscriptions and literature. Accounts receivable are deemed to be fully collectible by management and no reserve is considered necessary. All accounts are reviewed by management and written off as "refunds, allowances and uncollectibles" as may be necessary, which is reported as a reduction contra to the respective revenue.

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 asset are expensed as incurred.

Deferred Revenues

Deferred revenues relate to magazine subscriptions billed in November for the next calendar year.

Income Taxes

WNAC 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 2011. Further, management believes that WNAC has no activities which will lead to income taxes being levied.

Compensated Absences

Employees of the WNAC 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. WNAC'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 May 1, 2012, the date these

WOMEN NATIONALLY ACTIVE FOR CHRIST

(An Auxiliary of The National Association of Free Will Baptists) Notes to Financial Statements, continued

Temporarily Restricted Net Assets

Net assets were released from donor restrictions during the year ended December 31, 2011 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

Mary Wisehart Student Scholarship Fund	\$ 2,432
C. Purcell Foreign Scholarship Fund	1,205
Stewart Provision closest	10,599
Free Will Baptist Bible College Mission Home	604
Net assets released	14,840
M. Workman Endowment funds available for distributions	2,405
	\$ 17,245
Remaining balances of temporarily restricted net assets are as follows:	
Mary Wisehart Student Scholarship Fund	\$ 104,601
C. Purcell Foreign Scholarship Fund	309
Stewart Provision closest	73,742
Free Will Baptist Bible College Mission Home	4,910
M. Workman Endowment funds available for distributions	3,709
	\$ 187,271

(3) Pension

WNAC 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 of compensation. Employees may participate at date of employment. Pension expense amounted to \$2,803. 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.

(4) Operating Leases

WNAC has entered into noncancelable a lease arrangement relating to a copy machine. Lease expense amounted to \$1,980 in 2011. The lease expires August 2012 and will require payments of \$1,320.

Further, WNAC 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 \$18,167 in 2011.

(5) Concentration of Credit Risk

WNAC 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.

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. WNAC provided support of \$5,588 in 2011.

Reclassification of Beginning Net Assets

Certain reclassifications were made among and between net asset groups, these reclassifications had no effect on total beginning net assets as reported.

WNAC Receipts 2011

title find Dues Faith Emphasis Endow- Provision Scholarship Scholarship International Missions Christ 1,383.98 3,435.00 325.00 245.00 10.00 25.00 25.00 1189.85 1189.85 4,272.73 1,770.00 10.00 705.00 393.54 1,000.00 25.00 1189.85 1,1529.50 1,1529.50 25.00 1,050.00 1,050.00 1,050.00 1,050.00 2,376.00 2,376.00 2,376.00 4,272.73 1,770.00 1,000.00 1,050.00 240.00 1,450.00 1,000.00 1,150.00 2,376.00 1,165.37 2,070.00 240.00 25.00 30.15 6,61.86 1,529.50 1,529.50 2,803.40 4,532.00 240.00 25.00 25.00 20.00 35.30.00 2,247.00 2,803.40 4,532.00 240.00 25.00 25.00 25.00 25.00 25.30.00 3,070.07 4,530.00 25.00 30.00 1,65	Joy N 48.00 48.00 367.00 255.00	Mission State Objectives Programs 575.00 2,480.00 48.00 21,314.12 8,000.00 9,105.39 1,250.00 255.00	Children's Homes 525.39 1,084.65 1,799.27 7	Colleges 145.00 125.00 313.00	11,824.73 67,467.02 1,246.66 4,567.24 42.08 37,472.55 37,472.55 7,157.05 7,157.05 7,225.03 7,235.27
1,383.96 3,455.00 Promise ment Closet Scholarship Missions July 865 4,272.73 1,310.00 325.00 10.00 25.00 25.00 25.00 1,189.65 273.41 766.00 10.00 705.00 10.00 20.00 30.00 1189.65 25.00 1,050.00 240.00 100.00 240.00 240.00 1,450.00 430.25 132.00 422.25 6,661.86 3,350.00 1,165.37 2,070.00 240.00 25.00 100.00 422.25 1,550.50 1,550.50 1,550.50 2,247.00 2,66.6 2,240.00 240.00 25.00 100.00 20.00 1,550.50 1,550.00 1,570.00 2,247.00 2	35 38 38 38 36 30 36 36 36 36 36 36 36 36 36 36 36 36 36	Objectives P 575.00 48.00 2 367.00 8,000.00 1,250.00	H	145.00 125.00 313.00 1,210.50	11,824,73 67,467 02 1,246,66 4,567 24 42 08 37,472 55 7,157 05 7,157 05 7,235 27 7,235 27
4,383.98 3,435.00 325.00 245.00 10.00 25.00 25.00 1,189.85 4,272.73 10,710.00 10.00 383.54 1,000.00 26.00 30.00 1,189.85 25.00 1,050.00 1,050.00 1,050.00 1,050.00 240.00 25.00 1,182.00 1,182.20 2,003.40 4,632.00 240.00 25.00 1,050.00 422.25 1,182.20 1,182.20 1,182.20 2,003.40 4,632.00 240.00 25.00 30.00 420.00 25.00	367.00	367.00 367.00 8,000.00 1,250.00		145.00 125.00 313.00 1,210.50	11,824,73 67,467,02 1,246,66 4,567,24 42,08 37,472,55 37,472,55 7,157,05 7,157,05 7,22 57,952,03 7,236,27
4,272,73 10,710,00 10 00 705,00 393,54 1,000,00 20,00 30,00 16,362,88 25,00 1,050,00 100,00 100,00 20,00 30,00 16,362,88 42,08 1,050,00 240,00 240,00 1,450,00 100,00 422,25 1,529,50 1,165,37 2,070,00 240,00 25,00 1,450,00 26,00 30,530,00 2,863,40 4,632,00 240,00 25,00 430,25 132,00 422,25 6,661,86 3 2,865,00 110,00 240,00 25,00 25,00 20,00 33,530,00 2247,00 2247,00 3,070,07 4,530,00 165,00 301,58 6,86 175,00 58,61 28,30,61 1,873,00 4,154,00 1,156,00 1,150,00 110,00 11,00 433,50 30,00 116,34 16,30,00 1,154,00 1,150,00 1,150,00 25,00 11,00 25,00 11,00 11,00 11,00 11,00	367.00	367.00 8,000.00 1,250.00		313.00	67.467.02 1,246.66 4.567.24 42.08 5.395.51 37.472.55 20.607.54 7,157.05 7,157.05 7,157.05 7,157.05
273.41 756.00 100.00 100.00 116.2 2.5.00 1,050.00 240.00 1,050.00 1,050.00 2,376.00 1,950.00 240.00 1,450.00 430.25 1,529.50 1,529.50 2,803.40 4,632.00 240.00 240.00 25.00 430.25 1,529.50 1,529.50 2,803.40 2,070.00 240.00 25.00 560.00 422.25 6,661.86 3 3,151.33 2,865.00 110.00 26.00 560.00 58.61 28.330.61 28.330.61 503.27 2,865.00 165.00 301.56 6.66 175.00 58.61 28.30.61 187.30 370.00 1,159.72 1,159.72 1,169.40 11.00 433.50 165.00 165.00 166.913.3 1,184.08 2,040.00 700.00 541.00 350.00 142.00 65.00 166.93.3 1,762.16 865.00 100.00 11.00 25.00 142.00 166.93.3 1,184.08 <td>367.00</td> <td>367.00</td> <td></td> <td>313.00</td> <td>1,246 66 4,567 24 42 08 5,395 51 37,472,55 20,607 54 7,157 05 7,157 05 7,157 05 7,157 05</td>	367.00	367.00		313.00	1,246 66 4,567 24 42 08 5,395 51 37,472,55 20,607 54 7,157 05 7,157 05 7,157 05 7,157 05
25.00 1,050.00 100.00 100.00 2,376.00 42.08 870.00 240.00 1,450.00 1,600.00 1,529.50 1,529.50 1,165.37 2,070.00 240.00 25.00 600.00 422.25 6,661.86 3 2,803.40 4,632.00 240.00 25.00 600.00 422.25 6,661.86 3 2,360.6 240.00 240.00 25.00 500.00 22,47.00 2,247.00 3,151.33 2,865.00 110.00 560.00 58.61 2,247.00 2,247.00 3,700.07 4,530.00 165.00 301.58 6.66 175.00 22,47.00 3,700.07 1,215.00 301.58 6.66 175.00 58.61 28.30.61 1873.00 1,184.08 2,040.00 700.00 541.00 350.00 16.90 16.90 16.90 16.90 1,762.16 8,885.00 200.00 541.00 350.00 175.00 175.00 175.00 175.00	367.00	367.00		313.00	4,567,24 42,08 5,395,51 37,472,55 20,607,54 7,157,05 7,157,05 7,157,05 7,235,203 7,235,203
42.08 155.00 1,65.29 1,529.50 1,529.50 1.98.00 870.00 240.00 1,450.00 430.25 132.00 422.25 6,681.86 3,530.00 1,165.37 2,070.00 240.00 25.00 560.00 560.00 22.47.00 2,247.00 236.65 240.00 240.00 25.00 110.00 2,247.00 2,247.00 3,151.33 2,865.00 110.00 301.58 6.86 175.00 58.61 28.30.61 1873.00 3,070.07 4,530.00 165.00 301.58 6.86 175.00 58.61 28.30 7,233.40 3,070.07 4,530.00 165.00 301.58 6.86 175.00 58.61 28.30 7,233.40 3,070.07 4,530.00 1,215.00 31.00 11.00 433.50 30.00 116.94 16.412.27 1,180.16 6,870.00 541.00 350.00 142.00 65.00 16.619.33 815.00 1,680.00 100.00 140.00 <td>367.00</td> <td>367.00 8,000.00 1,250.00</td> <td></td> <td>1,210.50</td> <td>5,395 51 37,472 55 37,472 55 20,607 54 7,157 05 7,157 05 7,235 27</td>	367.00	367.00 8,000.00 1,250.00		1,210.50	5,395 51 37,472 55 37,472 55 20,607 54 7,157 05 7,157 05 7,235 27
195.00 870.00 240.00 1,450.00 430.25 132.00 422.25 6,861.86 3 1,165.37 2,070.00 240.00 25.00 500.00 422.25 6,861.86 3 1,165.37 2,070.00 240.00 25.00 500.00 2247.00 2247.00 236.05 240.00 240.00 25.00 500.00 2247.00 2247.00 3151.33 2,865.00 110.00 26.66 175.00 58.61 28.30 1,873.00 3070.07 4,530.00 165.00 301.56 6.66 175.00 58.61 28.30 7,233.40 3070.07 1,215.00 1,215.00 913.00 11.00 433.50 30.00 116.94 16.412.27 1,162.00 1,162.00 11.00 433.50 30.00 116.94 16.412.27 1,162.00 260.00 541.00 350.00 142.00 65.00 30.32 298.00 1,162.00 1,629.00 175.00 175.00 175.0	367.00	367.00		1,210,50	5,395 51 37,472.55 20,607 54 7,157 05 7,157 05 7,22 7,235 203
196.00 870.00 240.00 1,450.00 1,529.50 1,529.50 1,529.50 2,803.40 4,632.00 240.00 25.00 430.25 132.00 422.25 6,661.86 3 1,165.37 2,000.00 240.00 25.00 25.00 2247.00 2,247.00 7.22 2,000.00 240.00 25.00 22.47.00 2,247.00 3,151.33 2,865.00 110.00 50.00 2,247.00 2,247.00 3,151.33 2,865.00 10.00 301.58 6.56 175.00 58.61 28.30 1,873.00 3,070.07 4,530.00 165.00 301.58 6.56 175.00 58.61 28.30 7,233.40 2.247.00 1,750.72 8,145.00 165.00 313.00 165.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 <td>367.00</td> <td>367.00 8,000.00 1,250.00</td> <td></td> <td>1,210.50</td> <td>5,395 51 37,472 55 20,607 54 7,157 05 7,22 57,952 03 7,236 27</td>	367.00	367.00 8,000.00 1,250.00		1,210.50	5,395 51 37,472 55 20,607 54 7,157 05 7,22 57,952 03 7,236 27
2,803.40 4,632.00 1,450.00 430.25 132.00 422.25 6,661.86 3 1,165.37 2,070.00 240.00 25.00 260.00 3530.00 3530.00 7,22 2,240.00 240.00 25.00 110.00 22.47.00 3530.61 3,151.32 2,865.00 110.00 301.58 8.66 175.00 58.61 28.30 7.247.00 3,070.07 4,530.00 165.00 301.58 8.66 175.00 58.61 28.30 7.233.40 28.30 7.233.40 199.00 7,159.72 8,145.00 135.00 11.00 433.50 30.00 116.94 16,412.27 1,58.70 7,169.72 8,145.00 200.00 541.00 350.00 142.00 65.00 70.16.71 1,762.16 8,685.00 700.00 541.00 350.00 142.00 16,619.33 16,619.33 1,762.16 8,685.00 700.00 714.00 30.00 150.00 175.00 1712.50 11,122.	367.00	367.00 8,000.00 1,250.00		1,210,50	37,472,55 20,607,54 7,157,05 7,157,05 57,952,03 7,236,27
1,165.37 2,070.00 240.00 25.00 500.00 35.30.00 236.05 240.00 240.00 25.00 500.00 2247.00 236.05 240.00 110.00 25.00 110.00 2247.00 3,151.33 2,865.00 110.00 26.30 110.00 1873.00 3,070.07 4,530.00 165.00 301.58 6.66 175.00 58.61 28.30 7.233.40 3,070.07 4,530.00 165.00 313.00 11.00 433.50 165.00 168.00 1,184.08 2,040.00 700.00 541.00 350.00 142.00 65.00 7.016.71 1,762.16 8,685.00 200.00 541.00 350.00 142.00 65.00 7.016.71 1,762.03 1,629.00 175.00 16.619.33 16.619.33 172.00 1,635.00 100.00 126.00 70.00 70.00 175.00 175.00 175.00 1,635.00 1,635.00 100.00 126.00	85.00	1,250.00	7		20,607,54 7,157,05 7,22 57,952,03 7,235,27
1,165.37 2,070.00 240.00 25.00 500.00 3,530.00 236.05 240.00 240.00 25.00 500.00 2,247.00 3,151.33 2,865.00 110.00 2,247.00 2,247.00 3,151.33 2,865.00 110.00 1,873.00 1,873.00 3,070.07 4,530.00 165.00 301.58 6.66 175.00 58.61 28.30 1,873.00 7,159.72 8,145.00 913.00 11,00 433.50 30.00 116.94 16,412.27 15.97 8,145.00 700.00 541.00 350.00 116.90 7,016.71 1,184.08 2,040.00 700.00 541.00 350.00 142.00 65.00 3,032.65 815.60 6,875.00 100.00 714.00 30.00 175.00 65.00 16.619.33 816.24 1,560.00 126.00 70.00 70.00 15.00 175.00 890.83	85.00	1,250.00	7		20,607,54 7,157,05 7,22 57,952,03 7,235,27
236.05 240.00 500.00 500.00 2,247.00 7.22 2,865.00 110.00 2,247.00 2,247.00 3,151.33 2,865.00 110.00 1,873.00 1,873.00 3,070.07 4,530.00 165.00 301.58 6.66 175.00 58.61 28.30 7,233.40 2,233.40 3,070.07 4,530.00 165.00 301.58 6.66 175.00 166.00 166.00 169.00 1,184.08 2,040.00 700.00 11.00 433.50 16.20 16.412.27 1,184.08 2,040.00 700.00 541.00 350.00 16.20 7,016.71 1,184.08 2,040.00 714.00 36.00 16.20 7,016.71 815.60 68/500 100.00 714.00 30.00 156.00 394.00 65.00 16.12.52 1,782.00 1,635.00 100.00 714.00 70.00 175.00 175.00 900.83 1,794.16 1,560.00 126.00 70.00	85.00				7,157 05 7 22 57,952 03 7,235 27
7.22 3,151.33 2,865.00 110.00 301.58 6.66 175.00 58.61 28.330.61 3,070.07 4,530.00 165.00 301.58 6.66 175.00 58.61 28.30 7,233.40 28.30,61 3,070.07 4,530.00 165.00 313.00 11.00 433.50 30.00 1,873.00 7,159.72 8,145.00 913.00 11.00 433.50 30.00 116.412.27 1,184.08 2,040.00 700.00 541.00 350.00 674.90 65.00 598.00 1,762.16 8,685.00 200.00 541.00 350.00 142.00 65.00 3,032.65 815.60 6,875.00 482.70 1,629.00 175.00 394.00 6,626.61 7,122.52 816.24 1,635.00 100.00 70.00 70.00 70.00 900.83	85.00	-			57,952.0; 7,235.2
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RECEIPTS DIRECT	11,824,73	1,246.66	67,467,02	4.567.24	42.08	5.395.51	37,472.55	20,607.54	7,157.05	7.22	57,952.03	7,235.27	3,904,00	21,824.23	1.074.39	53.122.17	14 677 47	18.544.96	45.151.86	29,049,85	5,211.99	9,880.48	3,386,71

\$ 447 32 \$ 303 42 \$ 122 46 \$ 107 93 \$ 97 83 \$ 96 01 \$ 94 50 \$ 93 03	
Per Capital Total Giving 1 Indiana 2 Kentucky 3 Illinois 4 Georgia 5 Ohio 6 South Carolina 7 North Carolina 8 Virginia 9 Arkansas	714 543 543 458 356 306 302 228 191
25.70 25.75 13.01 07.56 02.65 07.17 25.54 126.01 28.01	MEMBERSHIP 1. Arkansas 2. Oklahoma 3. North Carolina 4. South Carolina 5. Tennessee 6. Georgia 7. Missourt 8. Alabama 9. Kentucky 10. Michigan
Missions/Ministry Objectives 1 Kentucky \$51.87 2 Arkansas \$36.37 3 North Carolina \$36.37 4 South Carolina \$35.2 5. Georgia \$27.6 6. Illinois \$17.1 8. Missouri \$13.4 9 Ohio \$10.7	

\$ 67.467.02 \$ 57.952.03 \$ 53.122.17 \$ 45.151.86 \$ 37.472.55 \$ 29.049.85 \$ 21.824.23 \$ 20.607.54 \$ 14.677.47

16,091 59 13,505 31 11,538,16 8,885.24 8,172,70 8,073,31 6,126,33 5,408,98

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WOMEN NATIONALLY ACTIVE FOR CHRIST 2013 Proposed Operating Budget

	To 10 1 10 pose	d Operating E	ouuget	
Projected Revenue	2011 Budget	2011 Actuals	2042 P. 4	PERSONAL PROPERTY.
Gifts, offerings, support	44,750.00	2011 Actuals	2012 Budget	2013 Budget
Dues & delegate fees	75,000.00	54,837.00	50,250.00	55,000.00
Publications	56,000.00	70,798.00	75,000.00	70,000.00
Literature	7,800.00	36,928.00	52,000.00	40,000.00
Convention Revenues	26,500.00	3,193.00	7,500.00	3,200.00
Interest Income	5,500.00	33,709.00	27,750.00	27,750.00
Endowment Income	3,000.00	462.00	1,000.00	500.00
Miscellaneous Income		2,405.00	3,000.00	2,500.00
Total	450.00	1,731.00	450.00	2,800.00
iotai	219,000.00	204,063.00	216,950.00	201,750.00
Projected Operating Expenses				
Salaries and Wages	80,117.00	57,184.00	79,077.00	EE 077 00
Payroll Taxes and Employee Benefits	14,236.00	18,570.00	21,714.00	55,877.00
Rent	26,000.00	18,167.00	19,200.00	20,062.00
Travel	10,000.00	13,622.00	10,209.00	19,200.00
Promotion		2,087.00	10,209.00	10,000.00
Office Expense	21,522.00	9,945.00	17,500.00	461.00
Professional Service / Audit	6,000.00	8,674.00		8,500.00
Postage and shipping	5,000.00	5,035.00	6,250.00	4,500.00
Executive Committee	5,000.00	4,490.00	4,000.00	4,000.00
Cost of Literature	0,000.00	1,810.00	5,000.00	4,000.00
Dues, Subscriptions, Cont. Education	925.00	1,563.00	000.00	500.00
Depreciation	323.00	529.00	800.00	500.00
Conventions & Retreats	23,000.00		04 000 00	
Total Expenses	191,800.00	24,026.55	21,000.00	23,000.00
Cost of Publications:	131,000.00	165,702.00	184,750.00	150,600.00
Magazine Printing		20.240.00		
Editor		20,346.00		18,000.00
Postage		23,200.00		23,450.00
One Magazine		1,405.00		1,300.00
	27 200 00	5,588.00	22/22/20/20	8,400.00
	27,200.00	50,539.00	32,200.00	51,150.00
Total	219,000.00			

2012 WNAC	SALARIES AN	D BENEFITS	BREAKDOWN

Executive Director	LAKIES AN	(D)		REA	KDOWN		
Salary Social Security/Medicare Retirement Insurance Travel/Life	200.00	\$\$\$\$	2012 44,437.00 3,465.00 2,222.00 6,852.00	\$	200.00	\$ \$ \$	2013 44,437.00 3,465.00 2,222.00 6,852.00
Hospital \$ Dental \$ Christmas Bonus Total Salary and Benefits	6,306.00 346.00	\$	855.00	\$	6,306.00 346.00	\$	855.00
Administrative Assistant		\$	57,831.00			\$	57,831.00
Salary Social Security/Medicare Retirement		\$	11,440.00 876.00 572.00			\$	11,440.00 876.00
Christmas Bonus Total Salary and Benefits**		\$55	4,970.00 250.00 18,108.00			\$	572.00 4,970.00 250.00 18,108.00
Salary Christmas Bonus Total Salary and Benefits		555	23,200.00			\$	23,200.00 250.00
Grand Total of Salaries and Benefits *WNAC pays 1/4 of the family's premium		\$	23,400.00 99,339.00			\$	23,450.00 99,389.00

WNAC pays 1/4 of the family's premium. **WNAC pays 1/2 of the total package for the administrative assistant.

FWB Music Commission Report

The Music Commission has been active in planning the music for the 2012 National Convention in Memphis, TN. The commission held its annual meeting at the Free Will Baptist National Offices, on February 20-21, 2012. The following agenda was presented by Chris Truett, Music Commission Chairman:

I. Evaluate and discuss the 2011 National Association Convention music

- A. Evaluated all aspects of the 2011 National Convention music
- B. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to evaluate the 2011 National Convention music

II. Plan the entire music program for the 2012 National Association Convention

- A. Discussed preliminary information on 2012 National Convention Music
- B. Selected Worship Leaders for 2012 National Convention
- C. Selected choir songs for 2012 National Convention
- D. Selected special music for the 2012 National Convention (others to be selected as suggestions were submitted)
- E. Met with Executive Secretary Keith Burden and Executive Administrator Ryan Lewis to discuss logistics of 2012 National Convention and set-up.

III. Discuss future projects and vision for the commission

A. This year's Music Commission project involves six different seminars to be presented at the 2012 National Convention:

1. Tuesday 10 AM 2. Tuesday 1 PM 3. Wednesday 9 AM 4. Wednesday 10 AM 5. Wednesday 11 AM	Joshua Riggs Chris Truett	Resources for Worship Effective Choir Rehearsals Piano Improvisation: Beginner Piano Improvisation: Advanced Bricks and Mortar of the Music & Worship Ministry
	CANAL ST. CO. C. CO. C. CO. C.	O B A C

Music Commission Q & A Session 6. Wednesday 1 PM

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 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 helping 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 Tampa, FL.

Respectfully submitted, The Free Will Baptist Music Commission

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

MUSIC COMMISSION FINANCIAL SUMMARY 2011

CONTROL TO ANY ADVANCED BY THE PARTY OF THE					45
Beginning Balance (01/01/2011)	Y.	Designation of the last of the	MIES		\$ 5,728.4
Income		WINDS		. 200	0.070
Together Way			\$:	2,740.28	\$ 2,764.58
2010 Rest of the Family			\$	24.30	
Convention Booth/Wkshops			\$	24.50	
Other gifts/income			\$	-	
Expenses		SSSIMANINA		Delican	
Meetings			ALL PER		\$ 3,709.94
			\$ 1	,900.47	
Annual meeting	\$	1,794.54			
Convention meeting	\$	105.93			
Convention			\$ 1	,809.47	
Pre-convention planning	\$	92.14			
Convention musicians	\$	1,500.00			
Booth expenses	\$				
Workshop expenses	\$	45.81			
Digest of Reports	\$	171.52			
Office Expenses			\$	_	
Postage/miscellaneous	\$	-	*	-	
Ending Balance (12/31/2011)		CONTRACT OF			\$ 4,783.08

MUSIC COMMISSION BUDGET COMPARISONS

Income	20	011 Budget	2	011 Actual	20	12 Budget	20	13 Budget
Together Way (undesignated) Together Way (designated) Rest of the Family Offering Convention Booth/Wkshops Other TOTALS	\$ \$ \$ \$ \$ \$	2,500.00 750.00 25.00 500.00 100.00 3,875.00	\$ \$ \$ \$ \$	included 24.30	\$ \$ \$ \$ \$ \$	2,600.00 900.00 25.00 500.00 100.00 4,125.00	\$ \$ \$ \$	3,000.00 1,000.00 25.00 - 75.00 4,100.00
Expenses								
Meetings Convention Office and Misc Expenses TOTALS	\$ \$ \$	2,000.00 1,675.00 200.00 3,875.00	\$ \$ \$	1,900.47 1,809.47 - 3,709.94	\$ \$ \$	2,025.00 2,000.00 100.00 4,125.00	\$ \$ \$	2,000.00 2,000.00 100.00 4,100.00

2012 Historical Commission Report

The Historical Commission will distribute copies of the fifth and sixth in a series of historical pamphlets to delegates at the 2012 national convention. Both pamphlets, of historical pamphlets to delegates at the 2012 national convention. Both pamphlets, Free Will Baptists and Predestination and Free Will Baptists and Total Abstinence were written by Robert Picirilli, a member of the Historical Commission and a well-known Free Will Baptist author.

The Commission's seventh pamphlet, Free Will Baptists and the Sufficiency of Scripture, to be written by Matt Pinson, will be distributed at the 2013 national convention. The historical pamphlets can be purchased through Randall House Publications.

Commission members are in ongoing discussions about the possibility of developing a Historical Commission website to make important historical documents available to the denominational constituency.

The Historical Collection can be accessed online at the Free Will Baptist Bible College website in order to see what is available in the History Room at Welch Library.

Financial Report 2011

Balance on hand (checking at Regions Bank) 12/31/2010\$16,470.0
Deposits
Together Way (13 months)\$2,966.47
Interest (Regions Bank)\$8.93
Sale of Pamphlets\$1,158.23
Rest of Family Offering. \$12.57
Total\$4,146.20
Expenditures
2011 Digest of Reports\$87.02
Raidan House (printing)
Robert Picifili (writing Predestination) \$500.00
TWBBC (Vinyl book covers)
Sold Cocklett (meeting expenses)
Books for collection
Total\$2,321.1
Balance on hand (checking at Regions Bank) 12/31/2011\$18,295.1
Trust Fund at FWB Foundation 12/31/2011\$30,454.64
Total on hand 12/31/2011\$48,749.80
Note: Of the sales of booklets income listed above, \$860.50 was for sales in 2010 rather than 2011, but received in 2011 because two 2010.
than 2011, but received in 2011 because two 2010 checks from Randall House got lost in

the mail and were covered by payment in 2011.

2013 D. 3 ---

2013 Budget
Income
Gifts (Together Way)\$3,000
Interest\$10
Sale of Pamphlets \$550
Total\$3,560
Expenses
Books, Materials, Binding, Labor\$710
Pamphlet Project\$2 500
Meeting Expenses
2012 Digest of Reports. \$100
Total\$3,560

Media Commission Report

In 2011, the Media Commission continued its focus on streaming convention services to enable viewers from all over the country and even a few from different parts of the world to participate in the National Association of Free Will Baptists. In 2011, we had close to 2400 viewers Irom22 countries. We are excited to be a part of delivering these services around the globe.

There has been quite a bit of transition on the Media Commission this year. We would like to thank Keith Fletcher, Monte McKenzie and Kevin Norris for their years of service and expertise. They will be sorely missed. We want to say a special thank you to Keith for helping the Live Streaming of the convention services to come to pass, and for his vision to expand these services in the future. Adam Carnes has taken over the position of treasurer, and Travis Penn will now serve as chairman.

In order to continue to wisely use funds and limited personnel available at the 2012 convention, the Media Commission has decided not to set up an exhibitor's booth. To contact the commission please feel free to use our Facebook page or the website: www.fwbmedia.com.

We having been working with the Executive Office to see how we might expand or enhance the sharing of our convention workshops as well as services. We are looking at the possibility of archiving services and workshops and then providing them for download from the Media Commission website. We welcome input and suggestions about offering such a service.

This year we have purchased software that will allow us to actually push out two separate streams—one for mobile devices and a higher quality stream for users with faster connections. This should allow churches with broadband to watch a high quality stream of the services.

Due to all of the transition, 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.

Travis Penn, Chairman (IN) Adam Carnes, Treasurer (NC) Kevin Norris, (MI)

Media Commission Financial Summary 2012

*New	ng checking account balance (4/20 account started due to change in	Contract Con			3,490.33
Income	£				507.87
	Together Way (Undesignated)	395.57			
	Together Way (Designated)	62.30			
	Rest of the Family Offering				
	Misc. Income	50.00			
Expenses	Postage Reimbursement (Monte)	8.80			8.80
Current cl	hecking balance on hand (7/11/12))	a P		3,989.40
	d at FWB Foundation	(£)			16,302.48
Endowme	ent at FWB Foundation	×.			751.25
Total asset	ts on hand			*10	21,043.13

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 the need and the opportunity arises, to conduct seminars on subjects which are pertinent to the purpose of the commission.

Our first Theological Symposium was conducted in 1996. Our Seventeenth Annual Theological Symposium will be conducted at Free Will Baptist Bible College in Nashville,

Tennessee, October 22-23, 2012.

300

What we know as the Theological Commission was first called Commission on Theological Liberalism. Since 1985 it has been called Commission for Theological Integrity. I was elected to the Commission in 1962. I have served on the Commission from then until the present time, 2012. Most of that time, I have served as Chairman.

The atmosphere in the theological world has changed considerably since the National Association of Free Will Baptists birthed the Commission on Theological Liberalism. Theological Liberalism had devastated most Theological Seminaries. In my experience, as a student at Free Will Baptist Bible College, I observed that most of the highly academic works that were theologically sound had been written in the nineteenth century.

In 1960 when I entered seminary, there were few seminaries that I would have chosen to attend at that time. Even some of the seminaries that had survived the onslaught of Liberalism during the days of the Fundamentalist-Liberal Controversy (c.1915-c.1935) were by 1960 beginning to show signs of compromise. Within the Evangelical community, challenges were being made to the doctrine of biblical inerrancy.

In the twenty-first century, it is much easier to find seminaries that are remaining true on the doctrine of inerrancy and what we might call the "fundamentals of the faith." But the moral conditions that we are facing in the Evangelical community are cause of far greater concern than was the case fifty years ago.

In recent years, 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 culture of the Evangelical Church World.

The challenge that we are facing today is far more difficult to deal with than the challenge that we faced 50 years ago. Those of us who are on the Commission appreciate the fact that many of you have responded by sending financial gifts to help us strengthen our ministry.

As a means of helping us to deal with the challenge we are facing, Dr. Craig Shaw will be conducting a seminar at this convention entitled: "A Traditional View of Hell: A Response to Love Wins by Rob Bell."

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

2011 Commission for Theological Integrity Financial Report

Bank Balance - January 1, 2011		\$1 720 pc
Commission Income		\$1,730.86
(2001) P(100)		
The Together Way	\$3,011.69	
Theological Symposium Papers	252.00	
Other Gifts	2,451.30	
Rest of the Family Offering	34.11	
Total Commission Income	5,749.10	
Journal Income	123.00	
Total Income		5,872.10
		3,072.10
Commission Expenses		
Bookkeeping	400.00	
Convention Speaker/Digest of Reports	906.22	
Annual Meeting and Symposium Expenses	497.65	
Miscellaneous Office Expenses	85.06	
Total Commission Expenses	1,888.93	
Journal Expenses		
	1,215.30	
Total Expenses		2 404 00
		3,104.23
Bank Balance - December 31, 2011		\$4,498.73

2013 Commission for Theological Integrity Budgets

	2011 Budget	2011 Actuals	2012	2013
Income	Dodder	Actuals	Budget	Budget
Gifts	\$520.00	\$2,485.41	\$3,150.00	\$4,550.00
Journal Income	3,000.00	123.00	1,500.00	100.00
Theological Symposium Papers	400.00	252.00	500.00	250.00
Together Way Plan	3.300.00	3.011.69	2,900.00	3,000.00
Total Income	7.220.00	5.872.10	8.050.00	7,900.00
Expenses				
Annual Meeting Bookkeeping	1,120.00	497.65	1,000.00	1,000.00
Journal Expenses	400.00	400.00	400.00	400.00
National Convention	4,500.00	1,215.30	5,200.00	5,000.00
	700.00	906.22	700.00	900.00
Office Expenses	100.00	85.06	250.00	100.00
Theological Symposium Printing	400.00	0.00	500.00	500.00
Total Expenses	\$7,220.00	\$3,104,23	\$8.050.00	\$7,900.00

- Notes-

TOTALS		Wisconsin	West Virginia	virginia	Spueisi uiguy	Viscin Internal	Texas	Tennessee	South Dakota	South Carolina	Perinsylvania	Danneylugala	Oklahoma	Ohio	Northwest Assoc.	Northeast Assoc.	North Carolina	New Mexico	New Jersey	Missouri	Mississippi	michigan	Michigan	Maylor Annu Assoc	Mid-Atlantic Acco	Kantucky	Kanasa	BURIOUI	THE COLUMN	Illinois	Idaho	Hawaii	Georgia	Florida	Colorado	Canada	California	Assoc. of Mexico	Arkansas	Arizona	Alabama	The state of the s	
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STATISTICAL REPORT Reporting Period 2011

Reported 2011 Membership

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