

Minutes
of the
Seventy-ninth Annual Session
of the
National Association
of
Free Will Baptists, Inc.
when convened in
Grand Rapids, Michigan
July 19-22, 2015

Future Sessions of the Convention

2016	Kansas City, Missouri	July 17-20
2017	Louisville, Kentucky	July 16-19
2018	Little Rock, Arkansas	July 22-25
2019	Cincinnati, Ohio	July 21-24
2020	Oklahoma City, Oklahoma	July 19-22
2021	To Be Determined	
2022	Birmingham, Alabama	July 17-20

Officers and Board Members

General Officers

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

General Board

2016

Alabama: Rick Cash
Arizona: George Harvey, Jr.
Arkansas: Tim Campbell
Assn. of Mexico: Luis Felipe Tijerina
Atlantic-Canada: Oral McAfee
California: Rick Scroggins
Colorado: Mark Thomas
David Marks Heritage: Tom Jones
Florida: Jim Christian
Georgia: Wayne Miracle
Idaho: Gene Kissinger
Illinois: David Shores

2017

Indiana: Daniel Edwards
Iowa: Jim Martin
Kansas: Zane Brooks
Kentucky: Chad Blair
Mexico Assn.: Bud Bivens
Michigan: Gene Norris
Mid-Atlantic: Wayne Hale
Mississippi: Larry Reynolds
Missouri: Stan Bunch
New Mexico: Mark Shores

2018

North Carolina: Billy Keith
Northeast: Bill Reynolds
Northwest: Brent Nix
Ohio: Edwin Hayes
Oklahoma: Mike Wade
South Carolina: Chris Todd
Tennessee: Glenn Poston
Texas: Kenneth Mayo
Virginia: Bruce Barnes
West Virginia: Luther Morgan

Executive Committee

Moderator: Tim York, 2015 Harbor Drive, Smyrna, TN 37067

Assistant Moderator: William Smith, PO Box 507, Colquitt, GA 39837

Clerk: Randy Bryant, 2156 54th Ave, Vero Beach, FL 32966

Assistant Clerk: Ernie Lewis, 1176 CR 1975 N, Cisne, IL 62823

2016

Tim Campbell (AR)
Wayne Miracle (GA)
David Shores (IL)

2017

Stan Bunch (MO)
Wayne Hale (MID-ATL)
Daniel Edwards (IN)

2018

Glenn Poston (TN)
Edwin Hayes (OH)
Mike Wade (OK)

Board of Trustees of Welch College

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

2016

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

2018

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

2020

Jeff Crabtree (ATL-CN)
Shiloh Hackett (AL)
Eddie Moody (NC)

Board of International Missions

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

2016

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

2018

Nelson Henderson (AR)
Mark Price (OH)
Robert Posner (TX)

2020

Janice Banks (OK)
Jeff Manning (NC)
Jeff Nichols (TN)

Board of Home Missions

Chairman: Jeff Jones, 10212 Fayetteville Road, Fuquay-Varina, NC 27526

2017

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

2019

Jeff Jones (NC)
Frank Webster (MO)
Frank Wiley (OK)

2021

Earl Hanna (SC)
Mike Cash (AZ)
Tim Stout (OH)

Board of Retirement

Chairman: Tim Hall, 4314 W 5th St Rd, Owensboro, KY 42301

2017

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

2019

Rick Cason (GA)
Mike Gladson (OH)
Randy Wilson (OK)

2021

Larry Clyatt (FL)
Ron Barber (OK)
Rick Dement (MO)

Board of Trustees of the Free Will Baptist Foundation

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

2017

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

2019

Donnie Miles (SC)
Hubert Stafford (GA)
Wendell Walley (CA)

2021

Gene Williams (NC)
Rick Locklear (MI)
Phil Whiteaker (AR)

The Foundation Board also includes the following directors of national agencies:
Clint Morgan (IM); Matt Pinson (Welch College); David Crowe (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

2016

Darin Gibbs (NC)
Tim Eaton (OK)
Tim Owen (FL)

2018

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

2020

Paul Bryant (MS)
Steve Lindsay (AL)
Randy Scott (AR)

Board of Women Nationally Active for Christ

Chairman: Diana Bryant, 2156 54th Avenue, Vero Beach, FL 32966

2016

Pam Hackett (SC)
Jonda Patton (KY)
Lee Ann Wilfong (MO)

2018

Amy Johnson (IN)
Susan Burgess (IL)
Sarah Sargent (OH)

2020

Diana Bryant (FL)
Janie Campbell (AR)
Tracy Payne (OK)

Commission for Theological Integrity

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

2016 W. Jackson Watts (MO)

2019 Randy Corn (TN)

2017 Kevin Hester (TN)

2020 Rodney Holloman (TN)

2018 Matt Pinson (TN)

Historical Commission

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

2016 Jeff Cockrell (SC)

2019 Robert Picirilli (TN)

2017 Jack Williams (TN)

2020 Eric Thomsen (TN)

2018 David Crowe (TN)

Media Commission

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

2016 Daniel Edwards (IN)

2019 Josh Owens (TN)

2017 Marc Neppl (VA)

2020 Travis Penn (IN)

2018 Stephen Lopes (TN)

Music Commission

Chairman: Doug Little, 1424 Brighton Circle, Old Hickory, TN 37138

2016 Donnie Burke

2019 Kevin Justice

2017 Doug Little

2020 Bryan Hughes

2018 James Stevens (TN)

Proceedings

The 79th annual session of the National Association of Free Will Baptists met July 19-22, 2015, at the DeVos Place in Grand Rapids, Michigan. "The Word of God" was the theme of the meeting. Ryan Lewis served as convention manager, and Kevin Justice was music coordinator.

Sunday School – July 19, 2015

Sunday School began at 10:00 a.m. Kevin Denton led the congregation in singing "Redeemed" and "Saved, Saved." Ken Simpson introduced Sunday School teacher Paul Harrison, pastor of Madison Free Will Baptist Church in Madison, Alabama, who brought the lesson "In for the Long Haul" from Hebrews 12.

Sunday Morning – July 19, 2015

Morning worship began at 11:00 a.m. Ken Simpson made announcements. Kevin Denton led the congregation in singing "How Can I Keep From Singing?" "Praise Him, Praise Him," and "I Will Sing of My Redeemer." Ken Simpson introduced the speaker and called for the offering. The Riggs Family provided special music by singing "The Mercy Tree." The congregation sang "Your Great Name" and "10,000 Reasons." Rev. Gary Fry, vice president for Church Relations at Welch College, brought the message on "The Word of God: Its Inspiration" from 2 Timothy 3:16-17. "Ancient Words" was sung during the invitation, and Ken Simpson closed the service with prayer.

Sunday Evening – July 19, 2015

Evening worship began at 7:00 p.m. Ron Helms extended a welcome to the body and made announcements. Kevin Justice led the congregation in singing "All Hail the Power," "I Stand Amazed," and "In Christ Alone." Ron Helms introduced the speaker and called for the offering. "Jesus, Only Jesus" was sung by the Convention Choir as the offertory. Rick Locklear, pastor of Woodhaven Free Will Baptist Church in Woodhaven, Michigan, brought the message on "The Word of God: Its Interpretation" from 2 Timothy 2:15. "Revive Us Again" was sung during the invitation, and Lloyd Locklear closed the service in prayer.

Monday Evening – July 20, 2015

Evening worship began at 7:00 p.m. Glenn Poston shared announcements and led in prayer. Clerk Randy Bryant called the 79th session to order and introduced Moderator Tim York, who announced the following committees:

Credentials Committee

Wayne Miracle (GA), Chairman
Edwin Hayes (OH)
Bruce Barnes (VA)
Wayne Hale (MID-ATL)
Daniel Edwards (IN)

Resolution Committee

Steve Trail (AL), Chairman
Brian Williams (NY)
Allen West (MI)
Eddie Moody (NC)
Jackson Watts (MO)

Obituary Committee

Noah Taylor (TN), Chairman
Oral McAfee (ATL- CAN)
David Shores (IL)
Tom Jones (PA)
Rick Scroggins (CA)

Nominating Committee 2016

Joel Franks (KY), Chairman
Frank Wiley (OK)
Chris Todd (SC)
Wayne Bess (TN)
Larry Clyatt (FL)
Paul Bryant (MS)
Zane Brooks (KS)

Gene Norris, promotional director of the Michigan State Association of Free Will Baptists, welcomed the body to Michigan. Kevin Justice led the congregation in singing "Stand Up, Stand Up for Jesus" and "O God, Our Help in Ages Past." Glenn Poston introduced the speaker and called for the offering. The choir sang "Stand" as the offertory. The congregation sang "O, the Blood" and "Just As I Am." Frank Woods, director of Free Will Baptist Family Ministries in Greenville, Tennessee, brought the message on "The Word of God: Its Confrontation" from Hebrews 4:12. "Just As I Am" was sung during the invitation, and the service was dismissed.

Tuesday Afternoon – July 21, 2015

Moderator Tim York called the business session to order at 1:30 p.m. He brought the message from Revelation 2:1 on "Pay Attention" and led in prayer. The clerk read the Credentials Committee report. Motion carried to receive the report and seat the delegates.

The clerk read a partial report from the General Board. Motion carried to receive the report and adopt it item by item.

Motion carried to adopt Item 1 of the General Board report. (See page 22.)

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

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

Motion carried to remove Recommendation 1 of the report from the Special Committee on Same-Sex Marriage from the table. Motion carried to change the Appendix to Chapter IV, Section 1 from "marital relationship" to "Biblical marriage."

President Matthew Pinson gave the Welch College report. Craig Mahler gave the financial report. Motion carried to receive the report and adopt the budget.

Director Ron Hunter gave the Randall House Publications report. Michael Lytle gave the financial report. Motion carried to receive the report and adopt the budget.

Motion passed to elect General Board members nominated by the Nominating Committee. (See page 22.)

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

Matthew Pinson gave the Commission for Theological Integrity report. Motion carried to receive the report. Rodney Holloman was elected to the 2020 term on the commission.

Eric Thomsen gave the Historical Commission report. Motion carried to receive the report. Eric Thomsen was elected to the 2020 term on the commission.

Travis Penn gave the Media Commission report. Motion carried to receive the report. Travis Penn was elected to the 2020 term on the commission. Daniel Edwards was elected to the unexpired 2016 term for Adam Carnes, who resigned.

Tuesday Evening – July 21, 2015

Evening worship began at 7:00 p.m. Stan Bunch extended a welcome to the body and led in prayer. Kevin Justice led the congregation in singing “To God Be the Glory” and “Shout to the Lord.” Stan Bunch called for the offering and led in prayer before the choir sang “Preach the Word.” The congregation sang “He is Able” and “Glorious Day.” Stan Bunch introduced the speaker, and Don Myers and Kirby Free Will Baptist Church provided special music, singing “Because He Lives (Amen).” Steve Lytle brought the message from 2 Timothy 4:1-5 on “The Word of God: Its Proclamation.” “Ancient Words” was sung during the invitation, and the service was dismissed.

Wednesday – July 22, 2015

The business session began at 9:00 a.m. Assistant Moderator William Smith read from Matthew 7:24-27 and led in prayer.

Director Clint Morgan gave the International Missions report. Rob Conley gave the financial report. Motion made and seconded to receive the report. Motion carried to amend the report “to commend Free Will Baptist International Missions for propagating Congregationalist churches to preach and teach the Gospel in accord with the corporation’s charter and the Treatise of Faith and Practices of the National Association of Free Will Baptists.” Motion carried as amended.

In honor of their retirement, Board Chairman Danny Williams recognized Steve and Judy Lytle for their faithful service to International Missions.

Executive Director Elizabeth Hodges gave the Women Nationally Active for Christ report. Auditor Terry Hill gave the financial report. Motion carried to receive the report and adopt the budget.

Motion carried to adopt the charter for Women Nationally Active for Christ. (See pag ____.)

Director David Crowe gave the North American Ministries report. Motion carried to receive the report. Board Chairman Jeff Jones recognized Ron Parker for 31 years of service to Home Missions as a church planter and board member. David Sexton (VA) was elected to the unexpired 2017 term on the board. Earl Hanna (SC), Mike Cash (AZ), Tim Stout (OH) were elected to the 2021 term on the board.

Director Ray Lewis gave the Board of Retirement and Insurance report. John Brummitt gave the financial report. Motion carried to receive the report. New chairman, Tim Hall, recognized outgoing board chairman, Jack Daniel, for 28 years of service as a board member. Ray and Ida Lewis were recognized for their years of service to the department. John Brummitt was introduced as the new director of the Board of Retirement and Insurance. Larry Clyatt (FL), Ron Barber (OK), and Rick Dement (MO) were elected to the 2021 term on the board.

Director David Brown gave the Free Will Baptist Foundation report. Richard Davis gave the financial report. Motion carried to receive the report and adopt the budget. The Foundation presented grants to the Commission for Theological Integrity, Historical Commission, WNAC, North American Ministries, Master’s Men, Randall House, International Missions, Board of Retirement and Insurance, and Welch College. Gene Williams (NC), Rick Locklear (MI), and Phil Whiteaker (AR) were elected to the 2021 term on the board.

Doug Little gave the Music Commission report. Motion carried to receive the report. Bryan Hughes (NC) was elected to the 2020 term on the commission.

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

Wednesday Afternoon – July 22, 2015

Business session opened at 1:45 p.m. Assistant Clerk Ernie Lewis read from Psalm 119:1-12 and led in prayer.

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, and delegates watched a video featuring ministers who died in 2014. Motion carried to receive the report. The body stood to honor those in the report, and Randy Bryant prayed.

The Resolution Committee report was presented. Motion carried to receive the report as printed. (See page 28.)

Resolution 1 – Adopted.

Resolution 2 – Adopted.

Motion carried to adopt the following resolution regarding Welch College.

Whereas, our denominational institution, Welch College, has served our denomination faithfully since 1942; and

Whereas, Welch College has been faithful to train leaders that serve our denomination; therefore,

Be it resolved that every church be asked to prayerfully and financially support the relocation effort.

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

Motion carried to adjourn. Melvin Worthington closed the session with prayer.

Wednesday Evening – July 22, 2015

Evening worship began with Jacob Riggs sharing announcements. Kevin Justice led the congregation in singing “Jesus Saves.” The Truth and Peace Choir sang “Let Your Kingdom Come” as Home and International missionaries walked in and were introduced. New missionaries were commissioned, and David Crowe prayed the commissioning prayer. Jacob Riggs introduced the speaker and called for the offering. Following prayer, the congregation sang “Stronger” and “Jesus Saves.” Tom McCullough, associate pastor of Riverside Fellowship Free Will Baptist Church in Clinton Township, Michigan, brought the message on “The Word of God: Its Globalization” from Acts 10:34-43. “Just As I Am,” “Christ Is Able,” and “Jesus Saves” were sung, and Jacob Riggs dismissed the service with prayer.

Credentials Committee Report

We, the Credentials Committee, have examined the letters from the following countries, states, districts 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, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Mexico Association, 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, David Marks Heritage, Iowa, 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, and the Twin Valley Free Will Baptist Church of Wisconsin.

4. We recommend that delegates from the Association of Mexico, Colorado, Northeast Association and Virgin Islands be seated contingent upon fees being paid and reports received.

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

registered.

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

Submitted by the Credentials Committee:
Wayne Miracle, GA (Chairman)
Bruce Barnes, VA
Daniel Edwards, IN
Wayne Hale, MID-ATL
Edwin Hayes, OH

General Board Report

The General Board of the National Association of Free Will Baptists met Monday, July 20, 2015, in the Ambassador Ballroom of the Amway Grand Hotel in Grand Rapids, Michigan.

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; Welch College; Randall House Publications; International Missions; Women Nationally Active for Christ; North American Ministries; Board of Retirement and Insurance; Free Will Baptist Foundation; Historical Commission; Music Commission; Media Commission; Commission for Theological Integrity; and Budget Committee. We recommend their reports be received and budgets adopted.

2. We recommend rescheduling the 2021 convention in Birmingham, Alabama, to July 17-20, 2022.

Nominating Committee Report

Board of Home Missions

2021 Replacing Earl Hanna (SC) Earl Hanna (SC)
Replacing Ron Parker (LA) Mike Cash (AZ)
Replacing Tim Stout (OH)..... Tim Stout (OH)
2017 Replacing Randy Wright (AL)David Sexton (VA)

Board of Retirement and Insurance

2021 Replacing Larry Clyatt (FL) Larry Clyatt (FL)
Replacing Rick Locklear (MI) Rick Locklear (MI)
Replacing Rick Dement (MO)..... Rick Dement (MO)

Board of Trustees Free Will Baptist Foundation

2021 Replacing Gene Williams (NC)Gene Williams (NC)
Replacing Rudy Taylor (MI)Sam Lucky (FL)
Replacing Jason Vinson (AL) Jason Vinson (AL)

Commission for Theological Integrity

2020 Replacing Rodney Holloman (TN)Rodney Holloman (TN)

Historical Commission

2018 Replacing Eric Thomsen (TN).....Eric Thomsen (TN)

Media Commission

2020 Replacing Travis Penn (IN).....Travis Penn (IN)

2016 Replacing Adam Carnes (NC) Daniel Edwards (IN)

Music Commission

2020 Replacing Bryan Hughes (NC) Bryan Hughes (NC)

General Board

- 2018 North Carolina (replacing Billy Keith)..... Billy Keith
- Northeast (replacing Jim Nason)..... Bill Reynolds
- Northwest (replacing Brent Nix) Brent Nix
- Ohio (replacing Edwin Hayes) Edwin Hayes
- Oklahoma (replacing Mike Wade)..... Mike Wade
- South Carolina (replacing Todd Smith) Chris Todd
- Tennessee (replacing Glenn Poston) Glenn Poston
- Texas (replacing Keith Woody)..... Kenneth Mayo
- Virginia (replacing Bruce Barnes) Bruce Barnes
- West Virginia (replacing Luther Morgan).....Luther Morgan

Executive Committee

- 2018 Replacing Glenn Poston (TN)..... Glenn Poston (TN)
- Replacing Todd Smith (SC) Edwin Hayes (OH)
- Replacing Mike Wade (OK)..... Mike Wade (OK)

General Officers

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

Nominating Committee

- Stan Bunch (OK), Chairman
- Wayne Hale (Mid-Atl) Bruce Barnes (VA)
- Larry Reynolds (MS) Steve Berry (FL)
- Jack Daniel (GA) Don Matchett (AR)

BUDGET COMMITTEE REPORT

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2016:

Executive Office (Includes:)		\$857,350.18
Administrative	\$422,650.18	
Convention	<u>434,700.00</u>	
Free Will Baptist Foundation		1,223,600.00
Home Missions (Includes Master's Men)		5,043,420.00
International Missions		6,900,000.00
Retirement and Insurance		561,000.00
Randall House Publications		4,624,250.00
Welch College		5,508,831.00
(Includes \$1,250,000.00 in unrestricted gifts)		
Women Nationally Active for Christ		286,000.00
Commission for Theological Integrity		7,700.00
Historical Commission		4,280.00
Media Commission (2015 budget; 2016 budget not received)		3,020.00
Music Commission		<u>3,775.00</u>
TOTAL		\$25,023,226.18

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:

International Missions	22.0%
Welch College	22.0%
Home Missions	22.0%
Retirement and Insurance	12.0%
Free Will Baptist Foundation	2.0%
Women Nationally Active for Christ	16.0% *
Commission for Theological Integrity	1.0%
Historical Commission	1.0%
Media Commission	1.0%
Music Commission	<u>1.0%</u>
TOTAL	100.0%

Respectfully Submitted, Your Servants,

Keith Burden, Executive Secretary
David Brown, General Director of Free Will Baptist Foundation
David Crowe, General Director of Home Missions Department
Clint Morgan, General Director of International Missions Department
D. Ray Lewis, General Director of Retirement and Insurance Department
Ron Hunter, General Director of Randall House Publications
Matt Pinson, President of Welch College
Elizabeth Hodges, Director of Women Nationally Active for Christ

*The Executive Office will contribute the equivalent of 1% Co-op to WNAC.

National Youth Conference Report

Registration Total: 2,586

NYC Attendee: 1,342

NYC Child Attendee: 74

NYC Grades 1-3: 167

NYC Grades 4-6: 262

NYC Grades 7-12: 481

NYC Preschool Worship: 59

NYC Staff: 201

Competitive Activity Entries: 821 (decrease of 178 from 2014; total for 2014 was 999)

ENGAGE Leader Network Seminars

Total number: 94

NYC seminars (51)

Other agency seminars (43)

Reach That Guy

Volunteers: 100

Hours Worked: 2,700

Opportunities: 7

Buck-A-Week

Total Tuesday offering: \$2,043.37

2016 ministries: Hawaii/Davenports, Oklahoma/Steve and Lori Torrison

Total Truth & Peace Participants: 120

Youth Evangelistic Team:

13 students

2,679 miles

7 services

6 churches

Worked closely with North American Ministries and church plants

Will travel mid-south in 2016: TX, MS, OK, TN

NYC God Moments

The students and adults were challenged all week long with apologetic messages starting with a sermon entitled, "How can I trust the Word of God?" Dr. Charles Jackson continued the theme by addressing how science supports scripture in creation, biology, meteorology, agriculture, and numerous other ways. Dr. Jackson also taught three full-to-capacity seminars on similar topics, and our young people were inspired with confidence to stand firm in their faith. Monday evening the theme verse, "You will know the truth and the truth will set you free," was championed from the pulpit. Tuesday evening, in a packed room of 2400, Mark Mittelberg, best selling author and leading strategist in apologetic-oriented works, showed 20 ways science is on the side of Scripture.

In an unfriendly culture, we are trying to equip our young people who attend NYC to be stronger when they go back to your church, their school, and their peers. NYC is a ministry of Randall House providing a whole conference for your young people, including services, seminars, and service projects in addition to competition. You can trust your youth and children are being equipped for a life dedicated to Christ while at the FWB National Convention.

Registration Report

National Convention

Board/Commission Member	56
Licensed Minister	16
Local Church Delegate	45
NAFWB Attendee	1830
NAFWB Staff.....	14
Ordained Deacon	74
Ordained Minister	390
State Delegate	59
Total	2484

National Youth Conference

NYC Attendee	1342
NYC Child Attendee.....	74
NYC Grades 1-3	167
NYC Grades 4-6	262
NYC Grades 7-12	481
NYC Preschool Worship	59
NYC Staff	201
Total	2586

Total Unduplicated Attendance: 3475

Obituary Committee Report

January 1 - December 31, 2014

Alabama

- Jack Jones
- Tim Osborn
- Tom Scott
- Dewey Thomas

Arkansas

- Jimmy Lee Chronister
- Emery Crossland
- David Glover
- Frank Matchett
- Eugene Parham
- Brian Rose
- David Winfrey

Georgia

- William Barksdale
- Luther Burns
- Howard Faircloth
- A.G. Windham

Illinois

- Byford Campbell

Indiana

- Lonnie Sparks

Michigan

- J.B. Varney

Missouri

- James Barker
- David Bates
- Lloyd Durbin
- Jerry Fields
- Ken Goff
- David Honeycutt
- George Naumann
- Hollis Walker

Mississippi

- Jack Jones
- Robert McLain

Ohio

- Anthony Franklin
- Virgil Goff
- Jerry Griffith
- Virgil Masters
- Robert Maynard

Oklahoma

- James Delbert Akin
- John H. Ballard, Sr.
- John Barnes
- Leonard Cook
- Jackie Edwards
- Ed Hollie
- Jimmy Layne
- Clifford Myers
- Harry Withers

South Carolina

- David Hutchinson

West Virginia

- Caudle Adkins
- Sam Adkins
- Ronald L. Browning
- Richard Craddock
- Floyd M. Dove
- Charles Donaldson
- Homer Mayhew
- Thomas Terry
- Roger Vance
- Linzell Walls
- Norwood Webb

Obituary Committee:

Noah Taylor (TN), Chairman

Oral McAfee (Atlantic Canada)

David Shores (IL)

Tom Jones (PA)

Resolutions Committee Report

I. WHEREAS, the Executive Office has successfully planned and provided another encouraging national convention; and

WHEREAS, all our national departments have enlightened us with their respective reports; and

WHEREAS, the Michigan State Association and its State Office Coordinator Ron Helms, moderator; Gene Norris, promotional secretary; their staff; and volunteers, have generously hosted this 2015 convention:

BE IT RESOLVED, that this body shows its appreciation by a rising vote of thanks.

II. WHEREAS, the United States Supreme Court has declared that the States may not deprive same-sex couples the fundamental right to marriage and must recognize lawful same-sex marriages in other States; and

WHEREAS, the National Association of Free Will Baptists continues to denounce homosexuality and adultery as sinful, unchristian, and already condemned by God in His Word; and

WHEREAS, the National Association of Free Will Baptists continues to believe in a biblical definition of marriage that "Both Scripture and nature as designed by God affirm the life-long, covenantal union of one man, being male as created by God, and one woman, being female as created by God, in a one-flesh relationship;" and

WHEREAS, the First Amendment of the U.S. Constitution grants citizens the freedom to voice support of or opposition to issues that concern us, whether they be issues of law, morality, society, education, or economy; and

WHEREAS, our sense of moral obligation and evangelistic responsibility forbids us to remain silent on issues so paramount, so eminently threatening to the moral fabric of our nation; and

WHEREAS, the National Association of Free Will Baptists recognizes that we all struggle with sin; be it therefore

RESOLVED, THAT THE DELEGATES TO THE National Association of Free Will Baptists, convening in Grand Rapids, Michigan, July 19-22, 2015, reaffirm the biblical definition of marriage as occurring only between one man and one woman, and be it further

RESOLVED, that we declare marriage to be sacred and between one who is born male and one who is born female; that we adamantly oppose any redefinition of marriage; the sanction of marriage counterfeits, such as civil unions, or the legalization of same-sex marriage; and be it further

RESOLVED, that we wholly support the time-proven institution of traditional marriage as the single best arrangement for raising children and forming citizens, as opposed to the radical and unacceptable alternative of same-sex marriage; and be it further

RESOLVED, that we commit ourselves to pray for and support legislative and legal efforts to oppose the legalization of same-sex unions; and be it further

RESOLVED, that a copy of this resolution be sent to our nation's President and members of Congress, either by regular or electronic mail; and be it further

RESOLVED, that local Free Will Baptist churches be strongly encouraged to adopt a policy statement regarding marriage and human sexuality that will serve both to express forthrightly the church's position on the issues and to protect the church and its ministerial staff in the event of potential legal challenges; and be it further

RESOLVED, that all the bodies in the Free Will Baptist denomination that play a role in the examination, licensing, and ordination of ministers be urged to include instruction and careful questioning on the issues involved in homosexuality and same-sex unions as part of the process to ensure that only those candidates who are in complete agreement with the Appendix to Chapter IV, Section 1, of the Free Will Baptist Treatise, as adopted in July 2008, are licensed or ordained to preach, and so to perform marriages, as Free Will Baptist clergy; and be it further

RESOLVED, that regardless of how our motives are demonized, we reaffirm our commitment to pray for and evangelize those who are enslaved in the homosexual culture, expressing our mission: that all people be saved by faith in Jesus Christ our Lord, and teaching them to separate from the immorality of this present world and its coming judgment, and that our churches will provide an environment that welcomes people who struggle with sexual sin, seeking to love all people in Jesus' name, pointing them toward Christ's power to forgive and heal.

Resolution Committee:

Steve Trail (AL), Chairman

Brian Williams (NY)

Allen West (MI)

Eddie Moody (NC)

Jackson Watts (MO)

The Executive Secretary's Report 2014

"...A threefold cord is not quickly broken" (Ecclesiastes 4:12). That statement is more than a biblical principle; it's a fact of life. There *is* strength in numbers. When it comes to the Lord's work, we *can* do more collectively than we can do individually. That reality bolsters the argument for being a part of our denomination.

Being a member of the Free Will Baptist denomination isn't an end; it's a means to an end. Being a part of our denominational family isn't a guarantee of success, but it is a step in the right direction. Working alongside other like-minded believers and churches in a cooperative effort to fulfill the Great Commission presents a unique set of challenges. But the results are worth the effort and sacrifice.

In recent years, various "experts" have emerged and announced that the day of the denomination is past. I believe our association of churches contradicts that theory. Admittedly, we are not realizing our full potential. We *can* do better, and we should. However, to say we aren't making progress is inaccurate and, I contend, even misleading.

Do Free Will Baptists face formidable challenges? Of course we do. We've never faced a more daunting task in our long and storied history. But, we have never been confronted with a greater opportunity for ministry either.

Now, more than ever, we need to lay aside our differences and join hands to advance the Kingdom of God. Our children and grandchildren deserve it. The very survival of our nation demands it. Our Lord desires and calls for it.

During the course of this convention you will hear reports about exciting things happening among Free Will Baptists here and around the world. You will also be presented with proposals and plans that will potentially propel us into a thrilling future. Now is *not* the time to go our own way and do our own thing. God help us unite and move forward to accomplish more than ever for His glory!

The Executive Office stands committed to making a difference and helping you do what you do for the Lord. We remain resolute in our efforts to carry out our specific tasks while at the same time assisting other national ministries in fulfilling their unique roles.

Thank you for partnering with us as we attempt to take the Good News to a needy world. Please continue to generously support *all* denominational ministries. Most of all, pray that we will remain true to the Word of God and faithful to the God of the Word.

Keith Burden, CMP
Executive Secretary

Tracking The Together Way Totals

DESIGNATED			CO-OP		TOTAL	
2005						
3,946,786.84	8.69%		813,333.89	3.92%	4,760,120.73	7.84%
83%			17%			
2006						
4,193,622.91	6.25%		832,178.34	2.32%	5,025,801.25	5.58%
83%			17%			
2007						
4,168,077.00	-0.61%		874,548.07	5.09%	5,042,625.07	0.33%
83%			17%			
2008						
4,083,286.89	-2.03%		892,767.28	2.08%	4,976,054.17	-1.32%
82%			18%			
2009						
3,970,587.35	-2.76%		877,543.24	-1.71%	4,848,130.59	-2.57%
82%			18%			
2010						
3,719,114.31	-6.33%		830,020.39	-5.42%	4,549,134.70	-6.17%
82%			18%			
2011						
3,557,541.45	-4.34%		839,056.49	1.09%	4,396,597.94	-3.35%
81%			19%			
2012						
3,805,921.98	6.98%		867,489.00	3.39%	4,673,410.98	6.30%
81%			19%			
2013						
3,384,687.36	-11.07%		899,627.83	3.70%	4,284,315.19	-8.33%
79%			21%			
2014						
3,376,818.07	-0.23%		840,505.88	-6.57%	4,217,323.95	-1.56%
80%			20%			

The Together Way Totals Increase from 2005-2014

Designated	-14.44%	CO-OP	3.34%
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Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

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, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, 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
March 16, 2015**

Terry A. Hill
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Franklin, Tennessee 37068

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

Statements of Financial Position

December 31, 2014 and 2013

	<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:			
Cash in bank			
Executive Office	\$	192,373	206,501
Convention		175,063	110,560
Special Projects - Hymnal royalties		77,327	68,805
Total cash in bank		444,763	385,866
Funds held by Free Will Baptist Foundation		16,984	16,035
Receivables:			
Randall House royalties		2,087	5,819
Other departmental and agency charges		13,152	19,032
Total receivables		15,239	24,851
Total current assets		476,986	426,752
Equipment:			
Office equipment and furniture		37,956	37,331
Automobiles		15,000	32,500
		52,956	69,831
Less accumulated depreciation		48,860	59,733
Equipment, net of depreciation		4,096	10,098
Other assets:			
Deposits for future conventions		16,500	29,650
	\$	497,582	466,500
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable and accrued expenses	\$	43,857	37,574
Funds held for Church on the Ridge building improvements		16,984	16,035
Total current liabilities		60,841	53,609
Net assets:			
Unrestricted:			
Executive Office		313,998	313,918
Net Investment in Equipment		4,096	10,098
Special Projects		65,447	67,491
Convention Fund		53,200	21,384
Total net assets		436,741	412,891
	\$	497,582	466,500

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, 2014 and 2013

	<u>Executive Office</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
Revenues:					
The Together Way Plan	\$ 4,217,324	-	-	4,217,324	4,284,315
Disbursed to agencies and departments	(3,822,144)	-	-	(3,822,144)	(3,860,232)
Executive Office portion of Together Way Plan	395,180	-	-	395,180	424,083
Hymnal royalties	641	11,042	-	11,683	13,479
Sales:					
Free Will Baptist Convention Sermons	-	69	-	69	245
Gifts and offerings	2,598	-	7,162	9,760	9,279
Convention revenues	-	-	395,274	395,274	400,753
Other income	16,231	123	13,392	29,746	24,832
Total revenues	414,650	11,234	415,828	841,712	872,671
Expenses of operations:					
Executive Office	420,572	-	-	420,572	438,229
Special Projects	-	13,278	-	13,278	8,488
Convention Fund	-	-	384,012	384,012	453,431
Total expenses	420,572	13,278	384,012	817,862	900,148
Increase (decrease) in net assets	(5,922)	(2,044)	31,816	23,850	(27,477)
Net assets:					
Beginning of year	324,016	67,491	21,384	412,891	440,368
End of year	\$ 318,094	65,447	53,200	436,741	412,891

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, 2014 and 2013

	<u>Executive Office</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2014 Totals</u>	<u>2013 Totals</u>
Expenses of operations:					
Salaries	\$ 110,155	-	84,489	194,644	219,962
Housing allowance	20,417	-	-	20,417	20,000
Employee fringe benefits and health insurance	49,582	-	-	49,582	56,627
Payroll taxes	22,397	-	105	22,502	24,438
Support to One Magazine	116,433	-	17,463	133,896	133,896
Office rental	34,675	-	-	34,675	34,077
Travel	32,301	-	42,209	74,510	73,008
Supplies, office expense	8,484	-	11,816	20,300	18,562
Copier lease	5,418	-	-	5,418	7,052
Car lease	1,740	-	-	1,740	-
Executive Committee and General Board	2,280	-	6,188	8,468	9,702
Depreciation	6,627	-	-	6,627	5,921
Legal and audit	3,744	-	3,952	7,696	8,006
Printing and promotion	2,349	-	13,747	16,096	14,778
Postage / mail services	365	6,252	129	6,746	436
Telephone	3,335	-	601	3,936	3,152
International Fellowship	240	-	-	240	240
Royalties and management fee	-	6,283	-	6,283	7,671
Church directory	-	743	-	743	767
Auditorium and other convention services	-	-	180,739	180,739	201,411
Attrition penalty	-	-	12,965	12,965	54,703
Special Committee	-	-	921	921	1,216
Impact project	-	-	1,880	1,880	1,564
Nominating Committee	-	-	5,008	5,008	1,359
Other	30	-	1,800	1,830	1,600
Total expenses	\$ <u>420,572</u>	<u>13,278</u>	<u>384,012</u>	<u>817,862</u>	<u>900,148</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 23,850	(27,477)
Adjustments to reconcile change in net assets to net operating activities :		
Depreciation	6,627	5,921
Change in deposits for future conventions	13,150	16,481
(Increase) decrease in:		
Receivables	9,612	(23,890)
Increase (decrease) in:		
Funds held for Church on the Ridge building improvements	949	(1,465)
Funds held for Disaster Relief	-	(7,005)
Accounts payable and accrued expenses	6,283	3,006
Net operating activities	<u>60,471</u>	<u>(34,429)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of equipment	<u>(625)</u>	<u>(1,329)</u>
Increase (decrease) in cash and cash equivalents	59,846	(35,758)
Cash and cash equivalents:		
Beginning of year	<u>401,901</u>	<u>437,659</u>
End of year	<u>\$ 461,747</u>	<u>401,901</u>
Cash and cash equivalents consist of:		
Cash in bank	\$ 444,763	385,866
Funds held by Free Will Baptist Foundation	<u>16,984</u>	<u>16,035</u>
	<u>\$ 461,747</u>	<u>401,901</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, 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 lives of assets are expensed as incurred.

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through March 16, 2015, 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

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The Executive Office is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2014 and 2013. 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, 2013, 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 \$10,698 in 2014 and \$11,626 in 2013. 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.

(3) Operating Leases

The Executive Office has entered into noncancelable lease arrangements relating to a car and copy machine. Total expenses amounted to \$7,158 in 2014 and \$7,052 in 2013. The minimum annual payments required are \$8,622 for 2015 and 2016; \$6,533 in 2017; and \$1,482 in 2018.

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 2014 and 2013.

(4) Concentration of Credit Risk

The Executive Office serves the Free Will Baptist denomination with respect to convention planning and other administrative services. The Executive Office has an accounting risk of loss to the extent of unsecured accounts receivable and funds held by Free Will Baptist Foundation. Further, bank balances in excess of the amount of FDIC insurance are subject to risk of accounting loss. Management does not anticipate nonperformance by the financial institutions.

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

The denomination began the publication - One Magazine - in 2005 to combine the publications of certain Free Will Baptist agencies and organizations. One Magazine is funded by contributions from each of these agencies and organizations. The Executive Office provided \$133,896 in 2014 and 2013.

(6) Commitments for Future Conventions

Contractual obligations for facility use at future conventions have been executed through 2019. Deposits amounting to \$16,500 in 2014 and \$29,650 in 2013 are recorded as other assets. Additional costs for facilities only through 2019 amount to approximately \$250,000 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

(7) The Together Way Plan

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan program. Designated contributions are disbursed to the named Department or agency, and cooperative funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 2014 as compared to 2013 totals.

	2014			2013
Receipts:	Designated	Cooperative	Total	Total
Alabama	\$ 4,699	7,861	12,560	12,710
Arkansas	560,569	171,435	732,004	815,553
California	200	11,396	11,596	10,112
Florida	-	14,461	14,461	14,914
Georgia	391,688	30,337	422,025	399,937
Illinois	122,474	24,712	147,186	159,462
Indiana	12,215	1,249	13,464	13,553
Kentucky	-	12,138	12,138	9,028
Michigan	122,879	5,832	128,711	188,853
Mississippi	670	9,291	9,961	17,186
Missouri	418,040	215,565	633,605	625,220
New Mexico	5,421	415	5,836	8,464
North Carolina	39,570	41,306	80,876	73,547
Ohio	155,636	47,179	202,815	225,590
Oklahoma	619,363	189,835	809,198	755,597
South Carolina	649,276	667	649,943	610,102
Tennessee	124,395	42,098	166,493	191,755
Texas	130,895	4,534	135,429	117,340
Virginia	296	1,562	1,858	7,022
West Virginia	3,227	3,382	6,609	5,619
Canada	12,583	1,290	13,873	18,630
Contributions totaling \$2,500 or less	2,722	3,961	6,683	4,121
Total receipts	\$ 3,376,818	840,506	4,217,324	4,284,315
Disbursements:				
Executive Office	\$ 16,953	378,227	395,180	424,083
Welch College	216,969	106,324	323,293	362,428
FWB Foundation	835	27,737	28,572	29,880
Home Missions	561,543	83,210	644,753	698,992
International Missions	2,443,242	106,324	2,549,566	2,453,897
Master's Men	6,311	64,720	71,031	74,997
Retirement & Insurance	6,080	64,720	70,800	73,351
Commission for Theological Integrity	552	2,311	2,863	2,924
Historical Commission	253	2,311	2,564	2,697
Media Commission	364	2,311	2,675	2,931
Music Commission	765	2,311	3,076	3,081
Hillsdale Free Will Baptist College	40,956	-	40,956	46,901
Other	81,995	-	81,995	108,153
Total disbursements	\$ 3,376,818	840,506	4,217,324	4,284,315

**2016
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGETS
FINANCIAL REPORT**

PROJECTED EXPENSES	2014 Budget	2014 Actuals*	2015 Budget	2016 Budget
Salaries	\$193,968.20	\$193,270.75	\$198,247.57	\$202,612.52
Housing	20,000.00	20,416.71	20,000.00	20,000.00
Social Security	21,475.63	22,397.00	21,905.16	22,343.26
Retirement	10,698.41	10,698.36	10,912.38	11,130.63
Employees Insurance (Dental/Disability/Health/Life/Travel)	45,917.75	36,203.27	45,943.00	43,434.34
Convention Reimbursements	-83,116.07	-83,116.05	-84,496.09	-98,642.21 **
Auditing/Legal	4,000.00	3,743.80	4,000.00	4,000.00
Books/Dues/Registrations	2,500.00	3,269.45	2,500.00	2,500.00
Car Lease	0.00	1,740.30	0.00	4,176.72
Computer Supplies	2,500.00	3,793.68	3,000.00	3,000.00
Copier Lease	7,400.00	5,418.30	8,000.00	6,000.00
Equipment Maintenance	100.00	0.00	100.00	100.00
Executive Committee	2,500.00	2,280.00	2,500.00	2,500.00
General Insurance	2,500.00	2,680.46	4,000.00	3,250.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Leadership Conference	0.00	0.00	0.00	0.00
Office Rental (\$1.19 per sq. ft. x 2,491)	34,674.72	34,674.72	35,272.56	35,571.48
Office Supplies/Expense	1,500.00	1,420.59	700.00	1,500.00
Postage	500.00	364.95	500.00	500.00
Printing	1,000.00	850.52	1,000.00	1,000.00
Promotion	600.00	1,527.98	750.00	1,500.00
Telephone	3,800.00	3,334.84	3,000.00	3,500.00
Travel	28,000.00	32,300.67	30,000.00	30,500.00
Christmas Bonus (Extra Week's Salary)	0.00	0.00	0.00	0.00
Extra Week Ret. in lieu of 4th week vacation beginning 16th year of service	0.00	0.00	0.00	0.00
<i>One Magazine</i>	116,433.44	116,433.47	116,433.44	116,433.44
Contingency Fund	8,007.92	0.00	3,725.98	500.00
Women Nationally Active for Christ	<u>0.00</u>	<u>0.00</u>	<u>5,000.00</u>	<u>5,000.00</u>
Totals	<u>\$425,200.00</u>	<u>\$413,943.77</u>	<u>\$433,234.00</u>	<u>\$422,650.18</u>

PROJECTED INCOME

The Together Way Plan				
Cooperative Gifts	\$401,700.00	\$378,227.75	\$409,734.00	\$397,650.18
Designated Gifts	15,000.00	16,952.62	15,000.00	16,000.00
Travel Reimbursement	1,000.00	3,271.23	1,000.00	1,500.00
Other Income	7,500.00	9,713.45	7,500.00	7,500.00
Surplus Revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Totals	<u>\$425,200.00</u>	<u>\$408,165.05</u>	<u>\$433,234.00</u>	<u>\$422,650.18</u>

*Budget comparison does not include depreciation expense.

**Expenses included in Convention Reimbursements consists of the following:
Convention Manager, Registration Coordinator's Compensation Packages.

SALARY BREAKDOWN

	2014		2015		2016	
Executive Secretary						
Salary	\$46,759.11	2.00%	\$48,094.29	2.00%	\$49,456.18	2.00%
Housing and Utilities	20,000.00		20,000.00		20,000.00	
Social Security	10,214.14	15.30%	10,418.43	15.30%	10,626.80	15.30%
Retirement	3,337.96	5.00%	3,404.71	5.00%	3,472.81	5.00%
Insurance (Health/Dental/Life)	8,886.24		8,886.24		8,886.24	
Disability/Travel	449.43		457.31		459.79	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
NOTE: Office car furnished.						
	89,646.88		91,260.98		92,901.81	
Executive Administrator						
Salary	60,158.87	2.00%	61,362.05	2.00%	62,589.29	2.00%
Social Security	4,602.15	7.65%	4,694.20	7.65%	4,788.08	7.65%
Retirement	3,007.94	5.00%	3,068.10	5.00%	3,129.46	5.00%
Insurance (Health/Dental/Life)	17,588.74		17,588.74		17,588.74	
Disability/Travel	410.49		417.59		419.28	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
NOTE: Office car furnished.						
	85,768.19		87,130.68		88,514.85	
Executive Accountant						
Salary	47,290.50	2.00%	48,236.31	2.00%	49,201.04	2.00%
Social Security	3,617.72	7.65%	3,690.08	7.65%	3,763.88	7.65%
Retirement	2,364.53	5.00%	2,411.82	5.00%	2,460.05	5.00%
Insurance	9,242.06		9,242.06		9,242.06	
Disability	279.01		284.59		290.29	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	62,793.82		63,864.86		64,957.31	
Yearbook Coordinator/ Registration Coordinator						
Salary	39,759.72	2.00%	40,554.91	2.00%	41,366.01	2.00%
Social Security	3,041.62	7.65%	3,102.45	7.65%	3,164.50	7.65%
Retirement	1,987.99	5.00%	2,027.75	5.00%	2,068.30	5.00%
Insurance	8,827.20		8,827.20		8,827.20	
Disability	234.58		239.27		244.06	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	53,851.11		54,751.58		55,670.07	

CONVENTION BUDGETS
Financial Report
National Association of Free Will Baptists, Inc.
July 19-22, 2015
Grand Rapids, Michigan

	2014 Budget	2014 Actuals*	2015 Budget
PROJECTED REVENUE			
Booth Fees	\$25,000.00	\$29,292.00	\$25,000.00
Host State (Michigan)	30,000.00	30,000.00	40,000.00
Local Church Representation Fees (\$150)	0.00	0.00	0.00
Offerings	7,000.00	7,161.50	7,000.00
Printing Income	10,750.00	9,535.74	10,000.00
Reimbursements	10,400.00	9,860.83	10,000.00
State Representation Fees (\$150 per church)	333,000.00	326,447.20	330,000.00
Truck Reimbursement	3,000.00	3,274.24	4,200.00
Other	7,500.00	6,758.00	8,500.00
TOTALS	<u>426,650.00</u>	<u>422,329.51</u>	<u>434,700.00</u>
PROJECTED EXPENDITURES			
Auditorium	153,722.00	153,055.62	161,600.00
Printing and Promotion	31,213.47	31,210.09	31,763.48
Convention Office	115,836.17	113,228.94	110,900.57
Convention Personnel			
Meals	5,734.00	5,075.69	5,356.00
Travel	8,344.50	7,463.55	8,410.10
Lodging	7,020.69	13,838.88	5,103.24
Convention Officials	5,648.58	5,843.10	5,198.24
Volunteer Staff	8,128.69	7,491.90	5,458.84
Honorariums	1,600.00	1,800.00	1,600.00
Decorator Services	17,075.00	12,467.82	13,180.00
Meal Functions	1,721.42	1,605.52	2,390.54
Executive Committee			
Meal and Motel Expenses	4,050.00	3,600.00	4,050.00
Pre-Convention Expenses	22,000.00	12,790.58	15,321.70
National Committee Expenses	16,000.00	14,556.47	22,010.00
Sub-Totals	398,094.52	384,028.16	392,342.71
Surplus Revenue	28,555.48	38,301.35	42,357.29
(Operating Capital for Future Conventions)			
TOTALS	<u>\$426,650.00</u>	<u>\$422,329.51</u>	<u>\$434,700.00</u>

*Budget comparison does not include depreciation expense.

CONVENTION BUDGETS
Financial Report
National Association of Free Will Baptists, Inc.
July 19-22, 2015
Grand Rapids, Michigan

	2014 Budget	2014 Actuals*	2015 Budget
PROJECTED REVENUE			
Booth Fees	\$25,000.00	\$29,292.00	\$25,000.00
Host State (Michigan)	30,000.00	30,000.00	40,000.00
Local Church Representation Fees (\$150)	0.00	0.00	0.00
Offerings	7,000.00	7,161.50	7,000.00
Printing Income	10,750.00	9,535.74	10,000.00
Reimbursements	10,400.00	9,860.83	10,000.00
State Representation Fees (\$150 per church)	333,000.00	326,447.20	330,000.00
Truck Reimbursements	3,000.00	3,274.24	4,200.00
Other	<u>7,500.00</u>	<u>6,758.00</u>	<u>8,500.00</u>
TOTALS	<u>426,650.00</u>	<u>422,329.51</u>	<u>434,700.00</u>
PROJECTED EXPENDITURES			
AUDITORIUM			
Rental/Arena/Meeting Space/Liability	37,450.00	38,999.80	47,000.00
Flowers	500.00	357.22	0.00
Other			
First Aid Staff	3,360.00	4,928.00	3,000.00
ASCAP, BMI, CCLI Insurance	2,600.00	1,809.87	2,100.00
Music/Equipment	5,000.00	4,237.40	5,000.00
Signs	0.00	0.00	300.00
Sound System/AV Equipment	78,152.00	77,896.35	78,000.00
Boom/Rigging/Stage Hands	10,000.00	8,454.58	15,000.00
Usher Badges/Usher Room Table, Chairs	200.00	0.00	200.00
Police Security/Badge Checkers	8,000.00	9,015.00	5,000.00
Streaming Video Expense	6,210.00	6,375.40	1,000.00
General Board AV	<u>2,250.00</u>	<u>982.00</u>	<u>5,000.00</u>
TOTALS	153,722.00	153,055.62	161,600.00
PRINTING AND PROMOTION			
Convention Materials			
<i>Digest of Reports</i>	9,000.00	10,091.20	10,100.00
Programs	3,000.00	3,115.80	3,200.00
Pre-Convention Printing/Art	1,750.00	539.61	1,000.00
<i>ONE Magazine</i>	<u>17,463.47</u>	<u>17,463.48</u>	<u>17,463.48</u>
TOTALS	31,213.47	31,210.09	31,763.48

	2014 Budget	2014 Actuals*	2015 Budget
CONVENTION OFFICE			
Audit	\$4,000.00	\$3,952.37	\$4,000.00
Convention Manager Package	68,850.39	68,850.36	69,945.69
Convention Manager Computer	200.00	0.00	500.00
Convention Courtesy Car	50.00	0.00	0.00
Equipment Rentals			
Computers, Printers	3,750.00	1,702.00	500.00
Copiers (3)/Paper	1,500.00	1,756.10	2,000.00
Furniture/Radios, etc.	1,800.00	1,610.00	2,000.00
Information Tables	110.00	0.00	0.00
Media Room/Press Office Tables	300.00	365.00	100.00
Office Expense/Supplies	2,500.00	3,219.95	1,500.00
Postage	150.00	128.95	150.00
Pre-Registration Salaries	13,251.91	13,251.91	13,516.95
Payroll Taxes	1,013.77	1,013.77	1,304.05
Pre-Registration Staff	3,400.00	1,373.40	1,750.00
Payroll Taxes	260.10	105.06	133.88
Pre-Registration (Supplies, Postage)	7,000.00	6,282.02	7,500.00
Registration (Supplies)	1,000.00	751.52	1,000.00
Registration Computers/Printers	6,000.00	5,085.99	2,500.00
Telephone/Internet	<u>700.00</u>	<u>3,780.54</u>	<u>2,500.00</u>
TOTALS	115,836.17	113,228.94	110,900.57
CONVENTION PERSONNEL			
MEALS			
Debbie Burden (24 meals @ \$14.00 each)	336.00	336.00	336.00
Keith Burden (33 meals @ \$14.00 each)	462.00	462.00	462.00
Bud Estes	294.00	336.00	0.00
Melody Hood (24 meals @ \$14.00 each)	378.00	378.00	336.00
Ryan Lewis (33 meals @ \$14.00 each)	462.00	462.00	462.00
Steve Pate (18 meals @ \$14.00 each)	252.00	252.00	252.00
Eric Thomsen (24 meals @ \$14.00 each)	378.00	336.00	336.00
Charles Wise (24 meals @ \$14.00 each)	336.00	336.00	336.00
Anna York (24 meals @ \$14.00 each)	336.00	336.00	336.00
Convention Interns (8)	<u>2,500.00</u>	<u>1,841.69</u>	<u>2,500.00</u>
TOTALS	5,734.00	5,075.69	5,356.00
TRAVEL			
Debbie Burden	372.00	272.00	277.70
Keith Burden	372.00	272.00	277.70
Bud Estes	250.00	155.39	0.00
Melody Hood	434.50	394.48	354.70
Kevin Justice	0.00	0.00	400.00
Ryan Lewis	383.00	377.40	300.00
Eric Thomsen	366.50	266.50	300.00
Charles Wise	395.00	243.12	300.00
Anna York	391.50	291.50	0.00
Convention Truck (Fuel/Meals/Trailer Rental)	3,880.00	4,077.61	5,000.00
Staff Expense Money	<u>1,500.00</u>	<u>1,113.55</u>	<u>1,200.00</u>
TOTALS	8,344.50	7,463.55	8,410.10
LODGING			
Keith Burden	0.00	5.24	150.00
Bud Estes	862.19	791.00	0.00
Melody Hood (7 nights @ \$75.76)	985.36	880.24	530.32
Ryan Lewis	0.00	0.00	275.00
Steve Pate (7 nights @ \$75.76)	862.19	791.00	530.32
Eric Thomsen (7 nights @ \$98.76)	862.19	791.00	691.32
Charles Wise (7 nights @ \$98.76)	862.19	791.00	691.32
Anna York (7 nights @ \$75.76)	862.19	791.00	530.32
Convention Interns (14 nights @ \$75.76)	1,724.38	1,582.00	1,704.64
Comp Rooms	0.00	-5,548.40	0.00
Attrition	<u>0.00</u>	<u>12,964.80</u>	<u>0.00</u>
TOTALS (Includes applicable tax and parking)	7,020.69	13,838.88	5,103.24

	2014 Budget	2014 Actuals*	2015 Budget
CONVENTION OFFICIALS			
Moderator - Tim York			
Travel	\$266.50	\$294.50	\$375.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$98.76)	739.02	779.70	592.56
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	1,749.52	1,818.20	1,711.56
Clerk - Randy Bryant			
Travel	350.00	342.50	515.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$75.76)	739.02	791.00	454.56
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	1,833.02	1,877.50	1,713.56
Assistant Moderator - William Smith			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$98.76)	<u>739.02</u>	<u>779.70</u>	<u>592.56</u>
	1,033.02	1,073.70	886.56
Assistant Clerk - Ernie Lewis			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$98.76)	<u>739.02</u>	<u>779.70</u>	<u>592.56</u>
	1,033.02	1,073.70	886.56
TOTALS (Includes applicable tax and parking)	5,648.58	5,843.10	5,198.24
VOLUNTEER STAFF			
Impact Coordinator - Ken Akers	862.19	791.00	592.56
Lodging (6 nights @ \$98.76)			
Media Commission	615.85	565.00	493.80
Lodging (5 nights @ \$98.76)			
Music Coordinator - Kevin Justice	739.02	779.70	454.56
Lodging (6 nights @ \$75.76)			
Musicians (4 Rooms)	2,463.40	2,367.35	1,745.20
Lodging (20 nights)			
Photographer - Rodney Yerby	739.02	779.70	592.56
Lodging (6 nights @ \$98.76)			
Photographer	739.02	0.00	592.56
Lodging (6 nights @ \$98.76)			
Translators (2 Rooms)	1,231.17	1,429.45	987.60
Lodging (10 nights @ \$98.76)			
Usher Coordinator	<u>739.02</u>	<u>779.70</u>	<u>0.00</u>
TOTALS (Includes applicable tax and parking)	8,128.69	7,491.90	5,458.84
HONORARIUMS			
Paul Harrison	200.00	200.00	200.00
Gary Fry	200.00	200.00	200.00
Rick Locklear	200.00	200.00	200.00
Frank Woods	200.00	200.00	200.00
Steve Lytle	200.00	200.00	200.00
Tom McCullough	200.00	200.00	200.00
Seminar Speaker	0.00	200.00	0.00
Preaching Conference Speaker - Danny Baer	200.00	200.00	200.00
Preaching Conference Speaker - Brian Williams	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>
TOTALS	1,600.00	1,800.00	1,600.00

	2014 Budget	2014 Actuals*	2015 Budget
DECORATOR SERVICES			
Booth (80) Installation/Draped Tables/Union	\$4,550.00	\$5,344.82	\$6,080.00
Exhibitor Badges	50.00	0.00	50.00
Registration			
Chairs, Counters, Skirted Tables, Carpet	3,400.00	2,915.00	1,500.00
Electricity/Masking Drape	750.00	246.00	500.00
Stage			
Platform/Carpet	7,800.00	3,377.00	4,000.00
Risers	0.00	0.00	0.00
Skirted Tables/Chairs	325.00	505.00	500.00
Skirting/Draping	0.00	80.00	50.00
Forklift	<u>200.00</u>	<u>0.00</u>	<u>500.00</u>
TOTALS	17,075.00	12,467.82	13,180.00
MEAL FUNCTIONS			
Executive Committee	1,581.12	1,493.28	2,193.84
Dinner (36 people @ \$60.94)			
Presidents' Breakfast			
(5 people @ \$39.34)	<u>140.30</u>	<u>112.24</u>	<u>196.70</u>
TOTALS	1,721.42	1,605.52	2,390.54
EXECUTIVE COMMITTEE			
MEAL AND MOTEL EXPENSES			
(For the Executive Committee Meeting prior to the 2015 National Convention)			
Stan Bunch	450.00	450.00	450.00
Tim Campbell	450.00	450.00	450.00
Daniel Edwards	0.00	0.00	450.00
Wayne Hale	450.00	450.00	450.00
Wayne Miracle	450.00	450.00	450.00
Glenn Poston	450.00	450.00	450.00
David Shores	450.00	450.00	450.00
Todd Smith	450.00	450.00	450.00
Venny VanHoose	450.00	0.00	0.00
Mike Wade	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
TOTALS	4,050.00	3,600.00	4,050.00
PRE-CONVENTION EXPENSES			
Impact Grand Rapids	2,000.00	1,879.65	321.70
Pre-Convention Meetings/Site Inspections	<u>20,000.00</u>	<u>10,910.93</u>	<u>15,000.00</u>
TOTALS	22,000.00	12,790.58	15,321.70
NATIONAL COMMITTEE EXPENSES			
Executive Committee	12,000.00	8,627.48	15,000.00
Nominating Committee	3,000.00	5,008.16	5,500.00
Special Committee	1,000.00	920.83	0.00
Legal Fees	<u>0.00</u>	<u>0.00</u>	<u>1,510.00</u>
TOTALS	16,000.00	14,556.47	22,010.00
SUB-TOTALS	398,094.52	384,028.16	392,342.71
SURPLUS REVENUE			
(Operating Capital for Future Conventions)	<u>28,555.48</u>	<u>38,301.35</u>	<u>42,357.29</u>
GRAND TOTALS	<u>\$426,650.00</u>	<u>\$422,329.51</u>	<u>\$434,700.00</u>

2014
The Together Way Plan Gifts/Executive Office
Cooperative

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$437.83	\$218.23	\$218.40	\$238.90	\$518.35	\$186.29	\$218.37	\$211.56	\$212.69	\$634.74	\$157.54	\$284.48	\$3,537.38
Arizona	0.00	0.00	135.00	40.50	0.00	0.00	0.00	0.00	220.50	0.00	0.00	0.00	396.00
Arkansas	7,433.50	6,469.39	9,529.16	5,159.35	8,529.82	5,076.87	5,278.47	6,631.64	5,332.79	6,205.21	4,267.66	7,232.02	77,145.88
California	361.61	290.34	594.35	714.04	303.86	213.85	669.23	256.21	261.45	694.39	0.00	768.91	5,128.24
Canada	0.00	0.00	221.65	0.00	0.00	0.00	227.83	33.84	0.00	97.31	0.00	0.00	580.63
Florida	0.00	0.00	52.48	0.00	0.00	53.30	3,150.00	0.00	51.77	0.00	0.00	3,200.05	6,507.60
Georgia	1,898.01	1,435.79	1,032.21	1,351.60	1,308.92	839.43	1,543.15	1,170.59	931.44	739.36	1,105.11	296.08	13,651.69
Illinois	1,351.49	648.80	791.21	1,270.03	826.90	829.58	919.61	603.82	1,102.87	963.58	339.37	1,472.99	11,120.25
Indiana	0.00	16.36	0.00	223.65	207.00	0.00	24.96	0.00	0.00	90.05	0.00	0.00	562.02
Kansas	0.00	37.48	0.00	0.00	24.19	0.00	32.51	0.00	0.00	25.34	0.00	30.47	149.99
Kentucky	692.93	493.27	458.49	472.43	375.33	507.06	347.49	491.52	385.11	374.92	476.09	387.64	5,462.28
Michigan	209.70	199.56	125.92	254.16	276.10	0.00	428.95	124.22	229.39	244.59	349.02	182.66	2,624.27
Mississippi	0.00	659.95	283.98	555.69	296.04	354.42	395.75	287.66	366.30	287.56	351.89	341.79	4,181.03
Missouri	11,069.33	6,413.33	4,879.58	9,030.50	9,743.64	5,072.03	10,453.80	8,194.80	7,905.43	9,101.42	8,131.26	7,009.03	97,004.15
New Mexico	14.00	0.00	19.37	92.44	0.00	13.89	0.00	21.50	11.41	0.00	14.15	0.00	186.76
North Carolina	1,814.79	2,458.42	325.80	2,914.13	269.10	2,484.20	480.15	1,747.95	1,350.94	1,775.17	1,731.09	1,235.86	18,587.60
Ohio	1,902.62	1,240.26	1,420.53	2,800.63	1,943.27	1,303.04	2,196.62	993.72	1,683.08	2,305.22	1,145.70	2,296.06	21,230.75
Oklahoma	8,586.07	7,141.16	6,243.56	7,552.12	5,515.41	7,446.09	7,044.02	8,203.48	7,220.74	5,549.21	8,128.84	6,794.87	85,425.57
Oregon	90.00	54.00	90.00	90.00	72.00	72.00	90.00	72.00	72.00	90.00	72.00	54.00	918.00
South Carolina	3.09	70.04	14.50	11.25	49.39	5.66	23.22	18.64	35.51	25.19	16.50	27.18	300.17
Tennessee	2,995.73	654.68	0.00	2,696.89	1,369.65	2,018.34	2,740.10	1,214.53	1,148.38	1,957.89	0.00	2,147.94	18,944.13
Texas	214.20	31.46	99.55	249.19	123.36	152.38	155.26	70.47	94.72	521.56	34.47	293.71	2,040.33
Utah	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Virginia	0.00	0.00	198.59	0.00	111.62	0.00	76.50	0.00	132.32	0.00	126.14	57.89	703.06
Virgin Islands	61.56	0.00	56.62	26.52	19.96	24.19	0.00	46.37	0.00	0.00	83.03	0.00	318.25
West Virginia	116.17	152.77	95.70	93.46	141.38	95.71	122.13	180.01	87.83	118.34	213.52	104.70	1,521.72
TOTALS	\$39,252.63	\$28,685.29	\$26,886.65	\$35,837.48	\$32,025.29	\$26,748.33	\$36,618.12	\$30,574.53	\$28,836.67	\$31,801.05	\$26,743.38	\$34,218.33	\$378,227.75

2014 The Together Way Plan Gifts/Executive Office Designated

	January	February	March	April	May	June	July	August	September	October	November	December	Year To Date Totals
Alabama	\$310.25	\$380.63	\$244.01	\$353.44	\$282.80	\$269.13	\$355.51	\$275.36	\$346.53	\$262.87	\$310.98	\$332.43	\$3,723.94
Arizona	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arkansas	0.00	0.00	0.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00
California	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	0.00	0.00	44.29	0.00	17.64	0.00	18.17	8.70	0.00	17.22	0.00	0.00	106.02
Florida	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Georgia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Illinois	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Indiana	106.48	0.00	189.65	0.00	269.34	0.00	114.16	0.00	116.83	107.22	87.25	118.80	1,109.73
Kansas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kentucky	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	0.00	100.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Mississippi	0.00	0.00	0.00	0.00	10.00	0.00	20.00	0.00	0.00	10.00	15.00	0.00	670.00
Missouri	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Mexico	0.00	0.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00
North Carolina	75.00	130.00	85.00	185.00	10.00	10.00	35.00	150.00	10.00	112.00	75.00	140.00	1,017.00
Ohio	0.00	150.00	0.00	200.00	0.00	0.00	0.00	0.00	100.00	0.00	200.00	0.00	650.00
Oklahoma	38.69	69.24	0.00	96.84	0.00	0.00	69.42	0.00	0.00	641.57	0.00	0.00	915.76
Oregon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
South Carolina	159.12	187.46	244.41	491.07	268.59	58.35	366.54	90.86	358.72	315.43	202.25	364.15	3,106.95
Tennessee	271.00	0.00	0.00	745.00	20.00	20.00	482.00	20.00	235.00	428.00	0.00	60.00	2,281.00
Texas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utah	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	73.18	0.00	0.00	0.00	0.00	0.00	73.18
Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
West Virginia	92.42	0.00	46.49	88.47	54.81	0.00	39.84	36.36	90.79	0.00	40.80	109.06	599.04
TOTALS	\$1,052.96	\$1,017.33	\$853.85	\$4,259.82	\$933.18	\$857.48	\$1,573.82	\$581.28	\$1,872.87	\$1,894.31	\$931.28	\$1,124.44	\$16,952.62

2014 Gifts to National Ministries

States	Executive	FWB	Foundation	Home Missions	International Missions	Master's Men	Retirement & Insurance	Wich College	WNAC	Commission for Theological Integrity	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$7,342.51	\$373.55		\$466,042.35	\$418,442.06	\$1,884.93	\$891.13	\$66,669.81	\$6,284.86	\$23.04	\$22.22	\$22.07	\$22.18	\$967,810.71
Alaska	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arizona	4,557.11	1,315.13		45,557.11	39,557.11	1,315.13	1,315.13	45,557.11	39,557.11	1,315.13	1,315.13	1,315.13	1,315.13	71,614.42
Arkansas	77,719.40	6,392.03		159,211.97	554,550.96	13,924.11	13,924.11	58,447.84	13,794.56	537.25	536.82	536.81	536.81	895,051.72
California	5,128.24	3,767.07		62,831.01	62,015.01	799.39	87.49	11,278.50	1,440.00	31.34	31.34	31.34	31.34	164,870.67
Canada	686.65	42.58		4,089.16	8,718.06	98.35	99.35	1,625.78	15.00	3.54	3.54	3.54	3.54	15,400.09
Colorado	0.00	0.00		42,474.92	3,999.73	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	47,074.65
Connecticut	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delaware	0.00	0.00		5,700.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,700.00
Florida	6,507.60	477.23		243,741.12	104,198.05	1,789.48	1,113.53	52,619.67	1,631.00	39.78	39.78	39.78	39.78	412,236.80
Georgia	13,950.46			131,019.12	306,156.41	2,540.35	2,515.05	84,944.19	8,172.00	88.67	85.65	85.62	85.52	551,133.97
Hawaii	0.00	0.00		2,169.33	500.00	2,169.34	0.00	2,619.00	0.00	0.00	0.00	0.00	0.00	7,457.67
Idaho	0.00	0.00		8,794.98	0.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	9,797.37
Illinois	11,128.44	692.12		222,559.63	1,197,515.14	1,937.53	1,937.53	24,469.81	3,100.00	192.09	191.88	191.88	191.88	3,935,813.65
Indiana	1,892.05	229.38		55,694.93	44,598.92	320.90	323.15	2,469.38	1,581.76	0.00	0.00	0.00	0.00	108,299.70
Iowa	0.00	0.00		2,100.00	0.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	2,400.00
Kansas	148.99	11.00		5,888.44	11,316.50	29.87	25.66	1,981.08	0.00	0.92	0.92	0.92	0.92	19,406.22
Kentucky	5,462.38	400.53		101,610.20	121,305.14	1,999.82	994.64	13,533.00	5,938.00	33.36	33.36	33.36	33.36	250,417.05
Louisiana	0.00	0.00		10,000.00	480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,480.00
Maine	0.00	0.00		4,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
Maryland	0.00	0.00		2,877.90	0.00	0.00	0.00	838.43	0.00	0.00	0.00	0.00	0.00	3,716.33
Massachusetts	0.00	0.00		1,970.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,970.00
Michigan	2,829.35	199.59		52,188.47	118,141.15	2,364.67	453.79	9,405.21	4,997.12	16.12	16.07	16.06	16.07	190,641.67
Mid-Atlantic Association	0.00	0.00		24,579.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,579.83
Minnesota	0.00	0.00		1,610.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,610.00
Mississippi	4,851.03	306.60		165,575.86	77,047.93	730.34	715.42	29,039.33	2,242.00	25.57	25.57	25.57	25.57	300,610.79
Missouri	97,109.29	7,261.47		175,509.99	467,690.79	17,054.98	16,996.70	105,432.63	6,194.21	594.65	593.58	593.47	593.54	895,345.23
Montana	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nebraska	0.00	0.00		600.00	0.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	640.00
Nevada	0.00	0.00		4,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00
New Hampshire	0.00	0.00		2,600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,600.00
New Jersey	0.00	0.00		425.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	425.00
New Mexico	2,247.65	99.33		754.18	5,422.00	35.39	88.85	2,012.67	788.79	2.21	1.59	1.49	1.57	11,455.72
New York	0.00	0.00		1,150.00	3,020.50	0.00	0.00	510.00	0.00	0.00	0.00	0.00	0.00	4,680.50
North Carolina	20,149.78	2,129.62		718,974.71	810,699.00	3,620.68	3,689.82	20,245.97	12,866.95	123.15	117.65	116.69	81.37	1,774,751.29
Northwest Association	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ohio	22,083.72	1,842.33		113,434.96	130,703.22	4,738.41	3,922.42	25,482.86	7,639.15	133.30	131.25	130.90	131.17	310,371.49
Oklahoma	86,784.74	6,887.98		215,336.99	658,329.63	16,745.99	15,031.48	80,478.63	8,896.47	529.84	525.36	524.58	525.16	1,090,597.05
Oregon	919.00	63.36		195.00	250.00	163.24	157.08	298.18	0.00	5.61	5.61	5.61	5.61	2,007.30
Pennsylvania	0.00	0.00		38,251.60	0.00	0.00	1,506.00	0.00	0.00	0.00	0.00	0.00	0.00	39,757.60
Rhode Island	0.00	0.00		300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00
South Carolina	3,712.73	451.72		129,037.94	528,181.40	194.29	2,913.12	99,010.46	5,121.45	7.20	4.11	3.57	3.98	768,641.97
South Dakota	0.00	0.00		1,162.96	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	1,212.96
Tennessee	21,460.73	1,739.50		336,459.66	911,116.22	8,713.55	5,055.32	195,969.92	11,527.63	134.91	132.53	117.11	117.42	1,492,535.50
Texas	2,087.00	215.29		87,732.69	140,574.26	376.94	392.73	14,763.04	1,715.76	13.26	12.82	12.73	12.79	247,467.33
Utah	0.00	0.00		1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Virginia	776.24	42.31		146,385.74	80,654.17	133.45	120.31	12,369.75	1,880.00	4.29	4.29	4.29	4.29	242,599.13
Washington	0.00	0.00		1,130.00	3,763.00	0.00	0.00	3,791.96	0.00	0.00	0.00	0.00	0.00	8,684.96
West Virginia	2,120.76	111.60		100,689.95	115,699.38	382.08	823.06	9,583.75	2,316.00	308.78	9.28	308.78	9.28	232,561.70
Wisconsin	0.00	0.00		2,955.27	2,175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,130.27
Wyoming	0.00	0.00		400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400.00
Puerto Rico	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Virgin Islands	318.25	23.33		45,815.20	4,543.77	54.46	54.46	3,212.37	4,138.44	1.95	1.95	1.95	1.95	54,029.64
Other	0.00	0.00		224,689.17	107,227.35	0.00	0.00	703.75	0.00	0.00	0.00	0.00	0.00	336,054.96
Foundation	0.00	0.00		9,535.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,299.57
WNAC	0.00	0.00		17,121.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,121.04
TOTALS	\$397,779.40	\$32,171.02	\$4,103,728.13	\$61,102,325.32	\$82,103.92	\$72,833.37	\$1,116,219.38	\$13,179.60	\$2,824.45	\$2,598.72	\$2,598.38	\$2,598.38	\$3,094.26	\$1,031,646.75

*HM--Other includes interest, miscellaneous sources and states.
 *IM--Other includes miscellaneous incomes, investment gains or losses.
 *Master's Men--Total does not include dues, sales, DRT, conference or tournament fees, or restricted endowment contributions.
 *Retirement & Insurance--Total includes designated, undesignated Co-op, Rest of the Family Offering and gifts.
 *WNAC--Total does not include student scholarships, sales or gifts designated to other departments.



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

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, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, 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
March 16, 2015**

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

Statements of Financial Position

December 31, 2014 and 2013

	<u>Assets</u>	
	2014	2013
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 321,795	299,502
Funds held by Free Will Baptist Foundation	19,582	18,669
	341,377	318,171
Accounts receivable	38,068	12,097
Total current assets	379,445	330,268
Property, plant and equipment:		
Land and land improvements	224,978	224,978
Building	1,578,855	1,578,855
Building services equipment	75,115	75,115
Departmental workstations	77,228	77,228
	1,956,176	1,956,176
Less accumulated depreciation	1,621,774	1,542,648
Net property, plant and equipment	334,402	413,528
Equipment deposit	4,100	-
	\$ 717,947	743,796
	<u>Liabilities and Net Assets</u>	
Accounts payable	\$ -	203
Net assets:		
Unrestricted net assets:		
Undesignated:		
Operations	366,188	316,939
Net investment in property, plant and equipment	334,402	413,528
	700,590	730,467
Designated:		
Stewardship promotion	6,610	8,586
Reserve for building and equipment replacement	10,747	4,540
	17,357	13,126
Total net assets	717,947	743,593
	\$ 717,947	743,796

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, 2014 and 2013

	2014				2013 Totals
	Operations	Stewardship Education	Reserve for Building / Equipment Replacements	Totals	
Revenues:					
Building rental	\$ 276,231	-	-	276,231	278,114
Reimbursement from departments	484,521	-	-	484,521	504,575
Interest income	-	250	207	457	1,264
Other	2,815	-	-	2,815	4,800
Net revenues	763,567	250	207	764,024	788,753
Expenses:					
Expenses incurred for departments:					
Employee benefits	313,768	-	-	313,768	331,187
Stewardship office expense	2,226	-	-	2,226	5,543
Leadership conference	21,796	-	-	21,796	21,196
Property and liability insurance	63,719	-	-	63,719	61,144
Telephone	22,177	-	-	22,177	24,894
Mailroom and other	60,419	-	-	60,419	61,734
	484,105	-	-	484,105	505,698
Building operating expenses:					
Salaries	73,266	-	-	73,266	73,130
Payroll taxes	5,605	-	-	5,605	5,594
Employee benefits	24,625	-	-	24,625	30,908
Janitorial services	27,240	-	-	27,240	30,083
Depreciation	79,127	-	-	79,127	73,501
Audit and legal	4,666	-	-	4,666	3,634
General insurance	21,851	-	-	21,851	19,791
Supplies and office expense	7,847	-	-	7,847	11,180
Utilities / telephone	35,865	-	-	35,865	31,245
Repairs and maintenance	7,428	-	-	7,428	6,111
Mailroom and other	12,502	-	-	12,502	12,143
	300,022	-	-	300,022	297,320
Total expenses	784,127	-	-	784,127	803,018
Excess of expenses (over) under revenues	(20,560)	250	207	(20,103)	(14,265)
Expenditures for stewardship education	2,226	(2,226)	-	-	-
Provision for telephone system replacement	(6,000)	-	6,000	-	-
Correction of prior period error relating to stewardship education	(5,543)	-	-	(5,543)	-
Increase (decrease) in net assets	(29,877)	(1,976)	6,207	(25,646)	(14,265)
Net assets at beginning of year	730,467	8,586	4,540	743,593	757,858
Net assets at end of year	\$ 700,590	6,610	10,747	717,947	743,593

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Decrease in net assets	\$ (25,646)	(14,265)
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation	79,127	73,501
Increase in receivables	(25,973)	(382)
Decrease in accounts payable	(203)	(21,497)
Net operating activities	<u>27,305</u>	<u>37,357</u>
<u>Cash Flows from Investing Activities</u>		
Deposit - postage meter	(4,100)	-
Purchase of property and equipment	<u>-</u>	<u>(45,350)</u>
Net investing activities	<u>(4,100)</u>	<u>(45,350)</u>
Increase (decrease) in cash and cash equivalents	23,205	(7,993)
Cash and cash equivalents, at beginning of year	<u>318,172</u>	<u>326,165</u>
Cash and cash equivalents, at end of year	\$ <u>341,377</u>	<u>318,172</u>
Cash and cash equivalents consists of:		
Cash in bank	\$ 321,795	299,502
Funds held by Free Will Baptist Foundation	<u>19,582</u>	<u>18,669</u>
	\$ <u>341,377</u>	<u>318,171</u>

See accompanying notes to financial statements.

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

December 31, 2014 and 2013

Building Services operates under the auspices of the National Association of Free Will Baptists, Inc., and is governed by a management committee chaired by the Executive Secretary of the National Association of Free Will Baptists, Inc. The management committee is composed of the directors of the Departments which occupy the National Offices Facility.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, Building Services considers all cash funds, cash bank accounts and highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

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

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$2,000 are capitalized and depreciated over their usable lives on the straight line method. Expenditures for maintenance and repairs, renewals, and betterments that do not significantly extend the useful lives of assets are expensed as incurred.

Use of Estimates

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

Fair Value Measurements

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

Compensated Absences

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

Income Taxes

Building Services is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2014 and 2013. 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 March 16, 2015, 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, 2013, 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 \$3,251 in 2014 and \$3,313 in 2013. 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 \$8,220 for 2014 and \$6,753 for 2013. The minimum payments required are \$8,220 for 2015 and \$6,165 for 2016.

(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 \$278,114 in 2014 and 2013. Rentals for 2015 are expected to increase to \$280,368.

(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

	<u>2014</u>	<u>2013</u>
<u>Stewardship Promotion</u>		
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.	\$ <u>6,610</u>	<u>8,586</u>
<u>Reserve for Building and Equipment Replacements</u>		
Established to fund future building and equipment replacements	\$ <u>10,747</u>	<u>4,540</u>

**2016
BUILDING SERVICES
BUDGETS
FINANCIAL REPORT**

PROJECTED INCOME	2014 Budget	2014 Actuals*	2015 Budget	2016 Budget
Square Footage (19,800 @ \$1.19 = \$23,562.00 mo.)	<u>\$282,993.60</u>	<u>\$276,230.80</u>	<u>\$280,368.00</u>	<u>\$282,744.00</u>
Total Income	<u>\$282,993.60</u>	<u>\$276,230.80</u>	<u>\$280,368.00</u>	<u>\$282,744.00</u>

PROJECTED EXPENSES

Audit & Legal	\$4,000.00	\$4,665.60	\$4,000.00	\$4,750.00
Replacement Reserve	6,000.00	6,000.00	6,000.00	6,000.00
General Supplies	4,000.00	4,510.23	4,000.00	4,500.00
Insurance (Employee)	35,120.13	21,373.71	38,601.44	38,600.00
Insurance (Plant)	22,900.00	21,850.57	26,500.00	27,000.00
Janitorial Services	30,000.00	27,240.14	32,500.00	33,000.00
Janitorial Supplies	3,000.00	1,447.64	4,200.00	3,000.00
Mail Room	9,000.00	10,219.14	10,000.00	10,500.00
Mail Truck	2,500.00	1,811.17	2,750.00	2,750.00
General Maintenance/Contingency Fund	34,883.79	7,427.94	22,851.09	23,620.23
Network Expense	4,500.00	1,502.22	4,500.00	3,500.00
Payroll Taxes (Employer's S.S.)	5,545.73	5,604.83	5,656.65	5,769.78
Postage Meter/UPS	550.00	387.23	550.00	450.00
Retirement	3,250.73	3,250.80	3,315.74	3,382.06
Salaries	72,493.22	73,265.70	73,943.08	75,421.93
Telephone	7,500.00	2,036.40	2,000.00	2,000.00
Utilities	37,000.00	33,828.84	37,000.00	37,000.00
Other	<u>750.00</u>	<u>475.00</u>	<u>2,000.00</u>	<u>1,500.00</u>
Total Expenses	<u>\$282,993.60</u>	<u>\$226,897.16</u>	<u>\$280,368.00</u>	<u>\$282,744.00</u>

*Budget comparison does not include depreciation expense.

BUILDING SERVICES SALARY BREAKDOWN

	2014		2015		2016	
Maintenance Superintendent/ Mail Room Supervisor						
Salary	\$34,141.60	2%	\$34,824.43	2%	\$35,520.92	2%
Social Security	2,611.83	7.65%	2,664.07	7.65%	2,717.35	7.65%
Insurance (Dental/Health/Life)	25,925.90		28,518.49		28,518.49	
Disability	201.44		205.46		209.57	
Retirement	1,707.08	5%	1,741.22	5%	1,776.05	5%
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	64,587.85		67,953.68		68,742.38	
Receptionist/Phone System Administrator/Assistant Bookkeeper						
Salary	30,872.97	2%	31,490.43	2%	32,120.24	2%
Social Security	2,361.78	7.65%	2,409.02	7.65%	2,457.20	7.65%
Insurance (Dental/Health/Life)	8,810.64		9,691.70		9,691.70	
Disability	182.15		185.79		189.51	
Retirement	1,543.65	5%	1,574.52	5%	1,606.01	5%
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	43,771.19		45,351.47		46,064.66	
Part-time Worker		75 days		75 days		75 days
Salary	7,478.64	(12.46 hr.)	7,628.21	(12.71 hr.)	7,780.77	(12.96 hr.)
Social Security	<u>572.12</u>	7.65%	<u>583.56</u>	7.65%	<u>595.23</u>	7.65%
	8,050.76		8,211.77		8,376.00	



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

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, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, 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
March 16, 2015**

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

Statements of Financial Position

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets:		
Cash and interest bearing deposits	\$ 277,723	235,466
Accounts receivable	<u>746</u>	<u>4,010</u>
Total current assets	<u>278,469</u>	<u>239,476</u>
Other assets:		
Funds held by Free Will Baptist Foundation for endowment fund purposes	<u>24,397</u>	<u>24,185</u>
Fixed assets:		
Furniture and equipment	10,400	9,775
Less accumulated depreciation	<u>(6,604)</u>	<u>(5,508)</u>
Net fixed assets	<u>3,796</u>	<u>4,267</u>
	<u>\$ 306,662</u>	<u>267,928</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ -	452
Total liabilities	<u>-</u>	<u>452</u>
Net assets:		
Unrestricted - operations	282,265	243,292
Temporarily restricted - endowment earnings	3,397	3,184
Permanently restricted - endowment funds	<u>21,000</u>	<u>21,000</u>
Total net assets	<u>306,662</u>	<u>267,476</u>
	<u>\$ 306,662</u>	<u>267,928</u>

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2014 and 2013

	2014				
	<u>Unrestricted Operations</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Funds</u>	<u>Total</u>	<u>2013 Total</u>
Revenues:					
Assessments to publish One Magazine from Free Will Baptist departments and agencies	\$ 435,585	-	-	435,585	431,340
Net results from endowments held by Free Will Baptist Foundation	1,188	213	-	1,401	2,340
Other	375	-	-	375	2,317
Total revenues	437,148	213	-	437,361	435,997
Expenses:					
Direct cost of publication:					
Printing	156,781	-	-	156,781	153,751
Postage and mailing services	93,396	-	-	93,396	91,156
Design	35,995	-	-	35,995	35,864
Graphics expense	4,860	-	-	4,860	3,638
Writer's fees	2,028	-	-	2,028	2,348
Total direct cost of publication	293,060	-	-	293,060	286,757
Employee compensation:					
Salary	67,337	-	-	67,337	66,018
Payroll Taxes	5,151	-	-	5,151	5,050
Retirement	3,020	-	-	3,020	2,961
Other employee benefits	8,301	-	-	8,301	8,485
Total employee compensation	83,809	-	-	83,809	82,514
Operating expenses:					
Supplies and other office expense	15,080	-	-	15,080	11,941
Travel	5,130	-	-	5,130	4,541
Depreciation	1,096	-	-	1,096	1,798
Total operating expenses	21,306	-	-	21,306	18,280
Total expenses	398,175	-	-	398,175	387,551
Increase in net assets	38,973	213	-	39,186	48,446
Net assets at beginning of year	243,292	3,184	21,000	267,476	219,030
Net assets at end of year	\$ 282,265	3,397	21,000	306,662	267,476

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Increase in net assets	\$ 39,186	48,446
Adjustments to reconcile increase in net assets to net operating activities:		
Depreciation	1,096	1,798
Decrease in accounts receivable	3,264	359
Decrease in accounts payable	<u>(452)</u>	<u>(475)</u>
Net operating activities	<u>43,094</u>	<u>50,128</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of computing equipment	(625)	(4,569)
Change in investment with Free Will Baptist Foundation	<u>(212)</u>	<u>(1,202)</u>
Net investing activities	<u>(837)</u>	<u>(5,771)</u>
Increase in cash and cash equivalents	42,257	44,357
Cash and cash equivalents, at beginning of year	<u>235,466</u>	<u>191,109</u>
Cash and cash equivalents, at end of year	<u>\$ 277,723</u>	<u>235,466</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2014 and 2013

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. Approval was also given to begin One Magazine to provide information for the denomination regarding the activities of the various ministries of Free Will Baptists.

Further, effective December 31, 2004, the Executive Office of the National Association of Free Will Baptists, Contact Magazine division, transferred funds amounting to \$21,000 held by Free Will Baptist Foundation which were designated as Endowment funds.

One Magazine is funded by monthly assessments to certain Free Will Baptist organizations as indicated in note 2.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

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

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash funds, cash bank accounts and highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash and cash equivalents.

Accounts Receivable

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

Fixed Assets

Furniture and equipment are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$500 are capitalized and depreciated over their usable lives on the straight line method. Expenditures for maintenance and repairs, renewals, and betterments that do not significantly extend the useful lives of assets are expensed as incurred.

Use of Estimates

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

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

(1) Summary of Significant Accounting Policies, continued

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. For the years ended December 31, 2014 and 2013, 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:

	<u>2014</u>	<u>2013</u>
Permanently restricted net asset:		
Original donor investment (corpus)	\$ 21,000	21,000
Temporarily restricted net assets:		
Balance at beginning of year	\$ 3,184	1,983
Investment earnings, including investment gains and losses	1,401	2,340
Distributions of earnings to unrestricted net assets	(1,188)	(1,139)
	<u>\$ 3,397</u>	<u>3,184</u>

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 2014 and 2013. 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 March 16, 2015 the date these financial statements were available to be issued.

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

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

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

	<u>2014</u>	<u>2013</u>
Executive Office:		
Administrative budget	\$ 116,433	116,433
Convention budget	17,463	17,463
Free Will Baptist Foundation	46,575	46,575
Welch College	46,526	46,526
Board of Home Missions	71,022	71,022
International Missions	50,939	46,694
Master's Men	8,382	8,382
Randall House Publications	46,575	46,575
Board of Retirement and Insurance	23,288	23,288
Women Nationally Active for Christ	8,382	8,382
	<u>\$ 435,585</u>	<u>431,340</u>

Revenues are expected to approximate \$435,600 in 2015.

(3) Related Party Transactions

The Executive Office of the National Association of Free Will Baptists, Inc. provided office space and certain administrative services to One Magazine at no cost.

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

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$207,139 in 2014 and \$202,599 in 2013.

(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 \$3,020 in 2014 and \$2,961 in 2013. 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, 2013, from which the summarized information was derived.

**2016
ONE MAGAZINE
BUDGETS
FINANCIAL REPORT**

REVENUE	2014 Budget	2014 Actuals*	2015 Budget	2016 Budget
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 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	50,938.81	50,938.80	50,938.81	50,938.81
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
Welch College	46,526.04	46,526.04	46,526.04	46,526.04
WNAC	8,382.11	8,382.12	8,382.11	8,382.11
Endowment	0.00	825.98	0.00	0.00
Reimbursements	500.00	0.00	500.00	500.00
Subscription Revenue	<u>100.00</u>	<u>375.00</u>	<u>100.00</u>	<u>100.00</u>
Total Revenue	<u>\$436,186.08</u>	<u>\$436,787.06</u>	<u>\$436,186.08</u>	<u>\$436,186.08</u>
EXPENSES				
Salary & Benefits	\$78,474.42	\$78,249.24	\$80,786.65	\$82,179.76
Auto/Cell Phone Allowance	5,560.73	5,560.62	5,671.95	5,785.38
Audit & Legal	4,700.00	4,715.80	4,700.00	4,800.00
Books, Dues & Registrations	1,500.00	1,490.00	2,000.00	2,000.00
Computer Software/Services	5,000.00	1,299.98	2,500.00	5,000.00
Design	35,000.00	35,994.95	37,000.00	38,000.00
Graphics	4,500.00	4,860.23	4,500.00	4,500.00
Mail Services	10,000.00	5,491.20	5,500.00	6,500.00
Postage	100,000.00	87,396.97	100,000.00	95,000.00
Postal Returns	2,000.00	507.94	2,000.00	2,000.00
Printing	170,000.00	156,780.64	170,000.00	165,000.00
Promotion	2,000.00	1,518.71	2,500.00	2,500.00
Supplies	2,000.00	4,128.94	2,500.00	5,000.00
Travel	7,000.00	5,130.45	7,000.00	7,000.00
Website	2,000.00	0.00	2,000.00	2,000.00
Writer's Fees	2,000.00	2,027.75	2,500.00	2,500.00
Other	<u>4,450.93</u>	<u>1,925.46</u>	<u>5,027.48</u>	<u>6,420.94</u>
Total Expenses	<u>\$436,186.08</u>	<u>\$397,078.88</u>	<u>\$436,186.08</u>	<u>\$436,186.08</u>

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

Give Me That Mountain

Caleb was 85 when he asked Joshua to give him the mountain near Hebron. Even at this advanced age he wanted a challenge. Free Will Baptists have always been this way in that we often choose to work in God's Kingdom in "hard" places and at "hard" times. We sent our first missionary Laura Belle Barnard, in the middle of the Great Depression. Our national college (then known as Free Will Baptist Bible College) opened in the fall of 1942 just 9 months after the Pearl Harbor attack that plunged the United States into World War II. Those are not the most opportune times to start an International Mission program or a college but we did it anyway. Hopefully, the Foundation can help all Free Will Baptist ministries conquer their mountains. Our grant program will soon provide significant financial support for our ministries. Endowments continue to provide significant income. Planned Gifts are a growing part of future funding. Money management plays a role in managing what God has already placed in our hands. Of all we are doing, the growing estate planning ministry could have the biggest impact as more people remember our ministries in their estate plans.

God richly blessed the Foundation in 2014. Total assets increased almost \$8.4 million and we had record growth. Our previous record was \$7.7 million in 2004. Total assets have now increased \$27 million since the great recession began. Assets have grown almost 76% since the end of 2008. Net income was \$277,644. However, we are moving our realized capital gains to the grant pool. Therefore, after \$270,000 in capital gains was moved to the grant pool our operational net income was \$7,644. Our operating fund balance is now \$479,939 and our grant pool is now \$531,440 on a cost basis.

The value of the grant pool including unrealized gains is 636,056. Unrealized gains in the dividend strategy investments total over \$4.5 million. In case all these numbers are running wild in your head, let me simplify. We could have sold all the investments in the grant pool and the dividend strategy investments and realized more than \$5.1 million to use for future grants.

You will also note on the financial statements that we spent an additional \$243,555 in 2014 over 2013. The increase in expense was due to increased travel for me, Doug and the two new field representatives we added in 2014.

We have now helped 870 families plan their estates. Over 150 presentations have been made in at least 13 states. Starting in 2014, Cornerstone began reimbursing the Foundation for expenses. However, these reimbursements are not sufficient to offset expenses. We expect as we progress it will come closer to covering our expenses, but we will never be completely made whole. This is fine since it is not the Foundation's intent to "make a profit" on this aspect of our ministry. We want this program to be offered as a service to our members.

Last year we had 430 enrollees; and so far in 2015 we have around 250, which means we may be on pace for 500 new enrollees in 2015. Barry Simpson has come on board as of May 1. His territory will be Arkansas and Tennessee. We are proposing one additional field representative in the 2016 budget and the last field representative will be added in 2017.

We have significant increases in the budget with the addition of another field man in 2016. The salary and benefits line will increase \$123,000 and travel will increase \$57,000. Our Together Way income will go down about \$5,000 as we give up one of our remaining three percent in this area. However, we will discontinue the grants we were making to One Magazine during the recession. We believe we will break even on our budget from an operational standpoint.

The Foundation has the potential to help connect generous individuals to ministry. We can do this by helping individuals make major outright gifts in a tax advantaged way. We can help donors set up planned gifts that will pay them and perhaps their children significant income before it passes on to ministry.

I have been working with a family that has now committed to bring their planned gift to \$3 million. This type of gift could be transformative to ministries.

Estate gifts will play an ever increasing role in making these dreams come true. We already have many who have committed to leaving a portion of their estate to Free Will Baptist ministries.

However, most estate plans do not have a bequest for ministry. I believe we will see many more estate bequests as we develop long term relationships with these individuals through our annual follow up calls and later by sending planned giving ideas and information on how to leave a bequest. Perhaps many years from now these bequests will help our ministries fulfill their dreams.

The elected board has served as our grant committee and received 14 grant applications. The proposals came from six of the seven (not including the Foundation) national departments and two of the four national commissions.

For many years our ministries have applied for grants from nondenominational grant making organizations. They have mostly been rejected because of a bias against denominational ministries. Now the grants being made by the Foundation will be exclusively for Free Will Baptist ministries. The eight grants that have been issued are pilot grants. Therefore they were limited to national departments and commissions.

The purpose of this pilot grant program is for the Foundation grant committee (the nine member elected board) to go through the process of making these hard decisions on a smaller scale before the grants become much larger. We also need to perfect the follow-up process to make sure the grant funds are used for the purpose they were requested.

These ministries received grants this year.

The Commission for Theological Integrity has helped keep our doctrine pure in the midst of other denominations rapidly changing long held beliefs. They are charged with alerting our people to theological trends that are contrary to our doctrines. One of the ways they do this is through the publication of ***Integrity: A Journal of Christian Thought***. Previously this publication has been published using generous grants from some of our ministries. Unfortunately, due to the tough economic times, there is a shortfall of \$2,500 needed to publish the next issue. Free Will Baptist Foundation is happy to provide these funds through a grant.

The Free Will Baptist Historical Commission has been gathering historical documents and preserving them for future generations. Unfortunately, state of the art preservation techniques have been swiftly changing. Today the best way to preserve our documents is in digital format that can be used in a wide range of applications. The commission's budget is not large and the cost of a viewer/printer/scanner is \$5,300. Free Will Baptist Foundation is happy to provide these funds through a grant.

Women Nationally Active for Christ has been ministering to and inspiring our women to support mission projects for 80 years. They have a desire to expand their scope of ministry by reaching girls aged 12-18. Their hope is to encourage these girls to be a part of WNAC as they mature into women. They also see a need to present the proper Biblical view of women to these girls in this quickly decaying culture. They will be holding two regional conferences called "Shine, Realizing Your Worth". This is a new avenue of ministry for WNAC and they requested \$7,500 to produce these conferences. Free Will Baptist Foundation is happy to provide these funds through a grant.

The Masters Men department of North American Ministries has been involving men in lay ministry for more than 50 years. They have been working to repair and restore the historic Ridge Church in New Durham, NH. This structure is believed to be the oldest church building in our movement and is the church that Benjamin Randall established. The next phase of the restoration is the bell tower phase which will cost \$10,000. Free Will Baptist Foundation is happy to provide these funds through a grant.

Randall House Publications has been producing Sunday School curriculum and books since 1963. Free Will Baptists have reached many Spanish speaking individuals both through our international works and here in North America.

It is important that these new believers have Free Will Baptist doctrinal works in their language. However this is a difficult process from a financial perspective for Randall House. Most of the other Christian publishing houses rely on grants to defray the expense of producing books in languages other than English. Randall House has requested a grant of \$10,000 to produce Grace, Faith and Free Will by Robert Picirilli and Free Will Baptist Doctrines by J.D. O'Donnell in Spanish. Free Will Baptist Foundation is happy to provide these funds through a grant.

International Missions has been a part of Free Will Baptists since our beginning. Today conflict in many countries is making it more difficult to spread the gospel. One such country is Ivory Coast, Africa. This is a field Free Will Baptists have been involved in for more than 50 years but the splitting of the country through a civil war has made many areas inaccessible. Using a business as missions (or BAM) model is an effective way to minister in these cases. International Missions has requested \$10,000 to establish a BAM project in Ivory Coast. Free Will Baptist Foundation is happy to provide these funds through a grant.

The Board of Retirement has been providing a retirement plan to our ministers and workers since 1969. They also played a vital role in the establishment of Free Will Baptist Foundation. Unfortunately, despite their tireless work, many of our older ministers are mostly dependent on Social Security for their retirement income and they have retired with very small retirement accounts with the Board of Retirement. They have established a Labor of Love endowment that is used to assist our retired pastors and requested a contribution to this endowment. The Foundation grant committee awarded them \$14,700. Free Will Baptist Foundation is happy to provide these funds through a grant.

Welch College has been educating Free Will Baptist students for more than 70 years. Christian higher education is provided through private colleges and the costs are significant to many families. Every year students are unable to attend because of financial hardship. Sometimes just a few thousand dollars makes a difference in whether a student can afford to attend. Welch College has requested \$15,000 for hardship scholarships. Free Will Baptist Foundation is happy to provide these funds through a grant.

These grants are pilot grants to help the Foundation understand the process. The next round of grants will be available to our National departments, commissions and other ministries as well. It is difficult to project the economy and what may happen, but we believe the Foundation will be in a position to award around \$500,000 in grants in 2017. Anyone can receive a copy of our grant guidelines by contacting our office. We are thankful for this blessing from God that can be shared with our denomination.

I used to really be concerned about what other denominations thought about Free Will Baptists.

I can remember in the late 70's and 80's we were criticized by some of the independent Baptist leaders. The Southern Baptists have often twisted our view of the perseverance of the saints. I'm older now. I could care less what the independent Baptists think about us. I don't care what the Southern Baptists think. The Methodists and Presbyterians can say what they want if they say anything at all about us. But it really, really, bothers me when I hear a Free Will Baptist say "we are done as a denomination". I wonder what world these folks are living in. We are not done and here's why. Let's look at our denomination.

International Missions

Every Sunday between 20,000 and 25,000 people gather in North Carolina and Oklahoma Free Will Baptist churches but the largest gathering of Free Will Baptist people takes place outside of North America. Apparently, some don't know that we have 26,300 Free Will Baptists gathering outside of North America every Sunday. Our goal has been to go to unreached people groups evangelize, disciple and train local leaders to continue the work so IM can move to another unreached people group. We have seen this process work on our fields and now IM is looking for new fields that we can do the same. It has always been the mission of International Missions to go to hard places where there are few believers. It may take us many years to build our churches in these "hard" places but International Missions is not done!

Home Missions

Our Home Missions department began in 1938. However for the first twenty years everyone who went out was a bi-vocational tentmaker. In those early days our home missionaries literally went everywhere in the country. Today, like IM, Home Missions goes to the hard places in our country. Not just places that have no Free Will Baptist churches, but places that have few Bible believing churches like the Northeast and in the west and southwest places that are dominated by Mormons. They support our chaplains and have recently been involved in church revitalization. Home Missions is not done!

Welch College

Don't people realize the impact Welch College has had? The sun never sets on the Ministry of Welch College with graduates around the globe. Every area of Free Will Baptist ministry has been impacted by Welch College. Much of our theology has been shaped by Welch graduates. The director of every National department is either a graduate or attended Welch College. They are now in the process of relocating the campus so that they will be able them to educate even more Free Will Baptists and develop a graduate school. This relocation will be a tremendous challenge but Welch College is not done!

Randall House

Don't people realize that Randall House Sunday School literature is now being emulated by every major publisher? They all want to emphasize generational discipleship like D6. The publishing industry faces many new challenges in the future as to how we will receive our literature, but Randall House is not done!

WNAC

Don't people realize that in the last two years WNAC has raised over \$900,000 for International and Home Missionaries? Did you get that I said over \$900,000. WNAC was formed in June of 1935 which was five months before the National Association of Free Will Baptists was formed in November. Our women have faced many challenges through the years and more in the future but WNAC is not done!

Executive Office

Don't people realize the expanding role of the Executive Office? The new revitalization program has the potential to keep many of our struggling churches from going out of business; and our executive office is not done!

Board of Retirement

Don't our pastors know the quality of our own retirement program? We don't just have a retirement program but one that is always among the best church pension plans in the country. Also, never forget that had it not been for the Board of Retirement there would not be a Free Will Baptist Foundation as they allowed the Foundation to piggy back on them for the first 25 years of their existence. Board of Retirement also faces challenges but they are not done!

Free Will Baptist Foundation

Don't our people know the potential that the Foundation has to help every national, regional, state and local church ministry by providing financial help? We tend to fly under everyone's radar and perhaps our biggest challenge is being relevant. But most assuredly Free Will Baptist Foundation is not done!

California Christian College, Hillsdale and Southeastern are not done

Free Will Baptist Family Ministries, Alabama Children's Home and other children's homes are not done

Many of our state associations are expanding into new ministries and they are not done.

I have had the privilege to be in many of our churches over the last three years. I have been to all of our state and district meetings. We have amazing men in our pulpits. They are leading vibrant growing churches that are reaching people. Mike Wootton and Troy Sadowski, of Cornerstone Estate Planning have often commented on the quality of our preachers and our congregations as they have traveled widely. Let me assure you our churches are not done!

Near the end of I Corinthians in chapter 16 Paul talks about a wide or great door of opportunity or effectual door that has been opened to him. I have heard many sermons that speak about this portion of the verse and our opportunities but we don't like the last part of the verse that says we will have adversaries or opposition. As long as we live on this earth we will have adversaries and opposition. The devil will never stop opposing Christianity! Never! Because of this never ending opposition we need each other more today than we ever have. And yet as Free Will Baptists we do see many opportunities despite the opposition.

In the final book "The Return of the King" of "The Lord of the Rings" trilogy by JRR Tolkien, Aragorn, the man who would be king, speaks to his troops at the final battle. It is a battle they have no right to expect to win and his troops stand facing their adversaries looking back and forth with fear in their eyes. Aragorn says, "Hold your ground! Hold your ground! I see in your eyes the same fear that would take the heart of me. A day may come when the courage of men fails, when we forsake our friends and break all bonds of fellowship, but it is not this day! An hour of wolves and shattered shields, when the age of men comes crashing down, but it is not this day! This day we fight!! By all that you hold dear on this good Earth, I bid you stand." We do not serve an earthly king. When our King comes he will not be riding on a horse but on the clouds. And I say to you Free Will Baptists "Hold your ground!" I don't want to see fear in your eyes because we know how the battle will end. There may be a day when our courage fails and we break the bonds of fellowship but it is not this day. A day may come when our denomination loses its way and comes crashing down but again it is not this day and may that day never come as we stand and fight for the Kingdom of God.

Are Free Will Baptists done? No, we are not done and in many instances we're just getting started. Those who suggest Free Will Baptists are done remind me of the ten spies who came back to Moses and gave a bad report concerning their ability to conquer the Promised Land. They were whiners who are always looking for reasons why they couldn't succeed. They said "we are like grasshoppers compared to them. We can't defeat them". We all know what happened. They all died wandering in the wilderness for forty years. When Joshua prepared the troops to conquer the land forty years later what had changed? One thing that changed was that they were tired of wandering around. I'm 58 years old. I came to Welch College when I was 18 in 1975. I hate to admit it but I'm afraid as Free Will Baptist we have done our share of wandering over the last forty years. It's time to stop wandering!

We don't have time for that anymore. We don't communicate well with each other and this lack of communication has caused walls that separate us. We must get to know each other better through direct contact and break down those walls.

Well back to the children of Israel had anything else changed forty years later? Had all the giants died off? No they were still there. It was still going to be a tough battle; but I think this time they realized God was going before them and believed he could help them face any challenge. We are facing many challenges as Free Will Baptists but God has gone with us in the past and he will go with us as we face the coming challenges. Let's all say, like Caleb, "Give Me That Mountain".

Free Will Baptist Foundation

Synopsis of Board Meetings 2014

April 21, 2014

All board members were present except Kenneth Akers, Ron Hunter, Clint Morgan, David Crowe and Bobby Edwards.

Audit, Financial, Proposed Budget and Director's reports were presented and approved. The Director Evaluation Committee report was presented and approved. The Field Representative report was presented and approved. Manning and Napier, one of our investment managers, made a presentation that was accepted as information. The Investment Committee report was presented and approved. The Guidelines for Grants report was introduced; but since additional study was needed, it was tabled till the December meeting. Board officers were elected.

December 8, 2014

All board members were present except David Crowe, Matthew Pinson and Gene Williams.

The Director's, Financial Review and Field Representative reports were presented and approved. The remainder of our time was devoted to developing our grant policy which was after much discussion approved. A copy of this policy will be distributed to the delegates at the 2015 National Association meeting.



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Free Will Baptist Foundation, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nashville, Tennessee
April 16, 2015

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 and 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 5,403,564	\$ 2,353,926
Accrued earnings receivable	181,701	74,843
Other receivables	711,020	242,493
Office equipment and automobiles, net of accumulated depreciation	109,688	60,095
	<u>6,405,973</u>	<u>2,731,357</u>
Investments, at fair market value		
Certificates of deposit	-	200,418
U.S. Government instruments	4,448,547	5,023,370
Common stocks	24,709,661	19,754,276
Master limited partnerships	1,308,152	2,766,543
Real estate investments	5,659,444	3,692,053
Mutual funds	6,397,782	6,043,755
Corporate bonds	493,984	614,381
Municipal bonds	5,897,078	6,697,493
Trusts	240,403	240,403
Total investments	<u>49,155,051</u>	<u>45,032,692</u>
Notes receivable		
Notes receivable Welch College	4,633,635	4,713,143
Notes receivable other	1,581,117	851,136
	<u>6,214,752</u>	<u>5,564,279</u>
TOTAL ASSETS	<u>\$ 61,775,776</u>	<u>\$ 53,328,328</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Operating liabilities:		
Accrued expense	\$ 335	\$ 32,692
Liabilities to beneficial owners		
Interest bearing revocable trusts	45,669,446	39,646,891
Future gifts interest payable	2,808,125	2,577,788
Funds held in trust	8,284,512	8,111,217
Unrealized gains and losses - unallocated	4,001,979	2,226,005
Total liabilities	<u>60,764,397</u>	<u>52,594,593</u>
NET ASSETS		
Unrestricted		
Operating	479,939	472,295
Board designated	531,440	261,440
Total net assets	<u>1,011,379</u>	<u>733,735</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 61,775,776</u>	<u>\$ 53,328,328</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUE AND SUPPORT		
Investment income:		
Interest and dividends, net of investment fees	\$ 2,031,774	\$ 1,501,680
Realized gains (losses) on sale of investments	776,738	664,346
Unrealized gains (losses) from investments	<u>1,491,700</u>	<u>2,333,057</u>
Total investment income	4,300,212	4,499,083
Support through "The Together Way" Plan and other contributions	36,538	32,079
Gain (loss) on sale of property and equipment	(2,633)	17,000
Interest income - note receivable	<u>259,153</u>	<u>236,971</u>
Total revenue and support	4,593,270	4,785,133
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(1,619,715)	(2,458,452)
Allocation to unrealized gains and losses - unallocated	<u>(1,775,974)</u>	<u>(1,599,306)</u>
Revenue and support after allocations	<u>1,197,581</u>	<u>727,375</u>
EXPENSES		
Salaries and benefits	386,016	289,267
Equipment expense	23,431	19,616
Travel	199,692	94,670
Promotion	57,984	48,065
Board expense	23,016	21,502
Office expense	46,329	35,925
Rent expense	43,222	42,476
Printing and publications	6,374	5,016
One magazine	50,871	49,001
Training and education	15,756	14,092
Legal and accounting	16,025	16,508
Depreciation	19,678	9,742
Grants	30,632	28,909
Miscellaneous	911	1,593
Total expenses	<u>919,937</u>	<u>676,382</u>
Increase (decrease) in operating net assets	277,644	50,993
Net assets - beginning of year	<u>733,735</u>	<u>682,742</u>
Net assets - end of year	<u>\$ 1,011,379</u>	<u>\$ 733,735</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 36,538	\$ 32,079
Interest and dividends	1,456,389	1,396,784
Other income	259,153	236,971
Cash paid to suppliers and employees	(932,616)	(650,921)
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(1,619,715)	(2,458,452)
Allocation to unrealized gains and losses - unallocated	(1,775,974)	(1,599,306)
Net Cash Provided (Used) By Operating Activities	<u>(2,576,225)</u>	<u>(3,042,845)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(77,904)	(35,794)
Proceeds from the sale of office equipment and automobiles	6,000	17,000
New loans made	(1,018,148)	(2,809,129)
Principal payments received on notes receivable	367,675	1,130,618
Proceeds from sale or call of investment securities	9,041,420	9,012,062
Purchase of investment securities	(10,895,341)	(9,998,148)
Net Cash Provided (Used) By Investing Activities	<u>(2,576,298)</u>	<u>(2,683,391)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future gift interest and revocable trusts	(2,540,075)	(3,064,696)
Contributions to funds held in trust	10,742,236	7,921,442
Net Cash Provided (Used) by Financing Activities	<u>8,202,161</u>	<u>4,856,746</u>
INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	3,049,638	(869,490)
Cash and cash equivalents at beginning of years	<u>2,353,926</u>	<u>3,223,416</u>
Cash and cash equivalents at end of years	<u><u>\$ 5,403,564</u></u>	<u><u>\$ 2,353,926</u></u>
RECONCILIATION OF INCREASE IN NET ASSETS		
TO CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 277,644	\$ 50,993
Depreciation	19,678	9,742
Loss (gain) on sale of property and equipment	2,633	(17,000)
Realized and unrealized (gains) losses on investment transactions	(2,268,438)	(2,997,403)
Decrease (increase) in accrued investment income	(106,858)	91,494
Decrease (increase) in other accounts receivable	(468,527)	(196,390)
Increase (decrease) in operating liabilities	(32,357)	15,719
Net Cash Provided (Used) By Operating Activities	<u><u>\$(2,576,225)</u></u>	<u><u>\$ (3,042,845)</u></u>

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

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Free Will Baptist Foundation, Inc. (the Foundation) is operated under the auspices of the National Association of Free Will Baptists, Inc.

Accrual Basis and Financial Statement Presentation

The financial statements of the Foundation have been prepared using the accrual basis of accounting.

The Foundation classifies its revenue, contributions, expenses, gains, and losses into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified as follows:

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

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

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

The amount for each of these classes of net assets is presented in the statements of financial position and the amount of change in each class of net assets is displayed in the statements of activities. The Foundation had no temporarily or permanently restricted net assets at December 31, 2014 and 2013.

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 2014 and 2013.

Cash and Cash Equivalents

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

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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:

	2014		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 4,448,547	\$ 4,548,741	\$ (100,194)
Common stocks	24,709,661	20,007,907	4,701,754
Master limited partnerships	1,308,152	1,189,623	118,529
Mutual Funds	6,397,782	5,907,812	489,970
Corporate bonds	493,984	500,251	(6,267)
Municipal bonds	5,897,078	5,479,852	417,226
Trusts	240,403	240,403	-
Real estate held for resale	208,301	208,301	-
Real estate investment trust	5,451,143	5,109,155	341,988
Total Investments	<u>\$ 49,155,051</u>	<u>\$ 43,192,045</u>	<u>\$ 5,963,006</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

2. INVESTMENTS - CONTINUED

	2013		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
Certificates of deposit	\$ 200,418	\$ 200,000	\$ 418
U.S. Government instruments	5,023,370	5,086,972	(63,602)
Common stocks	19,754,276	15,915,019	3,839,257
Master limited partnerships	2,766,543	2,601,803	164,740
Mutual Funds	6,043,755	5,416,634	627,121
Corporate bonds	614,381	621,371	(6,990)
Municipal bonds	6,697,493	6,644,442	53,051
Trusts	240,403	240,403	-
Real estate held for resale	205,930	205,930	-
Real estate investment trust	3,486,123	3,626,779	(140,656)
Total Investments	<u>\$ 45,032,692</u>	<u>\$ 40,559,353</u>	<u>\$ 4,473,339</u>

Total investment income (loss) amounted to \$4,300,212 for 2014, consisting of investment gains of \$2,268,438 and interest and dividends of \$2,031,774 (net of investment fees of \$98,995). This investment income (loss) represents yields of 9.13% and 10.27% based on the average market value and average cost of such investments for 2014.

Total investment income (loss) amounted to \$4,499,083 for 2013, consisting of investment gains of \$2,997,403 and interest and dividends of \$1,501,680 (net of investment fees of \$76,743). This investment income (loss) represents yields of 10.45% and 11.33% based on the average market value and average cost of such investments for 2013.

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 4.5%. 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, 2014 no amounts were past due on any of the loans.

4. INTEREST BEARING REVOCABLE TRUSTS

The Foundation maintains revocable trusts which totaled \$45,669,446 and \$39,646,891 at December 31, 2014 and 2013, respectively. The trusts pay interest to the trust beneficiaries. The rate of interest paid is dependent upon the amount of income earned from the related investments. Withdrawal from the accounts, which may require a 7-60 day notice, is without penalty, and the trusts are without maturity.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

5. FUTURE GIFTS PAYABLE

The Foundation maintains charitable trusts amounting to \$1,960,942 and \$1,723,338 and gift annuities amounting to \$847,183 and \$854,450 as of December 31, 2014 and 2013, respectively. These future gift interests pay interest at specified rates ranging from 5.0% 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. Interest is distributed from the endowments at a rate of 5% annually. As of December 31, 2014 and 2013, the permanently restricted endowment funds totaled \$8,284,512 and \$8,111,217, 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, 2014 and 2013:

	2014		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 1,210,167	\$ 250,000	\$ 960,167
Short term liquid investments	4,193,397	1,638,680	2,554,717
U.S. Government instruments	4,448,547	4,448,547	-
Common Stocks	24,709,661	-	24,709,661
Master limited partnerships	1,308,152	-	1,308,152
Mutual funds	6,397,782	-	6,397,782
Corporate bonds	493,984	-	493,984
Municipal bonds	5,897,078	-	5,897,078
Real estate held for resale	208,301	208,301	-
Real estate investment trust	5,451,143	-	5,451,143
Trusts	240,403	-	240,403
Investment in Welch College loan	4,633,635	4,633,635	-
Receivables	1,581,117	1,581,117	-
Total Investments	<u>\$ 60,773,367</u>	<u>\$ 12,760,280</u>	<u>\$ 48,013,087</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

7. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

		2013	
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 442,464	\$ 250,000	\$ 192,464
Short term liquid investments	1,911,462	925,588	985,874
Certificates of deposit	200,418	200,000	418
U.S. Government instruments	5,023,370	5,023,370	-
Common Stocks	19,754,276	-	19,754,276
Master limited partnerships	2,766,543	-	2,766,543
Mutual funds	6,043,755	-	6,043,755
Corporate bonds	614,381	-	614,381
Municipal bonds	6,697,493	-	6,697,493
Real estate held for resale	205,930	205,930	-
Real estate investment trust	3,486,123	-	3,486,123
Trusts	240,403	-	240,403
Investment in Welch College loan	4,713,143	4,713,143	-
Receivables	851,136	851,136	-
Total Investments	<u>\$ 52,950,897</u>	<u>\$ 12,169,167</u>	<u>\$ 40,781,730</u>

8. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

	2014	2013
Automobiles	\$ 136,389	\$ 72,484
Furnishings	19,463	19,463
Software	29,581	29,581
	<u>185,433</u>	<u>121,528</u>
Accumulated Depreciation	(75,745)	(61,433)
	<u>\$ 109,688</u>	<u>\$ 60,095</u>

9. LEASE AND OCCUPANCY EXPENSE

Under the terms of a lease agreement with an affiliate, the Foundation leases 3,105 square feet of office and storage space for \$1.14 (\$1.14 in 2013) 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 \$43,222 and \$42,476 for the years ended December 31, 2014 and 2013, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

10. COMMITMENTS

The Foundation obtained a \$10,000,000 line of credit with a local institution during the year ended December 31, 2014. The line is secured by the investments of the Foundation and carries an interest rate of one month LIBOR plus 2.25%. This line of credit is open ended and the advances payable were \$-0- at December 31, 2014.

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 \$15,250 (\$9,742 in 2013). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

12. FAIR VALUE MEASUREMENTS

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

Fair Value Measurements at December 31, 2014 Using				
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Government instruments	\$ 4,448,547	\$ 4,448,547	\$ -	\$ -
Common stocks	24,709,661	24,709,661	-	-
Master limited partnerships	1,308,152	-	1,308,152	-
Real estate investments	5,659,444	3,061,387	-	2,598,057
Mutual funds	6,397,782	6,397,782	-	-
Corporate bonds	493,984	-	493,984	-
Municipal bonds	5,897,078	-	5,897,078	-
Trusts	240,403	-	240,403	-
	<u>\$49,155,051</u>	<u>\$38,617,377</u>	<u>\$ 7,939,617</u>	<u>\$ 2,598,057</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

12. FAIR VALUE MEASUREMENTS - CONTINUED

Fair Value Measurements at December 31, 2013 Using				
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 200,418	\$ -	\$ 200,418	\$ -
U.S. Government instruments	5,023,370	5,023,370	-	-
Common stocks	19,754,276	19,754,276	-	-
Master limited partnerships	2,766,543	-	2,766,543	-
Real estate investments	3,692,053	1,022,992	-	2,669,061
Mutual funds	6,043,755	6,043,755	-	-
Corporate bonds	614,381	-	614,381	-
Municipal bonds	6,697,493	-	6,697,493	-
Trusts	240,403	-	240,403	-
	<u>\$45,032,692</u>	<u>\$31,844,393</u>	<u>\$10,519,238</u>	<u>\$ 2,669,061</u>

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

Level 1 Fair Value Measurements - The fair value of the investments are based the closing price reported on the active market where the securities are traded.

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

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

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

12. FAIR VALUE MEASUREMENTS - CONTINUED

Level 3 Reconciliation:

	<u>2014</u>	<u>2013</u>
Real estate investments:		
Beginning balance	\$ 2,669,061	\$ 2,986,586
Purchases	279,871	513,150
Transfer to Level 1	-	(390,675)
Gains (losses) on value	-	-
Sales	(350,875)	(440,000)
Ending balance	<u>\$ 2,598,057</u>	<u>\$ 2,669,061</u>
Total gains or losses for the year included in the statement of activities attributable to the change in unrealized gains or losses relating to investments still held at the reporting date.	<u>\$ -</u>	<u>\$ -</u>

13. NOTE RECEIVABLE WELCH COLLEGE

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

Promissory note from Welch College 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, 2013 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, 2013 monthly payments will include both principal and interest in an amount necessary to fully amortize the loan over a 20-year period at the prevailing interest rate. The loan will be reamortized January 28, 2014 based on the prevailing interest rate and will reamortize annually thereafter. All remaining principal and interest will become due and payable on July 28, 2032. This note is secured by various property owned by Welch College. The balance receivable on this note at December 31, 2014 and 2013 was \$-0- and \$-0-.

Promissory note from Welch College 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, 2013 Welch College 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 Welch College. The balance receivable on this note at December 31, 2014 and 2013 was \$4,257,826 and \$4,346,866.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

13. NOTE RECEIVABLE WELCH COLLEGE - CONTINUED

Line of credit note in the amount of \$1,000,000 from Welch College 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 Welch College has in the Foundation. The balance receivable on this note at December 31, 2014 and 2013 was \$375,809 and \$366,277.

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, 2014 and 2013 no amounts were past due on any of the notes.

The interest earned by the Foundation on these notes in 2014 amounted to \$197,834 (\$184,532 for 2013) net of interest paid on its line of credit of \$18,016 (\$21,363 for 2013).

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, 2014, 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. DESIGNATION OF UNRESTRICTED NET ASSETS

During 2014 the Board voted to establish a realized capital gain's fund for non-operational use as directed by the Board. The balance in the account established with the capital gain proceeds is considered board designated. At December 31, 2014 the balance in the board designated account was \$531,440 (\$261,440 for 2013).

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 16, 2015 which is the date the financial statements were available to be issued.

**FREE WILL BAPTIST FOUNDATION
BUDGET & ACTUAL**

	Proposed 2016 Budget	Approved 2015 Budget	2014 Budget	2014 Actual	2013 Actual
INCOME					
Together Way	\$ 10,000	\$ 15,000	\$ 30,000	\$ 28,507	\$ 29,516
Rest of the Family Offering	2,400	2,400	2,300	2,595	2,127
Gifts & Other	200	200	200	5,436	425
Capital Gains	10,000	15,000	-	320,582	128,323
Management Fees	876,000	705,000	725,000	738,366	566,985
Estate Planning Income	325,000	275,000	-	102,095	-
Total Income	\$ 1,223,600	\$ 1,012,600	\$ 757,500	\$ 1,197,581	\$ 727,376
EXPENSES					
Salaries & Benefits	\$ 650,000	\$ 527,232	\$ 313,587	\$ 386,016	\$ 289,267
Travel	230,000	173,000	102,000	201,467	76,693
Promotion	80,000	40,000	50,000	69,009	78,482
Equipment	4,000	4,000	4,000	2,191	2,450
Equipment Maintenance	9,000	9,000	9,000	8,584	7,595
ONE Magazine	52,000	51,618	51,000	50,871	49,001
ONE Magazine Grants	-	8,382	29,000	30,632	28,909
Office Expense	20,000	12,000	8,200	19,154	9,124
Postage	5,000	8,000	5,000	3,952	3,266
Printing	6,000	7,000	7,000	6,231	2,151
Rent	44,000	42,475	42,475	43,222	42,475
Software & Support	10,000	8,800	8,800	9,682	11,614
Subscriptions & Publications	5,000	5,000	5,000	4,102	5,694
Telephone	12,000	8,700	7,500	9,439	6,226
Training & Education	20,000	30,500	32,000	15,757	14,092
Auditing	12,000	12,000	11,000	11,300	10,750
Bank Fees	500	500	750	380	534
Board Expense	24,000	20,000	20,000	23,016	21,502
Depreciation	35,000	25,000	5,447	19,678	9,742
Legal Fees	4,000	2,000	2,000	4,725	5,758
Miscellaneous	1,000	1,000	1,000	531	1,058
Total Expense	\$ 1,223,500	\$ 996,207	\$ 714,759	\$ 919,939	\$ 676,383
Income Surplus/(Deficit)	\$ 100	\$ 16,393	\$ 42,741	\$ 277,642 *	\$ 50,993

* \$270,000 of earnings, derived from capital gains, have been set aside for future grants

FREE WILL BAPTIST FOUNDATION
SALARIES & BENEFITS

	<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>	
Director/CEO								
Salary	\$	85,926.16 3%	\$	83,423.46 3%	\$	80,993.65 3%	\$	78,634.61 2%
Insurance Replacement		11,262.86		10,934.81		10,616.32		10,307.11
FICA/Medicare		7,434.96		7,218.41		6,804.04		6,804.04
Retirement		4,859.45		4,717.91		4,580.50		4,447.09
Life Insurance		163.59		158.83		154.20		154.20
Disability		567.32		550.80		534.76		524.76
Total	\$	110,214.35	\$	107,004.22	\$	103,683.47	\$	100,871.81
Chief Financial Officer								
Salary	\$	62,664.45 3%	\$	60,839.27 3%	\$	59,067.26 3%	\$	57,346.85 2%
FICA/Medicare		5,442.51		5,283.99		4,965.82		4,965.82
Retirement		3,133.22		3,453.59		3,598.73		3,533.82
Health Insurance		15,444.01		14,994.18		14,722.36		14,570.43
Dental Insurance		1,725.43		1,275.60		1,275.60		1,275.60
Life Insurance		158.83		154.20		154.20		154.20
Disability		353.53		348.90		348.90		338.35
Total	\$	88,921.97	\$	86,349.74	\$	84,132.87	\$	82,185.07
Field Coordinator								
Salary	\$	42,436.00 3%	\$	41,200.00 3%	\$	40,000.00 0%	\$	10,000.00 0%
Housing		21,218.00		20,600.00		20,000.00		20,000.00
FICA/Medicare		4,869.53		4,727.70		4,590.00		2,295.00
Retirement		3,182.70		3,326.39		3,229.50		-
Health Insurance		6,964.49		6,761.64		7,491.53		-
Dental Insurance		323.09		313.68		313.68		-
Life Insurance		163.61		154.20		154.20		-
Disability		385.71		381.08		381.08		-
Total	\$	79,543.13	\$	77,464.69	\$	76,159.99	\$	32,295.00



Home Missions North America 2014

Dear Friends of Home Missions,

During the years since Home Missions came into existence, God has been faithful. He has rewarded our zeal for souls and our enthusiasm for fulfilling the great commission with success. "Great is the Lord and greatly to be Praised!" Psalm 48:1

Faithful Friends

Our faithful Free Will Baptists friends across North America have given consistently. We are all encouraged by their generosity and love for the cause of Home Missions North America.

Total gifts for 2014 were over 4.3 million. Thank you for your faithful support. Listed below are the top ten states that have excelled.

North Carolina	718,974.71
Alabama	466,042.35
Tennessee	336,459.66
Florida	243,741.12
Oklahoma	215,336.99
Mississippi	185,575.86
Missouri	175,509.99
Arkansas	156,211.97
Virginia	146,385.74
Georgia	131,019.42

Faithful Missionaries

All across North America our Home Missionaries are faithful to the task and preaching repentance, faith and obedience. They are winning hundreds of people to Christ our Savior. They are building beautiful and multifunctional facilities that are great tools for training new converts and bringing families to worship the Father of our Lord Jesus. The multi ethnic ministry is flourishing as our cross cultural missionaries are winning hundreds of people coming to America from all over the world.

Faithful Military Chaplains

Home Missions North America continues to endorse and support our faithful chaplains and their families for the United States Army, Air Force, Navy, National Guard and Reserve Forces.

CH (COL) Terry W. Austin, Fort Campbell, Kentucky

CH (MAJ) John Carey, Fort Campbell, Kentucky

CH (CPT) W. Lee Frye, Jr. Eglin AFB, Florida

CH (CPT) Tracy Kerr, Fort Bragg, North Carolina

CH (CPT) Kevin Trimble, Fort Riley, Kansas

CH (LT COL) David Trogdon, Fort Benning, Georgia

CH (MAJ) William (Brad) Hanna, US Army NG OKARNG

CH (CPT) Roy Swisher, Army Reserves

Kerry Steedley, US Army (Retired) Director of Chaplain Support

(If you need information, please call the Home Missions office)

Faithful Missions Staff

I must express my profound appreciation to our faithful Home Missions staff members, Brad Ransom, Jim McComas, Kerry Steedley, Director of Chaplain Support, Rick Bowling, Director of Hispanic Ministries, Ida Lewis, Kathy Brown, Sue Hayes, Teresa Womack and Candice Smith. I appreciate their servant spirit, commitment and excellent work. Members of our Home Missions Board have served with strength and wisdom.

Dr. H David Crowe

Executive Director

North American Ministries

April 29, 2014

A motion was made to develop student internship program between Home Missions and all Free Will Baptist colleges – this allows single students to serve as interns. M/S/C

A motion was made that our Home Mission committee write a proposal together with the Master's Men committee concerning merging of both departments. The proposal will be sent to the National Association in Ft. Worth, TX in July 2014. M/S/C

A motion was made to recommend that CH Kerry Steedley be an advisor to the Executive Director and the Home Missions Board for chaplain support. M/S/C

July 30, 2014

Stephen Kimbrell shared his burden for Southern California, specifically Irvine. M/S/C to approve Stephen to go to Irvine, CA.

Gene and Angela Wooton came before the board. They have been to St. Croix, US Virgin Islands to candidate as pastor. The church in St. Croix has invited them to serve and voted 100% to call them. The board echoed their support.

December 10, 2014

M/S/C to change policy to allow non-married (single) associates to be on a mission team employed by North America Ministries.

M/S/C to allow CELF endowment money to be presented to Brian Williams/Tim York, NY and Donnie Burke/Mark McCraney, CO.

The Board met with David Osborne. M/S/C to hire David Osborne to begin a joint project with Virginia FWB in the city of Wytheville, VA.

M/S/C to have Jeff Jones serve as Chairman of the Free Will Baptist North American Ministries Board.



Joel D. Collum, Jr.
Certified Public Accountant

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.

I have audited the accompanying financial statements of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc., as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.
Page 2

Other-Matter

My audit was 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 audit 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.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
April 23, 2015

**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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 199,828	\$ 157,427
Investments	11,027	7,412
Investments in Church Extension Fund	680,143	886,608
Accounts receivable - related party	-	117,399
Inventory	39,675	36,341
Property & equipment, at cost less accumulated less accumulated depreciation of \$99,779 ((\$97,714 in 2013))	<u>206,692</u>	<u>189,659</u>
TOTAL ASSETS	<u><u>\$ 1,137,365</u></u>	<u><u>\$ 1,394,846</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 5,802	\$ 20,811
Capital lease payable	<u>19,950</u>	<u>5,934</u>
Total liabilities	<u>25,752</u>	<u>26,745</u>

COMMITMENTS

ASSETS

NET ASSETS		
Unrestricted		
Operating	726,070	924,904
Board designated	<u>343,255</u>	<u>343,255</u>
Total Unrestricted	1,069,325	1,268,159
Temporarily Restricted	<u>42,288</u>	<u>99,942</u>
Total net assets	<u>1,111,613</u>	<u>1,368,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,137,365</u></u>	<u><u>\$ 1,394,846</u></u>

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<i>UNRESTRICTED</i>		
REVENUES		
Cooperative program	\$ 238,634	\$ 138,868
Designated contributions	430,279	527,730
Management fees - Note 4	428,000	418,000
Interest income	33,263	50,585
Gain (loss) on sale of property & equipment	(3,717)	4,518
Unrealized gain (loss) on value of investment	3,615	2,243
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>3,317,193</u>	<u>3,541,976</u>
Total revenue	<u>4,447,267</u>	<u>4,683,920</u>
EXPENSES		
Administrative expenses	1,328,908	1,527,484
Missionary expenses	3,097,570	3,186,095
Missionary land & building	<u>219,623</u>	<u>355,881</u>
Total expenses	<u>4,646,101</u>	<u>5,069,460</u>
Increase (decrease) in unrestricted net assets	<u>(198,834)</u>	<u>(385,540)</u>
<i>TEMPORARILY RESTRICTED</i>		
REVENUES		
Cooperative program	497,916	483,638
Designated contributions	2,761,623	2,908,393
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,097,570)	(3,186,095)
Missionary land & building	<u>(219,623)</u>	<u>(355,881)</u>
Increase (decrease) in temporarily restricted net assets	<u>(57,654)</u>	<u>(149,945)</u>
Total increase (decrease) in net assets	(256,488)	(535,485)
Net assets - beginning of year	<u>1,368,101</u>	<u>1,903,586</u>
Net assets - end of year	<u>\$ 1,111,613</u>	<u>\$ 1,368,101</u>

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (256,488)	\$ (535,485)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Deprecation	26,543	23,579
(Gain) loss on sale of property & equipment	3,717	(4,518)
(Gain) loss on value of investment	(3,615)	(2,243)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	117,399	38,550
(Increase) decrease in inventories	(3,334)	10,217
Increase (decrease) in accounts payable and accrued expenses	(15,009)	11,687
Net Cash Provided (Used) By Operating Activities	(130,787)	(458,213)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments	239,673	393,538
Acquisition of investments	(33,208)	(50,585)
Proceeds from the sale of property and equipment	24,000	11,000
Purchases of property and equipment	(53,417)	(72,955)
Net Cash Provided (Used) By Investing Activities	177,048	280,998
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease payments made	(3,860)	(3,655)
Net Cash Provided (Used) by Financing Activities	(3,860)	(3,655)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,401	(180,870)
Cash and cash equivalents at beginning of years	157,427	338,297
Cash and cash equivalents at end of years	<u>\$ 199,828</u>	<u>\$ 157,427</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 1,270</u>	<u>\$ 712</u>
Non-cash investing and financing activity:		
Purchase of property and equipment with a capital lease obligation	<u>\$ 21,675</u>	<u>\$ -</u>
Capital lease obligation balance on the property and equipment disposed of during the year	<u>\$ 3,798</u>	<u>\$ -</u>

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

The Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. is a nonprofit organization affiliated with the National Association of Free Will Baptists located in Antioch, Tennessee. The purpose of the Organization is to establish and support Free Will Baptist Mission churches in the United States (including U.S. Virgin Islands and Puerto Rico) and Mexico. The Organization's support comes primarily from donor contributions.

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code under a group exemption of the National Association of Free Will Baptists, Inc. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of 509(a) of the Internal Revenue Code. There was no unrelated business income for 2014 or 2013.

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, 2014 and 2013.

**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, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Contributions:

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

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

Property and Equipment and Depreciation:

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

Automobile	5 years
Office furniture and equipment	3 - 20 years

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

Cash Equivalents:

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

Inventory:

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

Investments:

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

**BOARD OF HOME MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
OF THE UNITED STATES OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2014	2013
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	63,127	70,498
Office furniture & equipment	138,344	111,875
	<hr/> 306,471	<hr/> 287,373
Less: Accumulated depreciation	(99,779)	(97,714)
	<hr/> <u>\$ 206,692</u>	<hr/> <u>\$ 189,659</u>
 Depreciation for the year	 <u>\$ 26,543</u>	 <u>\$ 23,579</u>

3. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Missionaries	\$ 42,288	\$ 99,942

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 \$428,000 (\$418,000 at December 31, 2013) 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 \$680,143 (\$886,608 at December 31, 2013). This investment is uncollateralized. The Board of Home Missions' management constantly scrutinizes the monthly financial statements of the Loan Fund to make sure that the Loan Fund is solvent and to minimize the credit risk of the investment. This investment is short term in nature and the interest can be changed, therefore cost approximates fair value.

The Board of Home Missions has a receivable from the Church Extension Loan Fund for unrestricted earnings during the year. The balance on this receivable at year-end was \$-0- (\$117,399 at December 31, 2013).

**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, 2014 and 2013**

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 \$59,109 (\$57,264 for the year ended December 31, 2013).

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, 2014, the excess amount over the federally insured limit was \$-0- (\$-0- in 2013). 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 \$680,143 (\$886,608 in 2013) invested in a demand note of the Church Extension Loan Fund. This note is uninsured.

8. 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 \$54,185 (\$67,671 in 2013). 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, 2014 and 2013**

9. INVESTMENTS

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

	December 31, 2014		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 144,684</u>	<u>\$ 11,027</u>	<u>\$ (133,657)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 3,615</u>
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	December 31, 2013		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 144,684</u>	<u>\$ 7,412</u>	<u>\$ (137,272)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 2,243</u>
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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. 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, 2014, 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.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

11. CAPITAL LEASE

The Board acquired office equipment under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in property and equipment on the balance sheet. The leased equipment under capital lease as of December 31, 2014, has a cost of \$21,675. The lease agreement provides for minimum annual lease payments of \$5,496.

Future minimum payments under the lease are as follows:

2015	\$ 5,496
2016	5,496
2017	5,496
2018	5,496
2019	2,748
	<hr/> 24,732
Less amount representing interest	<hr/> (4,782)
Present value of net minimum lease payments	<hr/> <u>\$ 19,950</u>

The depreciation expense related to this office equipment amounted to \$2,168.

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.

	2014	2013
Total assets	<u>\$ 52,239,246</u>	<u>\$ 53,747,063</u>
Total liabilities	<u>\$ 49,939,861</u>	<u>\$ 51,460,883</u>
Net assets	<u>\$ 2,299,385</u>	<u>\$ 2,286,180</u>
Revenue	<u>\$ 2,715,484</u>	<u>\$ 3,563,324</u>
Expenses	<u>\$ 2,702,279</u>	<u>\$ 3,306,628</u>

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 23, 2015 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.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	2014	2013
<i>ADMINISTRATIVE EXPENSES</i>		
Salaries and wages	\$ 396,559	\$ 368,776
Payroll taxes	14,054	13,664
Housing allowance and employee benefits	81,800	75,345
Retirement	5,444	9,163
Cost of literature	6,783	103
Promotion expense	112,703	199,539
Utilities	20,121	16,122
Office expense	42,916	36,331
Printing and postage	58,901	53,259
Rent expense	59,109	57,264
Professional fees	7,500	7,200
Auto and travel expense	291,915	282,302
Board meeting expense	20,219	16,121
Insurance expense	84,284	82,851
Telephone	4,584	4,157
Scholarships	500	500
Flowers and gifts	18,439	20,844
Miscellaneous	4,242	880
One magazine	71,022	71,022
Interest expense	1,270	712
Transfer to CELF	-	187,750
Depreciation	26,543	23,579
Total administrative expenses	<u>1,328,908</u>	<u>1,527,484</u>
<i>MISSIONARY EXPENSES</i>		
Salary and wages	2,515,247	2,612,368
Retirement	48,741	58,508
Promotion expense	2,204	3,147
Printing and postage	87,598	93,740
Literature	108,407	86,576
Auto and travel expense	186,446	124,549
Insurance expense	51,839	62,812
Miscellaneous other expense	97,088	144,395
Total missionary expenses	<u>3,097,570</u>	<u>3,186,095</u>
<i>MISSIONARY LAND & BUILDINGS</i>	<u>219,623</u>	<u>355,881</u>
Total Expenses	<u><u>\$ 4,646,101</u></u>	<u><u>\$ 5,069,460</u></u>

			2014		2015		2016
Executive Director: David Crowe							
	Salary		\$66,755.00		\$68,450.00		\$69,819.00
	Housing		\$18,000.00		\$18,000.00		\$18,000.00
	Utilities		\$5,000.00		\$5,500.00		\$6,000.00
	Retirement		\$4,235.00		\$4,325.00		\$4,390.00
	Insurance*		\$15,925.00		\$17,000.00		\$18,000.00
TOTALS			\$109,915.00		\$113,275.00		\$116,209.00
Office car furnished							
Director of Church Planting: Brad Ransom							
	Salary		\$52,385.00		\$53,792.00		\$55,227.00
	Housing		\$18,000.00		\$18,000.00		\$18,000.00
	Utilities		\$4,500.00		\$5,500.00		\$6,000.00
	Retirement		\$1,407.00		\$1,435.00		\$1,460.00
	Insurance*		\$15,925.00		\$17,000.00		\$18,000.00
TOTALS			\$92,217.00		\$95,727.00		\$98,687.00
Office car furnished							
Director of Church Revitalization: Jim McComas							
	Salary		\$40,654.00		\$50,192.00		\$51,627.00
	Housing		\$18,000.00		\$21,600.00		\$21,600.00
	Utilities		\$4,500.00		\$5,500.00		\$6,000.00
	Retirement		\$1,173.00		\$1,435.00		\$1,460.00
	Insurance*		\$6,675.00		\$8,500.00		\$9,500.00
TOTALS			\$71,002.00		\$87,227.00		\$90,187.00
Office car furnished							
Master's Men Director: Ken Akers							
	Salary				\$ 47,792.00		\$ 49,227.00
	Housing				\$ 24,000.00		\$ 24,000.00
	Utilities				\$ 5,500.00		\$ 6,000.00
	Retirement				\$ 3,500.00		\$ 3,600.00
	Insurance*				\$ 9,960.00		\$ 9,960.00
TOTALS					\$ 90,752.00		\$ 92,787.00
Office car furnished							
Insurance: Travel, Life, Health, Dental							

Year 2014:	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$400,000.00	\$454,358.84	\$2,775,000.00	\$2,515,247.18	\$3,175,000.00	\$2,969,606.02
Retirement	\$10,000.00	\$5,443.79	\$60,000.00	\$48,740.87	\$70,000.00	\$54,184.66
Insurance	\$75,000.00	\$83,877.67	\$60,000.00	\$54,478.80	\$135,000.00	\$138,356.47
Auto and Travel	\$275,000.00	\$291,451.57	\$175,000.00	\$184,629.17	\$450,000.00	\$476,080.74
Postage	\$25,000.00	\$24,240.65	\$35,000.00	\$29,558.82	\$60,000.00	\$53,799.47
Printing	\$25,000.00	\$37,488.64	\$70,000.00	\$63,338.89	\$95,000.00	\$100,827.53
Promotion/Advertising	\$275,000.00	\$112,702.66	\$2,000.00	\$2,203.63	\$277,000.00	\$114,906.29
Office Supplies/Maintenance	\$30,000.00	\$53,675.71			\$30,000.00	\$53,675.71
ONE Magazine	\$75,000.00	\$71,022.24			\$75,000.00	\$71,022.24
Utilities	\$10,000.00	\$20,031.66			\$10,000.00	\$20,031.66
Board Expense	\$15,000.00	\$19,457.01			\$15,000.00	\$19,457.01
Literature	\$10,000.00	\$6,783.03	\$100,000.00	\$108,035.35	\$110,000.00	\$114,818.38
Rent	\$60,000.00	\$59,108.52			\$60,000.00	\$59,108.52
Phone and FAX	\$5,000.00	\$4,583.99			\$5,000.00	\$4,583.99
Depreciation	\$20,000.00	\$23,753.98			\$20,000.00	\$23,753.98
Payroll Taxes	\$10,000.00	\$11,389.90			\$10,000.00	\$11,389.90
Medicare Taxes	\$2,500.00	\$2,663.77			\$2,500.00	\$2,663.77
Legal and Audit	\$7,500.00	\$7,500.00			\$7,500.00	\$7,500.00
Misc.	\$2,000.00	\$4,241.98	\$150,000.00	\$86,184.31	\$152,000.00	\$90,426.29
Scholarships	\$3,000.00	\$500.00			\$3,000.00	\$500.00
Flowers/Gifts	\$3,000.00	\$18,439.28			\$3,000.00	\$18,439.28
Misc. Receipts		\$	5,000.00	\$5,084.36	\$5,000.00	\$5,084.36
Land/Building		\$	225,000.00	\$219,623.37	\$225,000.00	\$219,623.37
Foreign Missions Exchange			\$5,000.00	\$7,220.08	\$5,000.00	\$7,220.08
Copier Lease payments		\$7,704.79				\$7,704.79
TOTALS	\$1,338,000.00	\$1,320,419.68	\$3,662,000.00	\$3,324,344.83	\$5,000,000.00	\$4,644,764.51

2016 State Quotas

Alabama	\$550,000.00
Arizona	\$65,000.00
Arkansas	\$175,000.00
California	\$125,000.00
Canada	\$5,000.00
Colorado	\$50,000.00
Florida	\$250,000.00
FWB Foundation	\$11,000.00
Georgia	\$155,000.00
Hawaii	\$3,000.00
Idaho	\$2,000.00
Illinois	\$150,000.00
Indiana	\$60,000.00
Iowa	\$2,500.00
Kansas	\$6,000.00
Kentucky	\$125,000.00
Louisiana	\$10,000.00
Maine	\$5,000.00
Michigan	\$85,000.00
Mid-Atlantic	\$20,000.00
Minnesota	\$3,000.00
Mississippi	\$190,000.00
Missouri	\$225,000.00
Montana	\$1,000.00
New Hampshire	\$5,000.00
New Mexico	\$3,000.00
New York	\$10,000.00
North Carolina	\$725,000.00
Ohio	\$175,000.00
Oklahoma	\$250,000.00
Oregon	\$3,000.00
Other Income	\$320,000.00
Other States	\$30,000.00
Pennsylvania	\$35,000.00
Rhode Island	\$5,000.00
South Carolina	\$150,000.00
Tennessee	\$500,000.00
Texas	\$110,000.00
Utah	\$8,000.00
Virgin Islands	\$60,000.00
Virginia	\$180,000.00
Washington	\$5,000.00
West Virginia	\$125,000.00
Wisconsin	\$5,000.00
WNAC	\$20,000.00
Wyoming	\$2,500.00
TOTAL	\$5,000,000.00

2016 Budget

	Administrative	Missionary	Total
Salaries/Housing	\$525,000.00	\$2,800,000.00	\$3,325,000.00
Retirement	\$8,500.00	\$50,000.00	\$58,500.00
Insurance	\$120,000.00	\$60,000.00	\$180,000.00
Auto and Travel	\$275,000.00	\$250,000.00	\$525,000.00
Postage	\$20,000.00	\$30,000.00	\$50,000.00
Printing	\$25,000.00	\$50,000.00	\$75,000.00
Promotion/Adv.	\$110,000.00	\$5,000.00	\$115,000.00
Off. Supplies/Maint.	\$30,000.00		\$30,000.00
ONE Magazine	\$75,000.00		\$75,000.00
Utilities	\$20,000.00		\$20,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$5,000.00	\$100,000.00	\$105,000.00
Rent	\$60,000.00		\$60,000.00
Phone/Fax	\$5,000.00		\$5,000.00
Depreciation	\$30,000.00		\$30,000.00
Payroll Taxes	\$10,000.00		\$10,000.00
Medicare Taxes	\$2,500.00		\$2,500.00
Legal/Audit	\$7,500.00		\$7,500.00
Misc.	\$5,000.00	\$85,000.00	\$90,000.00
Scholarships	\$3,500.00		\$3,500.00
Flowers/Gifts	\$8,000.00		\$8,000.00
Misc. Receipts		\$5,000.00	\$5,000.00
Land/Building		\$200,000.00	\$200,000.00
FM Exchange		\$5,000.00	\$5,000.00
TOTALS	\$1,360,000.00	\$3,640,000.00	\$5,000,000.00



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Church Extension Loan Fund, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
April 23, 2015

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash	\$ 1,310,677	\$ 4,173,206
Certificates of deposit	498,437	251,257
Investment in the Free Will Baptist Foundation	2,159,345	2,095,993
Notes receivable, net of allowance for doubtful accounts of \$178,630 (\$316,733 in 2013)	48,013,436	46,921,979
Accrued interest receivable	238,940	269,206
Property & equipment, at cost less accumulated depreciation of \$72,473 (\$55,462 in 2013)	18,411	35,422
TOTAL ASSETS	<u>\$ 52,239,246</u>	<u>\$ 53,747,063</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable - related party	\$ -	\$ 117,399
Accrued interest	486	472
Revocable and irrevocable trusts	1,328,420	1,334,354
Notes payable	48,605,270	50,002,973
Other accrued liabilities	5,685	5,685
Total liabilities	<u>49,939,861</u>	<u>51,460,883</u>

NET ASSETS

Unrestricted	2,286,180	2,217,234
Board designated	13,205	68,946
Total net assets	<u>2,299,385</u>	<u>2,286,180</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,239,246</u>	<u>\$ 53,747,063</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING		
REVENUES		
Investment income	\$ 66,575	\$ 63,132
Interest income on notes receivable	2,648,909	3,303,496
Contributions	<u>-</u>	<u>196,696</u>
Total revenue	<u>2,715,484</u>	<u>3,563,324</u>
EXPENSES		
Interest expense	2,017,547	2,327,172
Office expense	16,971	49,032
Management fee - Note 4	428,000	418,000
Promotion	109,099	69,906
Professional fees	13,927	9,155
Depreciation	17,011	17,011
Build My Church Project expense	40,000	50,000
Transfer to Free Will Baptists Home Missions	-	117,399
Bad debt expense	<u>59,724</u>	<u>248,953</u>
Total expenses	<u>2,702,279</u>	<u>3,306,628</u>
Increase (decrease) in operating net assets	13,205	256,696
Net assets - beginning of year	<u>2,286,180</u>	<u>2,029,484</u>
Net assets - end of year	<u><u>\$ 2,299,385</u></u>	<u><u>\$ 2,286,180</u></u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 13,205	\$ 256,696
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,011	17,011
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	30,266	11,529
Increase (decrease) in accounts payable	(117,399)	(38,550)
Increase (decrease) in accrued expenses	-	4,999
Increase (decrease) in accrued interest payable	14	14
Net Cash Provided (Used) By Operating Activities	<u>(56,903)</u>	<u>251,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable	(12,008,458)	(7,613,861)
Collection on notes receivable	11,055,104	5,729,445
Purchase of certificates of deposit	(498,437)	(1,257)
Redemption of certificates of deposit	251,257	-
Purchase of Free Will Baptist Foundation investment	(63,352)	(61,493)
Increase in allowance for doubtful accounts	<u>(138,103)</u>	<u>248,953</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,401,989)</u>	<u>(1,698,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to trust	77,298	80,613
Terminations of trust	(83,232)	(83,894)
Additions to notes payable	3,198,510	6,334,385
Repayment of notes payable	<u>(4,596,213)</u>	<u>(3,510,592)</u>
Net Cash Provided (Used) by Financing Activities	<u>(1,403,637)</u>	<u>2,820,512</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,862,529)</u>	<u>1,373,998</u>
Cash and cash equivalents at beginning of years	<u>4,173,206</u>	<u>2,799,208</u>
Cash and cash equivalents at end of years	<u>\$ 1,310,677</u>	<u>\$ 4,173,206</u>
SUPPLEMENTAL DISCLOSURES		
Interest received	<u>\$ 2,679,175</u>	<u>\$ 3,315,025</u>
Interest paid	<u>\$ 2,014,533</u>	<u>\$ 2,327,158</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Loans written off	<u>\$ 197,827</u>	<u>\$ -</u>

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

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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 2014 (\$-0- for 2013).

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 management's 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, 2014 and 2013

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
Office equipment	5 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:

	2014	2013
Automobile	\$ 35,754	\$ 35,754
Office equipment	55,130	55,130
	90,884	90,884
Less: Accumulated depreciation	(72,473)	(55,462)
	<u>\$ 18,411</u>	<u>\$ 35,422</u>

3. NOTES PAYABLE

Notes payable consist of 2.5 - 4% (3 - 4.5% in 2013) 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.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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 \$428,000 (\$418,000 at December 31, 2013) 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 \$-0- (\$117,399 at December 31, 2013).

Several directors and trustees were invested in the Church Extension Loan Fund's notes payable described in Note 3 at December 31, 2014. The interest rate paid on these notes was based on the balance of the account as prescribed by the program guidelines.

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, called the Richard Adams Fund, has reached \$1,000,000. In accordance with the provisions of the program payments totaling \$50,000 (\$50,000 at December 31, 2013) 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. Additionally, as revocable and irrevocable trusts mature the balance in certain trusts become designated contributions. The amount of such trusts that had matured at December 31, 2014 was \$187,750 (\$187,750 at December 31, 2013).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2014, the excess amount over the federally insured limit was \$1,559,114 (\$4,173,206 in 2013). 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.

The Board had \$2,159,345 (\$2,095,993 at December 31, 2013) invested with the Free Will Baptist Foundation, Inc. at December 31, 2014.

7. CONCENTRATION

Included in notes receivable at December 31, 2014 are ten loans which total \$18,578,694 (ten which total \$16,925,575 in 2013). This balance represents 38.55% (35.83% in 2013) of total notes receivable.

Notes payable include sixteen notes which total \$15,657,304 or 32.19% (fifteen notes which total \$15,345,669 or 30.69% in 2013) of total notes payable.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

8. REVOCABLE AND IRREVOCABLE TRUSTS

Seven irrevocable and one 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, 2014 amounted to \$89,768 (\$97,397 at December 31, 2013).

9. 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, 2014, 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 several years the Organization filed a form 990-T. Management believes that none of returns filed prior to the year ended December 31, 2010 are subject to examination.

10. DESIGNATION OF UNRESTRICTED NET ASSETS

During the year the Board designated a monthly amount of unrestricted net assets for contingencies. The balance in the Board designated account at year end was \$13,205 (\$68,946 at December 31, 2013).

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 23, 2015 which is the date the financial statements were available to be issued.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

12. 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 6.5% (7.0% in 2013) 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 \$178,630 (\$316,733 in 2013) 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	\$ 316,733
Loan written off	(197,827)
Current year provision	59,724
Ending balance	<u>\$ 178,630</u>

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	<u>\$ 178,630</u>
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The ending balance of notes evaluated individually as follows:

Loans evaluated individually	<u>\$ 10,758,779</u>
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CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

13. IMPAIRED LOANS

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

Impaired notes are considered nonperforming and, consequently, interest income is only recognized on these loans when actually received from the borrower. The interest received on the impaired loans for the year ended December 31, 2014 was \$-0-.

The following tables provide informative data at December 31, 2014 and for the year then ended on whether or not management had recognized an allowance for a doubtful account with respect to the impaired loan.

	December 31, 2014			For the Year Ended December 31, 2014		
	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	
	\$ 9,961,622	\$ 9,961,622	\$ 178,630	\$ 766,279	\$	-

**CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

14. AGE AND INTEREST ACCRUAL STATUS OF NOTES RECEIVABLE

The following table presents informative date of notes receivable regarding their age and interest accrual status at December 31, 2014. The amount shown as past due represent the total amount of loans in each category that have past due amounts.

	Current	30-59 Days	60-89 Days	90 Days or Greater	Total Financing Receivables	Total Financing Receivables on Nonaccrual Status	Financing Receivables Past Due 90 Days or Greater and Still Accruing Interest
Notes receivable	\$ 37,433,288	\$ 468,809	\$ 524,183	\$ 9,765,786	\$10,758,778	\$ 48,192,066	\$ 9,961,622
							\$ 797,156

There is one note in the nonaccrual status column. The property is being rented to a church under a rent to own agreement. All of the payments had not been made at year end under this agreement. Accordingly, it is included in the past due amounts.



Master's Men

National Association of Free Will Baptists
Post Office Box 5002
ANTIOCH, TN 37011-5002

As 2014 ended, the Master's Men Department made history.

In December of 2013, Home Missions Director David Crowe presented the National Master's Men Board with an opportunity to merge, and bring Master's Men under the umbrella of Home Missions. This merger would open many doors for Master's Men, as well as help with the financial struggle the department has always faced. Plus, it would open opportunities for Home Missions by utilizing the manpower the Master's Men Department has assembled.

The boards of both departments agreed on the details and sent a request to the National Executive Committee to present to the body at the National Convention in July. After much discussion, the body voted overwhelmingly for the merger.

Though many things were taking place concerning the proposed merger, the department carried on with the business at hand.

In January, we began our process of planning for IMPACT Fort Worth and coordinating the ushering for the national convention. During the year I was able to attend several state men's retreats. In March, we were able to assist a group of college students from Donelson FWB Church plan a mission trip to Haiti. We held our annual Deep South Golf Tournament with a record number of attendees.

In April, we were in Erie, PA with Church Planter Daryl Grimes for Operation Saturation. In July, we worked with many volunteers at the national Convention through IMAPCT and ushering.

August was busy with our National Golf and Softball tournaments as well as returning to New Hampshire to continue the Ridge Church restoration.

There were many miscellaneous opportunities throughout the year to attend state meetings and other gatherings. We were also involved in Disaster Response by helping coordinate volunteers and providing cleaning buckets to Pensacola, FL following the flooding that happened there.

While many things have changed for Master's Men, our goal of helping our churches to help their men and being servants to our denomination has not.

Ken

P.O. Box 5002 • Antioch, TN 37011 • Phone: 615.760.6142 • Toll Free: 877.767.8039 • Email: masters@nafwb.org

May 12, 2014

Board met with six members present and two attended by teleconference. Miscellaneous reports were given and approved. After discussion of proposed merger with Home Missions, board voted to accept proposal. Board meeting adjourned.

July 14, 2014

Board met by teleconference to discuss proposed merger to take place in January of 2015. After discussion, board voted to proceed.

December 1, 2014

Board met and heard various reports. Voted and approved. Board will be considered an advisory board for future activities.

2016 Proposed Budget		2016 Projected Income	
Office Operations		Dues	\$ 10,000.00
Rent	\$ 3,000.00	Father's Day Offering	\$ 9,000.00
Equipment & Supplies	\$ 3,000.00	Softball	\$ 3,000.00
Telephone	\$ 2,700.00	Golf	\$ 7,000.00
Misc.	\$ 1,320.00	Gifts	\$ 8,000.00
Postage	\$ 2,500.00	Sales	\$ 1,420.00
Total	\$ 12,520.00	Endowment Income	\$ 5,000.00
Accounting		TOTAL	\$ 43,420.00
Audit	\$ 1,500.00		
Resource Development			
ONE Magazine	\$ 8,400.00		
Printed Materials	\$ 7,000.00		
Total	\$ 15,400.00		
Department Travel	\$ 12,000.00		
National Association	\$ 2,000.00		
TOTAL	\$ 43,420.00		

DARBY & ASSOCIATES, LLC
Certified Public Accountants

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

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

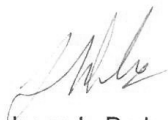
INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of The Master's Men (a nonprofit organization) as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Master's Men management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Master's Men as of December 31, 2014, 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 10, 2015
Spring Hill, Tennessee



Jason L. Darby, CPA

THE MASTER'S MEN
STATEMENT OF FINANCIAL POSITION
December 31, 2014

Current Assets

Cash	\$ 42,463.81	
Trust Account – Build a House	1.54	
Revocable Trust – Build a House	628.12	
Disaster Relief Trust	65,982.95	
Trust Account – Lifetime Members	105,755.90	
Inventory	430.00	
Accounts Receivable	11,025.09	
Total Current Assets		\$ 226,287.41

Fixed Assets

Equipment and Furniture	222,970.59	
Accumulated Depreciation	(86,870.09)	
Total Fixed Assets		136,100.50

TOTAL ASSETS

\$ 362,387.91

Liabilities

CELF Loan	120,000.00	
Payroll Tax Payable	848.36	
Total Liabilities		120,848.36

Net Assets

Temporarily Restricted	257,386.43	
Unrestricted	(15,846.88)	
Total Net Assets		241,539.55

TOTAL LIABILITIES AND NET ASSETS

362,387.91

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Revenue & Gains	Temporarily Restricted Assets	Unrestricted Net Assets	Total
Gifts and Donations	\$ -	\$ 17,968.19	\$ 17,968.19
Dues from Members	-	10,770.86	10,770.86
Disaster Relief Income	4,390.51	-	4,390.51
Haiti Income	31,157.00	-	31,157.00
Together Way Program	-	72,897.39	72,897.39
Reimbursements	-	11,309.75	11,309.75
Promotion/Sales/Other Income	-	915.01	915.01
Tournament and Conference Income	-	33,722.68	33,722.68
Interest Income	-	26,694.58	26,694.58
Miscellaneous Income	-	2,532.93	2,532.93
Total Revenue & Gains	35,547.51	176,811.39	212,358.90
Net Assets Released from Restrictions			
Disaster Relief	-	8,237.22	8,237.22
Build A House	-	-	-
Lifetime Memberships	-	-	-
Total Revenues, Gains, & Other Support	\$ 35,547.51	\$ 185,048.61	\$ 220,596.12
Expenses			
Salaries and Wages	-	70,926.91	70,926.91
PR Taxes and Benefits	-	30,432.33	30,432.33
Cost of Sales and Printing	-	9,382.76	9,382.76
Travel Expense	-	10,650.47	10,650.47
Conferences and Conventions	-	6,504.65	6,504.65
Office Expense	-	4,065.96	4,065.96
Equipment Expense	-	3,694.42	3,694.42
Telephone	-	570.28	570.28
Postage	-	1,093.81	1,093.81
Rent Expense	-	6,015.76	6,015.76
Professional Fees	-	1,500.00	1,500.00
Bookkeeping Expense	-	750.00	750.00
Ministry and Resource Development	-	-	-
Ministry Expense - Haiti	31,128.95	-	31,128.95
Disaster Relief Expense	12,655.78	-	12,655.78
Tournament Expense	-	24,461.13	24,461.13
Depreciation Expense	-	6,730.67	6,730.67
Interest Expense	-	135.26	135.26
Miscellaneous Expense	-	1,779.59	1,779.59
Total Expenses	\$ 43,784.73	\$ 178,694.00	\$ 222,478.73
Change in Net Assets	(8,237.22)	6,354.61	(1,882.61)
Net Assets - Beginning of Year	265,623.65	(22,201.49)	243,422.16
Net Assets - End of Year	<u>\$ 257,386.43</u>	<u>\$ (15,846.88)</u>	<u>\$ 241,539.55</u>

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Cash Flows from Operating activities

Decrease in Net Assets		\$ (1,882.61)
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	\$ 6,730.67	
Interest on Investments	(26,694.58)	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	56,851.06	
Increase (Decrease) in Operating Liabilities:		
Mission Payable	(20,000.00)	
Payroll Tax Payable	(2,249.27)	
Loan Payable	89,261.57	
Total	<u>103,899.45</u>	
Net Cash Provided by Operating Activities		<u>102,016.84</u>

Cash Flows from Investing Activities

Transfers to Trusts & Investments	802.77	
Purchases of Fixed Assets	(107,981.02)	
Interest Received	<u>26,694.58</u>	
Net Cash Used by Investing Activities		<u>(80,483.67)</u>

Net Increase in Cash and Cash Equivalents	21,533.17
Beginning Cash and Cash Equivalents	20,835.64
Ending Cash and Cash Equivalents	<u>\$ 42,368.81</u>

The accompanying notes are an integral part of the financial statements

**THE MASTER'S MEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 and are reclassified to unrestricted net assets.

Receivables and Allowance for Doubtful Accounts

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

Investments

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

Inventories

The inventories are valued at the lower of cost or market, with cost being determined 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 – 30 years.

Income Taxes

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

Estimates

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

Cash and Cash Equivalents

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

Note 2 – Property and Equipment

The following is a summary of property and equipment owned by the Department at December 31, 2014:

Equipment and furniture	\$ 222,970.59
Less: Accumulated Depreciation	(<u>86,870.09</u>)
Property and Equipment, Net	<u>\$ 136,100.50</u>

Note 3 – Deferred Revenue

There were no deferred revenues for 2014.

Note 4 – Restricted Fund Balance

The restricted fund balance is revenue designated for specific projects and consists of the following as of December 31, 2014:

Build a House Campaign	\$ 50,180.59
Lifetime Membership	101,250.00
Disaster Relief	<u>105,955.84</u>
Total	<u>\$ 257,386.43</u>

Note 5 – Compensated Absences

There was no compensated absence balance as of December 31, 2014.

Note 6 – Loan Payable

As of December 31, 2014, Master's Men had entered into one loan with CELF in the amount of \$120,000. The balance of the loans as of December 31, 2014, is \$120,000.



General Director's Report 2015

Isaiah 46:4 says, “And even to your old age I am he; and even to gray hairs will I carry you: I have made, and I will bear; even I will carry, and will deliver you.”

What a wonderful reminder that God will take care of us throughout our lifetime. One way that God has fulfilled this promise for some people is through the Board of Retirement.

Through the years the Board of Retirement has served as the channel through which Free Will Baptists can provide retirement and insurance benefits for our pastors, missionaries, and employees of our churches, schools and denominational agencies. This is our reason for being.

This is my tenth and final report to this body as the General Director of the Board of Retirement & Insurance. I want to begin my report by thanking those of you who have prayed for us, supported us financially with your gifts, and most of all those of you who have entrusted us with your retirement savings.

At least every six years we have to say good by to at least one of our Board members. This year it is Jack Daniel. Jack has served on this Board for 28 years. I just want to say “Thank you Jack.” We’ve seen a lot of changes in these 28 years. You will be missed. Our participants will still be reaping the benefits from your service for years to come.

On May 15th I completed my 32nd year with the Board of Retirement. I’ve served as the Business Manager, Executive Assistant, Associate Director and for the last ten years the Director and President/CEO.

I come to you today to say thank you for the privilege of serving you through the years. Thank you for entrusting this ministry to my care. Your encouragement and support through the years has meant more than you will ever know.

It has been my joy to serve you.

We serve a great and mighty God. As I reflect back over my ministry with the Board of Retirement, I rejoice with the Psalmist who said in Psalm 126:3, “The Lord has done great things for us; whereof we are glad.” I give God all the honor and glory for the accomplishments in my life and in the ministry he has allowed me to be a part of for 32 years.

As I finish my tenure here, I’m excited about the future of this ministry. And I want you to know that I will be the head cheerleader for my successor, John Brummitt. I will be his biggest supporter as he takes this ministry to the next level. I ask you to support and encourage him the same way you have me through the years.

A lot has happened in 32 years.

When I started back In 1983 we had less than \$3M in assets. We finished 2014 with over \$56.5M.

We had enrolled 735 participants in 1983, today we have enrolled 2,700.

In 1988 we issued our first annuity check for \$156.73. We presently have 179 individuals or couples receiving monthly benefits. We distribute just under \$121,000 every month. Through the years we have distributed over \$36M in retirement benefits.

In 1993 Brother Herman stepped down as the Director and Brother Bill Evans assumed that position.

In 2005 the Board of Retirement and the Foundation became separate entities with separate Boards. Brother Bill stepped down as the director of the Board of Retirement and I became the Director.

We'll skip forward now to the present.

New deposits continue to be strong. Last year we received \$2,708,038 in contributions - exceeding total outflows last year by \$1,277,542.

The expense ratio or cost of operation as a percent of assets under management decreased. My goal when I became Director in 2005 was to get the expense ratio down to .75%. We almost made in in 2014 with .80%.

We continue to add new participants to the plan. In 2014 we added 44 and so far this year we have added 28. We ended 2014 with 1,324 active members.

Our plan is open to anyone, men and women, who are employed by a Free Will Baptist Church or agency. That includes ordained or licensed ministers, missionaries, and lay employees. Every Free Will Baptist pastor and staff member ought to be in our Plan. Why?

1. Our Free Will Baptist Plan is designed to meet the particular needs of our pastors and lay employees.
2. There is the important matter of control. The delegates to the Convention elect our trustees and adopt and can question the audited financial statements.
3. At retirement the pastor's benefits can be designated as "housing allowance" and is tax free.
4. Earnings are very good. Our lifetime average is 7.98%. All four funds did well for our participants last year.

The chart below shows the 1, 3, 5, and 10 year average for the Default Fund, and the 1, 3, and 5 year for the Conservative Fund. The other two funds show 1 and 3 year averages because we only added those two in 2012.

Period	Conservative	Moderate	Default	Maximum
1 Year	3.47%	1.57%	6.68%	6.50%
3 Year	4.123%	4.257%	11.807%	12.133%
5 Year	4.621%		8.334%	
10 Year			5.942%	

5. Socially Screened investments. We do not invest in any company whose main source of revenue is derived from the sale of alcohol, tobacco, gambling, pornography, or Disney.
6. Our Plan is uniform and portable.
7. We now offer ROTH 403(b) accounts.
8. We have four investment options, allowing investing according to one's own risk tolerance.

The list goes on and on why people should use our Plan.

I firmly believe in the Free Will Baptist Retirement Savings Plan. I believe it is the best Plan available to Free Will Baptist pastors, missionaries, denominational and lay workers.

There are still a lot of challenges for the future. But working together we can "serve those who serve us" in a greater way.

Pastors, enroll in the plan personally. Laymen, challenge your church to take this added step of care for your pastor, associates, secretaries and teachers.

Now in closing I want to leave you with the challenge to roll up your sleeves, focus your minds and hearts, join hands with our new director and the staff and boldly face the future. Encourage your friends and co-workers in ministry who are not in the Plan to join and be consistent in their deposits.

May the Lord bless each of you personally and corporately as you join together in moving into the future.

In Him,
Ray Lewis
President/CEO

The Board of Retirement Synopsis of Board Meetings

April 7-8, 2014

In attendance: Jack Daniel, Danny Baer, Rick Cason, Tim Hall, James Beasley, Mike Gladson, Randy Wilson, Larry Clyatt, and Rick Dement. Also in attendance were Director Ray Lewis & CFO John Brummitt.

John Brummitt reviewed the Financial Statements for the period ended February 29, 2015.

Ray Lewis presented the Director's Report.

Chris Long our account representative from Manning & Napier presented an economic overview of the US and international economy. He then reviewed our portfolio that we have with Manning & Napier. Then the Board, along with Mr. Long, participated in a teleconference with account representatives from our other two investment firms, Dana Investment Advisors and Sage Advisory Services. Each of them presented their economic overview and then went over the holdings the Board of Retirement has with their respective companies.

Mr. Joel Collum, C.P.A., reviewed the 2013 annual audit and noted that the opinion rendered was unqualified.

On Wednesday morning Art Rhodes presented a session on the "Fiduciary Responsibility of Board Members."

The proposed budget for the 2015 fiscal year was approved.

December 8, 2014

In Attendance: Jack Daniel, Tim Hall, Mike Gladson, Danny Baer, Rick Cason, Larry Clyatt, Randy Wilson, & Rick Dement

Absent: James Beasley

Ray Lewis & John Brummitt were also present

The Financial Reports through October 31, 2014, 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 Trustees of the
Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc.

I have audited the accompanying financial statements of the Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
March 16, 2015

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 and 2013**

ASSETS

	2014	2013
OPERATING ASSETS		
Cash and cash equivalents	\$ 28,337	\$ 21,269
Funds invested with Free Will Baptist Foundation	109,108	82,514
Total Operating Assets	<u>137,445</u>	<u>103,783</u>
RETIREMENT ASSETS		
Cash and cash equivalents	2,427,016	2,271,336
Investment in marketable securities and instruments, at fair market value	54,118,211	50,878,272
Prepaid annuitant benefits	950	950
Notes receivable, net of allowance for doubtful accounts	1,406	1,387
Total Retirement Assets	<u>56,547,583</u>	<u>53,151,945</u>
OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES		
at cost, net of accumulated depreciation	<u>24,441</u>	<u>42,019</u>
TOTAL ASSETS	<u><u>\$ 56,709,469</u></u>	<u><u>\$ 53,297,747</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 9,548,805	\$ 9,323,146
Accounts payable, accrued expenses and other liabilities	14,279	14,162
Capital lease payable	12,815	16,530
Total liabilities	<u>9,575,899</u>	<u>9,353,838</u>
NET ASSETS		
Unrestricted		
Operations:		
Operating funds (deficit)	3,580	(6,875)
Designated for future assets purchases	109,108	82,514
Net invested in equipment	24,441	42,019
Total Operating Net Assets	<u>137,129</u>	<u>117,658</u>
Retirement Accounts:		
Net assets available for participants	46,904,531	43,339,786
Designated as reserve funds	91,910	486,465
Total Retirement Net Assets	<u>46,996,441</u>	<u>43,826,251</u>
Total net assets	<u>47,133,570</u>	<u>43,943,909</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 56,709,469</u></u>	<u><u>\$ 53,297,747</u></u>

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	2014			2013		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
SUPPORT, REVENUE AND OTHER ADDITIONS						
Contributions from participants						
Contributions to participant accounts	\$ 2,708,038	\$ -	\$ 2,708,038	\$ 3,880,721	\$ -	\$ 3,880,721
Repayment of participant loans	355,162	-	355,162	430,858	-	430,858
	3,063,200	-	3,063,200	4,311,579	-	4,311,579
Investment income:						
Gains of investment portfolio:						
Net realized gains (losses)	4,240,576	-	4,240,576	1,920,214	-	1,920,214
Net unrealized gains (losses)	(2,102,724)	-	(2,102,724)	4,057,235	-	4,057,235
	2,137,852	-	2,137,852	5,977,449	-	5,977,449
Interest and dividends from investments (net investment fees)	1,099,455	-	1,099,455	1,008,875	-	1,008,875
Total investment income	3,237,307	-	3,237,307	6,986,324	-	6,986,324
Income earned from interest bearing notes:						
Interest income	21,922	2,594	24,516	23,607	1,956	25,563
Gain (loss) on sale of property and equipment	-	-	-	-	(1,996)	(1,996)
Total income earned from interest and sale of property	21,922	2,594	24,516	23,607	(40)	23,567
Gifts	-	70,662	70,662	-	74,498	74,498
Miscellaneous income	-	5,146	5,146	-	1,146	1,146
Total other income	-	75,808	75,808	-	75,644	75,644
Total additions	6,322,429	78,402	6,400,831	11,321,510	75,604	11,397,114
Allocation for Operations	(394,532)	394,532	-	(393,609)	393,609	-
Net additions after allocation for operations	\$ 5,927,897	\$ 472,934	\$ 6,400,831	\$ 10,927,901	\$ 469,213	\$ 11,397,114

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	2014			2013		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
Net additions after allocation for operations	\$ 5,927,897	\$ 472,934	\$ 6,400,831	\$ 10,927,901	\$ 469,213	\$ 11,397,114
EXPENSES AND OTHER DEDUCTIONS						
Withdrawals from participants	1,085,796	-	1,085,796	1,964,882	-	1,964,882
Participant loans	344,700	-	344,700	348,720	-	348,720
Transfers to annuities by participants	821,544	-	821,544	876,032	-	876,032
Insurance deductions from participants accounts	27,890	-	27,890	26,330	-	26,330
Income allocated to annuitant obligations	475,140	-	475,140	660,811	-	660,811
Salaries	-	144,029	144,029	-	137,443	137,443
Housing	-	31,200	31,200	-	31,200	31,200
Fringe Benefits	-	69,999	69,999	-	70,867	70,867
Travel and promotional	-	30,700	30,700	-	47,352	47,352
Auto maintenance and expense	-	5,846	5,846	-	4,445	4,445
Office supplies and expense	2,637	83,123	85,760	2,695	77,841	80,536
Occupancy	-	32,350	32,350	-	32,800	32,800
Board members expense	-	11,598	11,598	-	14,965	14,965
Legal and accounting	-	26,390	26,390	-	20,075	20,075
Depreciation	-	17,578	17,578	-	27,814	27,814
Miscellaneous	-	650	650	-	45	45
Total deductions	2,757,707	453,463	3,211,170	3,879,470	464,847	4,344,317
Increase (decrease) in net assets	3,170,190	19,471	3,189,661	7,048,431	4,366	7,052,797
NET ASSETS - beginning of year	43,826,251	117,658	43,943,909	36,777,820	113,292	36,891,112
NET ASSETS - end of year	\$46,996,441	\$ 137,129	\$47,133,570	\$43,826,251	\$ 117,658	\$43,943,909

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

FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Investments:

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**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

	2014			2013		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
CASH FLOWS FROM FINANCING ACTIVITIES:						
Allocation for operations	\$ (394,532)	\$ 394,532	\$ -	\$ (393,609)	\$ 393,609	\$ -
Net to additions to (withdrawals from) annuities payable	225,659	-	225,659	816,082	-	816,082
Repayments on capital lease	-	(3,715)	(3,715)	-	(3,817)	(3,817)
Net Cash Provided (Used) By Financing Activities	(168,873)	390,817	221,944	422,473	389,792	812,265
INCREASE (DECREASE) IN CASH	155,680	7,068	162,748	565,838	7,655	573,493
Cash and cash equivalents at beginning of years	2,271,336	21,269	2,292,605	1,705,498	13,614	1,719,112
Cash and cash equivalents at end of years	\$ 2,427,016	\$ 28,337	\$ 2,455,353	\$ 2,271,336	\$ 21,269	\$ 2,292,605
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:						
Increase (decrease) in net assets	\$ 3,170,190	\$ 19,471	\$ 3,189,661	\$ 7,048,431	\$ 4,366	\$ 7,052,797
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation and amortization	-	17,578	17,578	-	27,814	27,814
Allocation for operations	394,532	(394,532)	-	393,609	(393,609)	-
Loss (gains) on investment transactions	(2,137,852)	-	(2,137,852)	(5,977,449)	-	(5,977,449)
Loss (gain) on sale of property and equipment	-	-	-	-	1,996	1,996
Decrease (increase) in prepaid expenses	-	-	-	-	-	-
Increase (decrease) in accounts payable, accrued expenses and other	-	-	-	350	-	350
Total adjustments	(211)	328	117	(924)	(414)	(1,338)
	(1,743,531)	(376,626)	(2,120,157)	(5,584,414)	(364,213)	(5,948,627)
Net Cash Provided (Used) By Operating Activities	\$ 1,426,659	\$ (357,155)	\$ 1,069,504	\$ 1,464,017	\$ (359,847)	\$ 1,104,170
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:						
Purchase of property and equipment with a capital lease	\$ -	\$ -	\$ -	\$ -	\$ 16,826	\$ 16,826

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

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization:

The Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. (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, Free Will Baptist missionaries and lay employees of churches, schools and Free Will Baptist agencies. 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 January 1, 2013.

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, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

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.

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

The amount for each of these classes of net assets is presented in the Statements of Financial Position, and the amount of change in each class of net assets is displayed in the Statements of Activities and Changes in Net Assets. The Board had no temporarily or permanently restricted net assets at December 31, 2014 and 2013.

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, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

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 2014 amounted to \$12,266 (\$11,805 for 2013).

2. OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES

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

	2014	2013
Office furniture and fixtures	\$ 50,607	\$ 50,607
Computer hardware and software	143,823	143,823
Automobiles	56,627	56,627
	<u>251,057</u>	<u>251,057</u>
Less: Accumulated depreciation	(226,616)	(209,038)
	<u>\$ 24,441</u>	<u>\$ 42,019</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

3. NOTES RECEIVABLE

Following is a summary of notes receivable:

	<u>2014</u>	<u>2013</u>
Participant notes (net) secured by retirement account balances	<u>\$ 1,406</u>	<u>\$ 1,387</u>

The notes bear interest at 3.0% and mature at various dates from 2015 through 2019.

4. INVESTMENTS IN MARKETABLE SECURITIES AND INSTRUMENTS

	<u>2014</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>(Depreciation) Appreciation</u>
Investments:			
Mutual Funds	\$ 10,549,948	\$ 10,735,802	\$ (185,854)
Common Stocks	25,383,858	20,345,776	5,038,082
U.S. Government Issues	12,212,989	12,243,362	(30,373)
Corporate Bonds	5,661,132	5,689,547	(28,415)
Real Estate Investment Trusts	310,284	251,889	58,395
Total Investments	<u>\$ 54,118,211</u>	<u>\$ 49,266,376</u>	<u>\$ 4,851,835</u>

For 2014, total investment gain (loss) relating to marketable securities and instruments amounted to \$3,237,307 and consisted of investment gains (losses) of \$2,137,852 and interest and dividends of \$1,099,455 (net of investment fees of \$405,146). Investment income (loss) represented yields of 6.17% and 6.95% based on the average market value and average cost of such investments.

	<u>2013</u>		
	<u>Market Value</u>	<u>Cost</u>	<u>(Depreciation) Appreciation</u>
Investments:			
Mutual Funds	\$ 9,531,820	\$ 9,023,968	\$ 507,852
Common Stocks	24,993,107	18,358,326	6,634,781
U.S. Government Issues	10,225,531	10,389,425	(163,894)
Corporate Bonds	5,872,560	5,901,222	(28,662)
Real Estate Investment Trusts	255,254	250,751	4,503
Total Investments	<u>\$ 50,878,272</u>	<u>\$ 43,923,692</u>	<u>\$ 6,954,580</u>

For 2013, total investment gain (loss) relating to marketable securities and instruments amounted to \$6,986,324 and consisted of investment gains (losses) of \$5,977,449 and interest and dividends of \$1,008,875 (net of investment fees of \$350,986). Investment income (loss) represented yields of 14.79% and 16.55% based on the average market value and average cost of such investments.

**BOARD OF RETIREMENT AND INSURANCE OF
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5. LEASE

Under the terms of a lease agreement with an affiliate, the Board leases 2,324 square feet of office and storage space for \$1.14 (\$1.14 in 2013) per square foot per month. The Board shares a portion of the space with the Free Will Baptist Foundation. Total lease payments were \$32,350 and \$32,800 for the years ended December 31, 2014 and 2013, 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, 2014 and 2013, the recorded liability amounted to \$9,548,805 and \$9,323,146 respectively. The actuary has determined that the reserve account exceeded the current periodic benefit at December 31, 2014 by \$206,854 (by \$939,165 at December 31, 2013). Management will not request a pension benefit increase for 2015.

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, 2014 and 2013:

	2014		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 1,406	\$ 1,406	\$ -
Cash and cash equivalents	316,039	250,000	66,039
Funds invested with the Free Will Baptist Foundation	109,108	109,108	-
Short-term liquid investments	2,139,314	1,332,177	807,137
Corporate bonds	5,661,132	-	5,661,132
Mutual funds	10,549,948	-	10,549,948
Common stocks	25,383,858	-	25,383,858
U.S. Treasury notes and bills	12,212,989	12,212,989	-
Real Estate Investment Trusts	310,284	-	310,284
	<u>\$ 56,684,078</u>	<u>\$ 13,905,680</u>	<u>\$ 42,778,398</u>

**BOARD OF RETIREMENT AND INSURANCE OF
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED

	2013		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 1,387	\$ 1,387	\$ -
Cash and cash equivalents	330,208	250,000	80,208
Funds invested with the Free Will Baptist Foundation	82,514	82,514	-
Short-term liquid investments	1,962,397	1,470,640	491,757
Corporate bonds	5,872,560	-	5,872,560
Mutual funds	9,531,820	-	9,531,820
Common stocks	24,993,107	-	24,993,107
U.S. Treasury notes and bills	10,225,531	10,225,531	-
Real Estate Investment Trusts	255,254	-	255,254
	<u>\$53,254,778</u>	<u>\$12,030,072</u>	<u>\$41,224,706</u>

8. FAIR VALUE MEASUREMENTS

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

Fair Value Measurements at December 31, 2014 Using				
		Quoted Prices		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Mutual Funds	\$10,549,948	\$10,549,948	\$ -	\$ -
Common Stocks	25,383,858	25,383,858	-	-
U.S. Government Issues	12,212,989	4,872,498	7,340,491	-
Corporate Bonds	5,661,132	1,659,089	4,002,043	-
Real Estate Investment Trusts	310,284	310,284	-	-
	<u>\$54,118,211</u>	<u>\$42,775,677</u>	<u>\$11,342,534</u>	<u>\$ -</u>

**BOARD OF RETIREMENT AND INSURANCE OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

8. FAIR VALUE MEASUREMENTS - CONTINUED

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

	Fair Value Measurements at December 31, 2013 Using			
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Mutual Funds	\$ 9,531,820	\$ 4,708,270	\$ 4,823,550	\$ -
Common Stocks	24,993,107	24,993,107	-	-
U.S. Government Issues	10,225,531	-	10,225,531	-
Corporate Bonds	5,872,560	-	5,872,560	-
Real Estate Investment Trusts	255,254	255,254	-	-
	<u>\$50,878,272</u>	<u>\$29,956,631</u>	<u>\$20,921,641</u>	<u>\$ -</u>

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

Level 1 Fair Value Measurements - The fair value of the investments are based the closing price reported on the active market where the securities are traded.

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

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

**BOARD OF RETIREMENT AND INSURANCE OF
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9. 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 \$4,976.

Future minimum payments under the lease are as follows:

2015	\$ 4,976
2016	4,976
2017	4,561
	<hr/> 14,513
Less amount representing interest	<hr/> (1,698)
Present value of net minimum lease payments	<hr/> <u>\$ 12,815</u>

The depreciation expense related to this office equipment amounted to \$3,365.

The imputed interest included in the payments for this equipment amounted to \$1,261.

10. RELATED PARTY TRANSACTIONS

The employees of the Board and eligible members of the Board of Directors participate in the retirement plan described in Note 1. A contributory pension plan is maintained for all of the employees and Directors that participate. Contributions are made to these pension plans and earnings are allocated to these plans in accordance with the provisions of the plan.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through March 16, 2015 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, 2014, 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 2016**

		2014 Budget	2014 Actual	2015 Budget	2016 Proposed
INCOME					
	Service Fees	\$397,100	\$394,532.00	\$476,000	\$499,500
	Insurance Administrative Fees	600	1,817.10	1,500	1,500
	The Together Way	72,000	70,174.93	72,000	70,000
	Other State Gifts	800	444.26	500	500
	Rest of the Family Offering	2,000	2,061.71	2,000	2,000
	Interest Income	1,500	1,955.76	2,000	2,000
	Miscellaneous Income	1,000	1,146.32	1,000	1,500
TOTAL		\$475,000	\$472,132.08	\$555,000	\$577,000
EXPENSES					
	Salaries	\$142,432	\$144,029.05	\$170,621	\$209,155
	Employee Benefits	77,791	69,998.83	82,911	95,192
	Housing	31,200	31,200.00	44,200	
	Transition Expense			5,000	
	Travel/Promotion	40,000	30,699.94	55,000	60,000
	Auto Maintenance	5,000	5,845.77	6,000	7,500
	Future Purchases/Auto	12,000	12,000.00	12,000	12,000
	Hardware/Software Future Purchases	12,000	15,420.00	12,000	12,000
	Plant Fund	35,000	32,350.08	36,000	36,000
	Office Expense	35,000	35,133.85	36,000	40,000
	Equipment Lease	4,000		2,000	2,000
	Equipment	3,000	10,210.73	5,000	10,000
	Education/Training	6,000	2,557.43	10,000	8,000
	Publications	27,000	24,787.56	27,000	27,000
	Board Expense	12,000	11,597.81	15,000	15,000
	Legal	7,500	10,340.20	7,500	12,000
	Auditing	16,000	16,050.00	16,000	18,000
	Offsite Backup Storage	1,000	1,163.99	1,000	1,200
	Website Hosting/Maintenance	2,500	1,625.00	2,500	2,500
	Software Maintenance	4,500	4,224.64	7,500	5,000
	Depreciation Expense		17,577.92		
	Miscellaneous	1,077	650.00	1,768	4,453
TOTAL		\$475,000	\$477,462.80	\$555,000	\$577,000

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

	2014	2015	2016
General Director (Six Months)			
Salary		\$33,000.00	\$71,500.00
Social Security/Medicare		2,524.50	5,574.94
Christmas Check		1,269.23	1,375.00
Retirement		2,310.00	5,005.00
Insurance		8,421.85	18,528.07
Note: Office Car Furnished			
Total	\$0.00	\$47,525.58	\$101,983.01

	2014	2015	2016
Support Staff			
Salary			\$133,659.24
Social Security/Medicare			10,425.44
Christmas Check			2,620.76
Retirement			9,410.39
Insurance			46,247.83
Note: Office Car Furnished			
Total	\$0.00	\$0.00	\$202,363.66



EXECUTIVE SUMMARY

There have been notable years throughout my tenure at Randall House where I've witnessed our team undertake monumental projects. In 2003 and 2004, the team launched Clear Curriculum, now known as D6 Curriculum. In the years leading up to the launch, Randall House lost \$187,000; in the first full year after the launch, we lost another \$120,000. However, Randall House had a profit margin of over a quarter of a million the next year. In 2009, the team worked on two major events: the National Youth Conference (NYC) at the National Association of Free Will Baptists and the first D6 Conference. In 2013, our team planned and hosted the NYC, the D6 Conference in Dallas and the D6 Conference in Louisville. Without a doubt, that was one of the toughest challenges our team has ever tackled. I am quite sure that 2015 will prove to be just as challenging, but in a different way. This year we are launching the most engaging and effective family curriculum Randall House has ever produced in the D6 2nd Generation Curriculum (D6 2GEN). The top ten reasons why thousands of churches will trust D6 Curriculum are as follows:



- D6 2GEN offers a comprehensive discipleship strategy for all ages
- Use in LifeGroup, small groups and/or Sunday School
- Solid biblical content that teaches wise decision making
- Church and home strategy (tools for parenting and grandparenting)
- Devotional study guides for every age
- Available in print or digital
- Affordable and easy to use
- 3 studies in one
- D6 is Deuteronomy 6
- Alignment of family

The curriculum launch is certainly the biggest and most challenging project, but Randall House is also working on many smaller, yet significant, product launches and services. Some of these items include the largest slate of books we've released in several years, the launching of the ENGAGE Leader Network, and continued work in areas like the D6 Conference, NYC, as well as the promotion and training campaigns to support all initiatives.

D6 2ND GENERATION CURRICULUM

Without exception, I can say that I am personally more excited about the launch of D6 2GEN than I have been about any previous Randall House initiative. The features, depth, and the simplicity of how D6 2GEN works will be second to none. The 2004 introduction of D6 curriculum put Randall House in the position to lead other publishers into new ways of doing curriculum. After three or four years, other curriculum publishers began to come alongside, match, and yes, at times, surpass what we were doing. It's time for us to again leap ahead of the pack. D6 2GEN and D6 Digital launches this fall (Sept-Nov).

D6 2GEN is a **comprehensive discipleship strategy** for the church and home to work together to help our children and families grow stronger in their faith.



1. Three Studies in One

One of the most unique features is that each quarter consists of three distinct studies:

- 1 month Old Testament – OT (flows chronologically each quarter)
- 1 month New Testament – NT (life of Christ studied throughout the six-year scope and sequence)
- 1 month Special Topics – ST (cultural issues, key theological concepts, apologetics, important topics that not covered in a single passage of the Bible)

The Special Topics (ST) include various studies to equip our children and families to tackle the tough questions of life and the cultural challenges they face; these special topics will be addressed in an age-appropriate manner.

The three-in-one format allows us to assign writers to their areas of expertise. It also offers more starting points for new attendees (instead of needing to catch up when joining a class in the middle of a 13 week study).

2. Six-Year Scope and Sequence

D6 2GEN follows a six-year scope and sequence; every six years D6 2GEN covers the story of the Bible. This helps students develop a working knowledge of the Bible and reinforces biblical literacy (knowing the stories of the Bible and how they all belong to the larger story).

3. D6 2GEN Discipleship Plan Poster

We have created a poster of the scope and sequence (available online at www.d62gen.com). The full six-year scope and sequence runs along the bottom of the poster with the bulk of the poster showing a one-year magnified view of the weekly themes, Scripture references, take-aways, the preschool take-aways, and the Elements Kids Worship themes. This poster is designed to be a planning tool so you always know where D6 2GEN is going and what's being covered (to help coordinate sermons and other studies, plan events and activities, etc.).

4. Shaping a Biblical Worldview

We've listed the major points of a biblical worldview, which we refer to as *D6 Doorposts* ("Write them on the doorposts of your house"—Deuteronomy 6:9). These foundational truths are noted in the Teaching Guide to stress how we should view life. The doorposts referred to in Deuteronomy 6 were the actual frames of the door of the home that the family walked through every day as they went out into the world. The church has a weekly opportunity to teach a biblical worldview, and parents have the influence to shape their children every day. D6 2GEN provides resources for both the church and the home to instill a biblical worldview.

5. Focus on Apologetics

One unit each year is dedicated to apologetics. We want to teach our children and families to own their faith and equip them to defend it.

6. CLEAR Learning System

D6 2GEN still follows the *CLEAR Learning System* (*Connect, Learn, Explore, Apply, and Respond*). *Explore* appears more often throughout the Teaching Guide in text blocks, giving additional background information to the teacher. *Apply* also appears more frequently; instead of having all the *Apply* at the end of the lesson, D6 2GEN reinforces application after every point of the lesson.

7. New Format for Teaching Guides

In the Teaching Guides, each OT and NT lesson has a timeline to show where the events being studied fall in Biblical history, as well as what was happening at the same time in world history. The Teaching Guide also has a cleaner design with Teacher Tips included throughout each lesson.

8. Two New Age Groups

D6 2GEN has added two new age groups to facilitate better age-appropriate learning: *Discover Kids* and *FUSIONext*. *Discover Kids* falls between *Adventure Kids* (early elementary) and *Explorers* (upper elementary) allowing us to work in two-year blocks (K-1st grade, 2nd-3rd grades, 4th-5th grades) rather than three-year blocks. *FUSIONext* is for adults with grown children (a different stage or season of life); this addition allows *FUSION* to target the needs of parents with children in the home.

9. More Resources in Preschool and Elementary Teaching Essentials Kit

With the original D6 curriculum, we provided *Take 'n Talk Sheets* and *Discovery Sheets* as additional resources teachers could order for each student. In D6 2GEN we include these sheets in the *Teaching Essentials Kits*. These in-class/take home sheets are reproducible so you print what you need with no additional ordering. Teachers will always have enough activity sheets regardless of the attendance; more resources, less to order and parents are given yet another resource to reinforce the lesson at home.

10. Family Alignment

D6 2GEN still aligns all age groups on the same theme each week on their level. Kindergarten and above are on the same theme every week. Preschool and Elements Kids Worship follow modified schedules to maintain a connection with the other age groups.

11. Parent Tools

D6 2GEN continues to provide tools for parents to use at home with their children, like *Home Connection* and *Splink*.

Home Connection is a one-stop resource for connecting the entire family based on the D6 curriculum. This downloadable page provides you with:

- A weekly Bible passage to read together as a family
- Suggestions to help you pray together as a family
- Suggested activities to help put your faith in action

Home Connection also lets parents know exactly what each member of the family is learning in the D6 curriculum, providing the theme, Scripture text, and the take away for each age level. This way parents know exactly what each family member is experiencing in his or her church discipleship class. It's an easy way to implement Faith at Home!

Splink is a simple way to link the family together spiritually. Through FREE weekly emails packed with ideas, *Splink* helps families engage in conversation. Whether it's making memories or having fun together, *Splink* allows parents to capture those teachable moments to impress spiritual truths and life lessons on their kids.

12. Grace Versus Performance

Every lesson is approached from a grace-based perspective rather than a performance-based perspective. We want our children and families to understand discipleship is not a check-list of do's and don'ts; it is a relationship with our sovereign Savior. Our view of discipleship shouldn't be "I have to obey God so I don't get in trouble," rather it should be "I get to follow Jesus and have a personal relationship with God." The Bible teaches us to fear the Lord, but it also teaches us to love the Lord.

13. D6 Digital

D6 2GEN will be available in print or by digital delivery. Teaching material will be downloadable from the D6 Family website, and the devotions will be delivered through an app on your smart phone or tablet. Churches may even choose a hybrid mix of print and digital.

14. D6 App

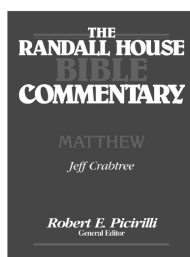
We are developing a robust app that will provide significant free content plus the optional paid version of our devotional study guides. The same app will prompt free features like Splink, family questions, and blog content based on the make-up of each family, as well as paid content such as

access to family devotions with an automatic daily advancing digital bookmark to help family alignment. The app will be available in both Apple and Android formats.

15. Summary

D6 2GEN is more than just a curriculum; it is a comprehensive discipleship plan. We would love the opportunity to talk more with you about D6 2GEN and how it can be part of your discipleship strategy for church and home.

BOOK DIVISION



Some notable releases for 2015 include the next volume of the Randall House Commentary series – *Matthew* by Dr. Jeff Crabtree. The commentary, along with books by Robert Picirilli, Clint Morgan, Matt Pinson, and two by Edward Moody, just released. Looking forward to fall, we are releasing books authored by Brian Houseman, Rob and Amy Rienow, and myself. We have two additional books with uncertain release dates because of author delays; these include books by Brian and Angela Haynes and Timothy Paul Jones.

Another area of continued development is the Randall House academic division. The works to be published are part of an intentional effort to highlight deeper-level studies and academic texts. Pastors will benefit from our academic line.



The long-term strategic cultural change for family ministry includes Randall House launching the *D6 Family Ministry Journal*. The purpose of the journal is to provide rigorous scholarly research with practical implications that reinforce the thinking and practices that reflect God's original intent for generational discipleship, as found in Deuteronomy 6 (D6) and numerous other passages in the Old and New Testaments, through the practice of family ministry in church and parachurch settings. The significance of this journal is that it has the ability to influence colleges, universities, and seminaries that are training future ministry leaders in the areas of children's, youth, and lead pastors, as well as family ministry leaders. If we teach and train at the highest level, the D6 culture will filter down for the next several decades through the influence of higher education. We are excited to have representatives from three of our Free Will Baptist colleges on the editorial board: Hillsdale, Welch, and Southeastern. We trust this will have a cascading effect on the training and culture of our churches in the next decade.

EVENTS

The D6 Conference

The Events Department continues to develop and provide opportunities for training at the National Youth Conference and the D6 Conference. The D6 Conference is back in one location. The single event in Louisville will provide the same number of speakers and breakouts as in previous year's

event. This year's conference should prove to be a successful event in both experience and financial return.

The theme for the 2015 D6 Conference is "Refine." The objective is to help churches refine how they do family ministry whether they are new to the conversation or well into the generational approach. The marketing focuses on pastors bringing their entire teams (volunteer or paid staff) to the event. It truly is the one conference you can bring youth, children's, lead pastors, family ministers, and find speakers relevant to all ministries. There is no need to divide your staff when you can bring everyone to D6 to collaborate or strategize in one location.

The D6 Conference will be exporting to France September 23-26, 2015. Because we are simply licensing the use of the name, there is no cost for Randall House. In exchange, the D6 Paris event will give Randall House 10% of the registration income. I have been serving as an advisor to their board and have been invited to speak at this event.

Looking forward to 2016 and 2017, the D6 Conference continues its international presence as Southeast Asia has officially asked to host the event under the same licensing guidelines as France. The event will most likely be held in either Malaysia or Thailand and serve the 11 primary countries of Southeast Asia where most of the churches operate under a western model. **All international events for D6—Norway, France, Southeast Asia, and more—have not and will not be at the expense of Randall House.** Each conference is funded by the international leaders with Randall House serving in an advisory role.

Vertical Three - NYC, CTS Ministry Expo, and ENGAGE

Vertical Three, a division of Randall House, plans, organizes, and manages the National Youth Conference (NYC), which continues to provide opportunities for a majority of the attendees at the National Association of Free Will Baptists. Our attendance numbers and paid registrations prove people feel the content, competition, and service projects are a value worth their time. In the past 2 to 3 years, Randall House has gained the reputation of providing a solid training ground with the ENGAGE Network of seminars.

We are re-emphasizing the name of Church Training Service (CTS) to describe the Bible, music, and arts competition with the focus being on church, training, and service. Within the NYC, you will find the ENGAGE Network, the CTS Ministry Expo, worship services for multiple ages, along with other opportunities like Buck-a-Week and Reach that Guy.

FINANCIAL

As you can see, significant upfront costs are being invested into various initiatives but especially into D6 2GEN. Dated curriculum has long been our lifeblood and major source of revenue. While we will continue to develop other top line revenue items, we still depend greatly upon our dated curriculum line.

A brief look at the audit and financial report will reveal that it took several red ink cartridges to print this year's report. We have noted in the past that Randall House goes through cycles of investing deeply into products, reporting deficits in the development years, rolling out products, then earning

back operating capital. The cycles tend to run in three-year increments. This year's loss is much greater than a normal cycle. There are several contributing factors, and I am grateful for the opportunity to walk you through them.

Two years ago, at the 2013 National Convention I predicted a significant loss in 2014. The Randall House remodel was a two-edged sword for us. On one hand, the offices desperately needed updating, and the benefit increased our overall assets to bring us back to positive territory for reporting. The negative side is that we remodeled using our cash and therefore depleted a large portion of our reserves. This created a cash-lean operation going into 2014 continuing through the end of that year.

We reported at our board meeting in December that we anticipated a dramatic loss for 2014 and discussed how to handle such a shortfall. The first item was to freeze salaries going into 2015 with follow-up cuts to be implemented in the coming year as needed. Our 2014 actual operational loss was just over \$230,000; we decided to use 2014 to clean the slate over some prepaid expenses and obsolescence in our digital category in order to write it off all in one year rather than prorating over the next two or three years. Consequently, our bottom line for the year was a loss of (\$322,249).

We have implemented a 6% budget correction initiative for 2015 where we have adjusted \$292,000 in both expenses and revenue. We are cutting \$147,500 in expenses. There are four additional sources of revenue that we conservatively expect to realize for a total of \$145,000. When combining \$145,000 in revenue and \$147,500 in cuts from expenses, there is a total adjustment of \$292,000. This is a bold cut, which far exceeds the \$230,000 loss but provides a buffer to help us get ahead of our debt.

SUMMARY

While this report ended with some concerning financial areas, our balance sheet is still strong, and, more importantly, our product launches are poised to give us a return on investment. Generational discipleship is absolutely imperative; not only to Randall House's future but to our denomination as well. We are still working to change our culture to help people see it in a way that preserves the spiritual legacy that God intended. God's original intent should be our first instinct.

Leading is serving,

A handwritten signature in black ink, appearing to read "Ron Hunter Jr.", with a stylized, cursive script.

Ron Hunter Jr.
Executive Director & CEO

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

Financial Statements

December 31, 2014 and 2013
(With Independent Auditors' Report Thereon)



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

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, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Managements's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill Harper & Associates

Franklin, Tennessee
March 20, 2015

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

Statements of Financial Position

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
	<u>Assets</u>	
Current assets:		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 154,119	132,411
Cash invested with the Free Will Baptist Foundation	<u>105,808</u>	<u>102,856</u>
Total cash and cash equivalents	<u>259,927</u>	<u>235,267</u>
Accounts receivable:		
Trade, net of allowance for doubtful accounts and returns	<u>230,513</u>	<u>217,989</u>
Total receivables	<u>230,513</u>	<u>217,989</u>
Inventory	536,759	540,529
Prepaid expenses	<u>104,563</u>	<u>96,988</u>
Total current assets	<u>1,131,762</u>	<u>1,090,773</u>
Property, plant and equipment, at cost:		
Land	110,341	110,341
Building	690,882	669,353
Printing service equipment	1,192,828	1,192,828
Office and administrative equipment	141,386	125,636
Automobiles and trucks	<u>70,859</u>	<u>51,664</u>
	2,206,296	2,149,822
Less accumulated depreciation and amortization	<u>1,470,124</u>	<u>1,336,615</u>
Net property, plant and equipment	<u>736,172</u>	<u>813,207</u>
Other assets:		
Digital assets	<u>-</u>	<u>32,000</u>
	<u>\$ 1,867,934</u>	<u>1,935,980</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable	\$ 173,135	171,379
Line of credit	156,721	79,025
Current portion of long term debt	81,032	-
Deferred revenues	226,111	163,266
Accrued expenses	<u>114,477</u>	<u>114,373</u>
Total current liabilities	<u>751,476</u>	<u>528,043</u>
Long term debt	<u>30,770</u>	<u>-</u>
Total liabilities	<u>782,246</u>	<u>528,043</u>
Unrestricted net assets	<u>1,085,688</u>	<u>1,407,937</u>
	<u>\$ 1,867,934</u>	<u>1,935,980</u>
Commitments		

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2014 and 2013

	2014			
	Cost of			
Revenues:	Sales	Sales	Net	2013
Gross profit:				
RHP product lines (including curriculum)	\$ 3,102,712	1,776,347	1,326,365	1,456,936
RHP books	211,429	175,691	35,738	158,203
D6 Conference	462,513	478,851	(16,338)	(17,261)
National Convention	14,260	5,716	8,544	9,663
Printing sales	285,466	224,091	61,375	58,378
Third party sales	87,673	49,462	38,211	35,285
Gross profit	\$ 4,164,053	2,710,158	1,453,895	1,701,204
Other operating revenues:				
Freight and handling			187,562	179,521
Commissions			48,359	48,235
Interest income			2,952	5,541
Gifts in kind - contributed labor in building renovation			-	105,000
Gain (loss) on disposition of plant assets			14,263	(16,503)
Other			14,716	2,062
Total revenues			1,721,747	2,025,060
Expenses:				
Selling, general and administrative:				
Administrative / Accounting			391,618	392,757
Sales / Marketing / Events			771,045	707,749
Distribution center			374,021	372,474
IT division			57,135	56,178
Plant maintenance			137,838	142,671
General			118,268	116,097
One Magazine			46,575	46,575
Depreciation			57,174	47,221
Interest expense, including finance charges			11,703	4,945
Total selling, general and administrative expenses			1,965,377	1,886,667
Increase (decrease) in net assets from operations			(243,630)	138,393
Other income (expense):				
Vertical 3			(62,570)	(58,566)
Denominational ministries, net			(35)	(1,000)
Printing contributed to the denomination			(16,014)	(14,000)
Net other income (expense)			(78,619)	(73,566)
Increase (decrease) in net assets			(322,249)	64,827
Net assets, beginning of year			1,407,937	1,343,110
Net assets, end of year			\$ 1,085,688	1,407,937

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Operating Activities</u>		
Increase (decrease) in net assets	\$ (322,249)	64,827
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation and amortization	158,200	142,197
Gifts in kind - related to building renovation process	-	(105,000)
Write off of plant assets in renovation process	-	19,676
Write off of digital assets	32,000	-
(Increase) decrease in:		
Receivables	(12,524)	61,302
Inventories	3,770	(81,212)
Prepaid expenses	(7,575)	7,147
Digital assets	-	6,400
Increase (decrease) in:		
Accounts payable	1,756	88,499
Line of credit	77,696	79,025
Deferred revenues	62,845	(78,780)
Accrued expenses	104	22,112
Net operating activities	<u>(5,977)</u>	<u>226,193</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property, plant and equipment	<u>(50,779)</u>	<u>(275,665)</u>
Net investing activities	<u>(50,779)</u>	<u>(275,665)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from long term debt	150,000	-
Repayments of long term debt	<u>(68,584)</u>	<u>(84,706)</u>
Net financing activities	<u>81,416</u>	<u>(84,706)</u>
Increase (decrease) in cash and cash equivalents	24,660	(134,178)
Cash and cash equivalents:		
Beginning of year	<u>235,267</u>	<u>369,445</u>
End of year	<u>\$ 259,927</u>	<u>235,267</u>
Cash and cash equivalents, as reported on statement of financial position, as follows:		
Cash and interest bearing deposits	\$ 154,119	132,411
Cash invested with the Free Will Baptist Foundation	<u>105,808</u>	<u>102,856</u>
	<u>\$ 259,927</u>	<u>235,267</u>
Supplemental disclosures:		
Interest paid	<u>\$ 11,703</u>	<u>4,945</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2014 and 2013

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 (including merchandise returned subsequent to end of the year) as of December 31, 2014 and 2013, amounted to \$18,000. Changes in the valuation account have not been material to the financial statements.

Inventories

Inventories, except for warehoused inventory, are stated at the lower of cost or market, with cost being determined by use of the first-in, first out method. Warehoused inventory is valued using a methodology to determine an allowance for loss for slow moving items based on a formula to compute a two year shelf life.

Digital Assets

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 were recorded at \$32,000 in 2013 plus additional costs accumulated in prepaid expenses for unlaunched products amounting to another \$35,425. Management determined during 2014 that the viability for these digital products had not been achieved and these accumulated net values of \$67,425 should not be carried as assets, but be expensed to operations.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or at fair value as of the date contributed. Expenditures for acquisition of assets in excess of \$500 are capitalized and depreciated over their usable lives on the straight line method. Expenditures for maintenance and repairs, renewals, and betterments that do not significantly extend the useful lives of assets are expensed as incurred.

During 2013, the main floor of the building housing the administrative, sales, marketing and events divisions was completely renovated at a capitalized cost of \$251,984, which includes donated labor amounting to \$105,000. This donated labor was from Randall House employees and a group of retired persons who normally donate their time to construct churches. The amount capitalized was determined by the architect/engineer who was involved in the renovation project. Further, during this process the plant asset records were reviewed and assets no longer in use were retired, which resulted in a loss of \$19,676. This loss is reported on the statement of activities and netted to "gain (loss) disposition of plant assets". Costs were incurred during 2014 to finish the project amounted to \$14,779.

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:

	<u>2014</u>	<u>2013</u>
D6 Conference registrations	\$ 44,111	36,276
Truth and Peace leadership training registrations	<u>182,000</u>	<u>126,990</u>
	<u>\$ 226,111</u>	<u>163,266</u>

Fair Value of Financial Instruments

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

Income Taxes

Randall House is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2014 and 2013. 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 \$39,584 in 2014 and \$80,380 in 2013.

Subsequent Events

Subsequent events were evaluated through March 20, 2015 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.

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

Notes to Financial Statements, continued

(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 \$105,808 in 2014 and \$102,856 in 2013 are subject to risk of accounting loss. Cash held in local bank are insured to FDIC limits. Management does not anticipate nonperformance by the financial institutions.

(3) Inventory

Inventory consists of the following:

	<u>2014</u>	<u>2013</u>
Current assets:		
Print inventory:		
Finished curriculum	\$ 187,372	\$ 118,963
Work in progress	163,826	194,476
Printing raw materials	62,466	56,662
Hymnals	31,766	49,529
Warehoused other books and merchandise	\$ 167,329	180,899
Less allowance for loss	<u>76,000</u>	<u>60,000</u>
	536,759	540,529
Other assets:		
Digital assets - see note 1	<u>-</u>	<u>32,000</u>
	<u>\$ 536,759</u>	<u>\$ 572,529</u>

(4) Long - Term Debt

	<u>2014</u>	<u>2013</u>
4.5% monthly installment obligation payable to Free Will Baptist Foundation with monthly payments of \$6,547 including interest and principal, which matures January 2016. Note is secured by production equipment.	\$ 82,921	-
3.99% monthly installment obligation payable to financing institution with monthly payments of \$475 including interest and principal, which matures August 2020. Note is secured by automobile.	28,881	-
	111,802	-
Current portion of long-term debt	<u>81,032</u>	<u>-</u>
Long - term debt	<u>\$ 30,770</u>	<u>-</u>

Scheduled retirements of long-term debt are \$11,345 in 2016; \$5,018 in 2017; \$5,222 in 2018; \$5,434 in 2019 and \$3,751 in 2020.

(5) Line of Credit

Variable interest rate line of credit due on demand, expiring August 2015, with a local bank in the maximum amount of \$200,000. The balance outstanding on this line of credit as of December 31, 2014 and 2013 amounted to \$156,721 and \$79,025, respectively. This line of credit is unsecured.

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

Notes to Financial Statements, continued

(6) Related Party Transaction

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 \$62,296 in 2014 and \$58,498 in 2013. 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 \$11,035 in 2014 and \$13,463 in 2013. Randall House had a liability relating to these payments of \$2,087 and \$5,819 at December 31, 2014 and 2013, respectively.

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 as their share of the funding requirement during 2014 and 2013, respectively. Further, Randall House prints and provides mailing services for One Magazine, and reported revenues of \$207,139 and \$205,599 for these services during 2014 and 2013, respectively.

Free Will Baptist Foundation

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

	<u>2014</u>	<u>2013</u>
Interest bearing accounts	\$ 105,808	102,856
Indebtedness	\$ 82,921	-

(7) Commitments and Contingencies

Merchandise Held on Consignment

Randall House holds inventory on consignment with a sales value of approximately \$200,000 in 2014 and 2013; and share 33% of the proceeds from sale of the merchandise which amounted to \$2,080 in 2014 and \$3,696 in 2013.

Leased Equipment

Randall House has entered into noncancelable lease arrangements relating to mailing and copy equipment. Total rent expense amounted to \$26,444 in 2014 and \$33,498 in 2013. The minimum payments required are \$21,502 for 2015 - 2016; \$17,911 for 2017 and \$4,163 for 2018.

Litigation

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

(8) Vertical 3

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

	<u>2014</u>	<u>2013</u>
Revenue from conferences and related services	\$ 271,746	318,495
Expenditures:		
Conferences and related services	252,475	291,865
Expenses for facility use and other services	16,000	16,000
General and administrative expenses	65,841	69,196
	<u>334,316</u>	<u>377,061</u>
Excess of revenues over (under) expenses	\$ <u>(62,570)</u>	<u>(58,566)</u>

Randall House
2016 Proposed Budget

	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
Income				
300 · RHP Product Lines	\$3,191,000	\$3,307,500	\$3,288,500	3,102,712.16
303 · RHP Books	\$245,000	\$248,500	\$236,000	211,429.41
305 · Event/ Off Site Sales	\$563,000	\$726,000	\$878,500	476,773.63
307 · Third Party Sales (Non RHP)	\$83,500	\$76,500	\$83,500	87,673.47
308 · Other Revenue	\$493,750	\$489,250	\$484,000	504,957.09
309 · Commission Income	\$48,000	\$51,000	\$46,000	48,356.74
TOTAL REVENUE	\$4,624,250	\$4,898,750	\$5,016,500	4,431,902.50
Cost of Goods Sold				
310 · COS - RHP Product Lines	\$73,850	\$53,000	\$57,500	91,890.20
313 · COS - RHP Books	\$54,250	\$71,750	\$106,000	33,816.88
315 · COS - Events/ Off Site	\$441,000	\$695,000	\$806,000	484,566.77
317 · COS - 3rd Party Sales (Non RHP)	\$43,750	\$38,500	\$41,750	44,659.35
318 · COS - Other	<u>\$11,000</u>	<u>\$8,000</u>	<u>\$9,000</u>	<u>\$8,452.33</u>
Total COGS	\$601,850	\$850,250	\$1,002,250	646,480.87
350 · Printing Production	\$930,100	\$995,600	\$992,100	968,948.99
355 · Depreciation Printing Equipment	\$101,000	\$95,000	\$90,000	101,025.54
360 · Editorial	\$584,100	\$540,750	\$538,000	595,621.57
400 · Administrative/Accounting	\$390,750	\$388,250	\$396,500	391,617.51
410 · Sales	\$339,250	\$339,000	\$360,500	328,875.27
420 · Design	\$302,250	\$307,500	\$310,000	298,625.23
425 · RHP Book Division	\$103,000	\$94,000	\$93,500	99,454.23
430 · Distribution Center	\$365,250	\$375,750	\$376,000	374,021.22
435 · IT Division	\$60,000	\$59,500	\$58,000	57,134.60
440 · Plant Maintenance	\$134,500	\$135,500	\$138,050	137,838.10
460 · Marketing	\$343,250	\$350,250	\$250,500	321,637.82
490 · General	\$173,950	\$171,750	\$195,500	187,146
495 · Events	\$123,500	\$117,750	\$103,500	120,532
Total Departmental Expense	\$3,950,900	\$3,970,600	\$3,902,150	3,982,477.35
Youth Department				
9100 · Youth Revenues	\$326,000	\$314,500	\$302,500	\$271,746
450 · Youth Department Expenses	<u>\$334,500</u>	<u>\$350,750</u>	<u>\$328,500</u>	<u>\$334,316.43</u>
	-\$8,500	-\$36,250	-\$26,000	-62,570.43
Denominational Ministries				
9200 · Revenues Denom. Ministries	\$0	\$0	\$0	0.00
445 · Denominational Ministries Expenses	<u>\$63,000</u>	<u>\$63,500</u>	<u>\$66,500</u>	<u>\$62,623.69</u>
	-\$63,000	-\$63,500	-\$66,500	-62,623.69
TOTAL EXPENSE	\$4,624,250	\$4,920,600	\$4,996,900	\$4,754,152
Annual Profit/Loss	\$0	-\$21,850	\$19,600	-322,249.84
Income				
300 · RHP Product Lines				
300.03 · Dated Studies/ SS-Curriculum	\$3,100,000	\$3,220,000	\$3,200,000	3,031,333.91
300.09 · Mid Week Teens	\$0	\$0	\$0	35.28
300.12 · 607	\$0	\$2,500	\$2,500	79.00
300.15 · Children's Church Sales	\$65,000	\$60,000	\$55,000	52,418.00
300.18 · Online Non Dated Studies-(A)	\$3,000	\$3,000	\$3,500	2,647.35
300.24 · Church Supplies	\$3,000	\$3,500	\$5,000	2,724.13
300.27 · RHP/D6 T-Shirts/Merchandise	\$3,000	\$3,500	\$7,500	2,353.80
300.30 · Competition Materials	\$17,000	\$15,000	\$15,000	11,120.69
Total 300 · RHP Product Lines	\$3,191,000	\$3,307,500	\$3,288,500	3,102,712.16
303 · RHP Books				
303.03 · Pastoral/Church Leadership	\$15,000	\$15,000	\$20,000	12,271.67
303.06 · Family/Parenting	\$95,000	\$80,000	\$80,000	73,381.80
303.09 · Drama/Plays	\$1,000	\$1,000	\$1,000	1,349.06
303.12 · Missions	\$1,000	\$1,000	\$1,000	717.24

Randall House
2016 Proposed Budget

	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
303.15 · Small Group Studies	\$7,500	\$10,000	\$10,000	5,011.85
303.18 · Biblical Studies	\$6,000	\$5,000	\$5,000	4,888.74
303.21 · Theology/Doctrine	\$30,000	\$35,000	\$35,000	24,007.92
303.27 · Christian Living	\$35,000	\$30,000	\$10,000	35,479.65
303.30 · Fiction	\$0	\$0	\$0	588.75
303.33 · Children	\$0	\$0	\$0	\$0
303.36 · International Languages	\$500	\$500	\$500	1,076.58
303.39 · Rejoice FWB Hymnal Sales	\$40,000	\$50,000	\$50,000	44,126.05
303.42 · Rejoice Worship Hymnal Sales	\$25,000	\$35,000	\$40,000	17,140.75
303.45 · Lightning Source	\$0	\$0	\$0	0.00
303.48 · Tracts	\$0	\$0	\$2,000	234.14
303.48 · (Off Site RH Book Sales)	-\$17,500	-\$20,000	-\$25,000	-14,986.29
303.54 · RHP Titles in Software	\$2,500	\$2,000	\$2,500	2,042.79
303.60 · Miscellaneous	\$4,000	\$4,000	\$4,000	4,098.71
Total 303 · RHP Books	\$245,000	\$248,500	\$236,000	211,429.41
305 · Event/ Off Site Sales				
305.03 · D6 Conference Registration	\$380,000	\$470,000	\$600,000	261,588.82
305.06 · D6 Conference Sponsorship	\$95,000	\$150,000	\$130,000	135,470.00
305.09 · D6 Conference Sales	\$70,000	\$90,000	\$130,000	65,454.47
305.15 · National Sales	\$17,000	\$15,000	\$17,500	14,260.34
305.21 · Misc. Event Sales	\$1,000	\$1,000	\$1,000	0.00
Total 305 · Event/ Off Site Sales	\$563,000	\$726,000	\$878,500	476,773.63
307 · Third Party Sales (Non RHP)				
307.03 · Curriculum (Dated)	\$50,000	\$50,000	\$50,000	47,948.17
307.06 · VBS	\$3,000	\$2,500	\$10,000	3,042.66
307.12 · Church Supplies	\$6,500	\$6,000	\$5,000	7,201.19
307.15 · Bibles (Non RHP Imprint)	\$2,000	\$1,500	\$1,000	2,283.17
307.18 · Books (Non RHP Imprint)	\$17,000	\$12,500	\$15,000	17,127.71
307.21 · Music	\$0	\$0	\$0	170.85
307.24 · Miscellaneous	\$5,000	\$4,000	\$2,500	9,899.72
Total 307 · Third Party Sales (Non RHP)	\$83,500	\$76,500	\$83,500	87,673.47
308 · Other Revenue				
308.03 · Printing/Design Services	\$290,000	\$300,000	\$300,000	285,466.03
308.06 · Freight and Handling Income	\$192,500	\$180,000	\$175,000	187,561.99
308.09 · Interest Income	\$3,000	\$5,000	\$5,000	2,951.86
308.12 · Service Charges	\$2,000	\$2,000	\$3,000	1,833.34
308.15 · Sale/Disposal of Assets	\$5,000	\$1,500	\$0	14,263.16
308.18 · In House Functions	\$1,250	\$750	\$1,000	1,339.00
308.21 · Constriction - Gifts in kind	\$0	\$0	\$0	0.00
308 · Other Revenue - Other	\$0	\$0	\$0	11,541.71
Total 308 · Other Revenue	\$493,750	\$489,250	\$484,000	504,957.09
309 · Commission Income				
309.03 · Bulletins	\$26,000	\$25,000	\$25,000	26,682.38
309.06 · Signs	\$500	\$500	\$500	0.00
309.09 · Furniture/Steeple/etc.	\$500	\$500	\$500	828.18
309.12 · Advertising/Other	\$21,000	\$25,000	\$20,000	20,846.18
Total 309 · Commission Income	\$48,000	\$51,000	\$46,000	48,356.74
Total Income	\$4,624,250	\$4,898,750	\$5,016,500	4,431,902.50
Cost of Goods Sold				
50000 · Cost of Goods Sold				
310 · COS - RHP Product Lines				
310.03 · COS - Dated Studies/ SS-Cur	\$52,000	\$27,500	\$27,500	46,603.91
310.09 · COS - Mid Week Teens	\$0	\$0	\$0	130.63
310.12 · COS - 607	\$0	\$2,000	\$2,000	9,580.08

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	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
310.15 · COS - Children's Church Sales	\$12,000	\$12,500	\$15,000	10,952.59
310.18 · COS - Online Non Dated Studies	\$4,500	\$4,500	\$5,000	24,195.40
310.24 · COS - Church Supplies	\$1,000	\$1,000	\$1,500	1,164.23
310.27 · COS - RHP/D6 T-shirt Merch.	\$350	\$500	\$1,500	0.00
310.30 · COS - Competition Materials	\$6,500	\$5,000	\$5,000	4,043.88
310 · COS - RHP Product Lines - Other	-\$2,500	\$0	\$0	-4,780.52
Total 310 · COS - RHP Product Lines	\$73,850	\$53,000	\$57,500	91,890.20
313 · COS - RHP Books				
313.03 · COS - Pastoral/Ch. Leadership	\$5,000	\$5,000	\$7,500	4,525.68
313.06 · COS - Family/Parenting	\$27,000	\$23,000	\$30,000	20,315.40
313.09 · COS - Drama/Plays	\$500	\$500	\$500	553.23
313.12 · COS - Missions	\$500	\$500	\$500	416.70
313.15 · COS - Small Group Studies	\$3,500	\$3,000	\$4,000	1,975.88
313.18 · COS - Biblical Studies	\$3,000	\$2,500	\$2,000	2,381.99
313.21 · COS - Theology/Doctrine	\$10,000	\$15,000	\$15,000	8,571.66
313.27 · COS - Christian Living	\$15,000	\$10,000	\$3,500	12,600.53
313.30 · COS - Fiction	\$0	\$0	\$0	347.89
313.33 · COS - Children	\$0	\$0	\$0	0.00
313.36 · COS - International Language	\$250	\$250	\$250	861.04
313.39 · COS - Rejoice FWB Hymnals	\$20,000	\$25,000	\$22,500	20,847.11
313.42 · COS - Rejoice Workshop Hymnals	\$12,500	\$15,000	\$17,500	9,015.71
313.48 · COS - Tracts	\$0	\$0	\$750	197.15
313.60 · COS - Miscellaneous	\$2,000	\$2,000	\$2,000	1,097.25
313 · COS - RHP Books - Other	-\$45,000	-\$30,000	\$0	-49,890.34
Total 313 · COS - RHP Books	\$54,250	\$71,750	\$106,000	33,816.88
315 · COS - Events/ Off Site				
315.03 · COS - D6 Conf Registration	\$400,000	\$640,000	\$735,000	439,040.09
315.09 · COS - D6 Conf Sales	\$35,000	\$50,000	\$62,500	39,810.85
315.15 · COS - National Sales	\$5,500	\$4,500	\$8,000	5,715.83
315.21 · COS - Misc. Event Sales	\$500	\$500	\$500	0.00
Total 315 · COS - Events/ Off Site	\$441,000	\$695,000	\$806,000	484,566.77
317 · COS - 3rd Party Sales (Non RHP)				
317.03 · COS - Curriculum (Dated)	\$28,000	\$25,000	\$25,000	28,134.06
317.06 · COS - VBS	\$1,500	\$1,500	\$5,000	1,796.32
317.12 · COS - Church Supplies	\$4,000	\$3,500	\$2,500	4,167.79
317.15 · COS - Bibles (Non RHP)	\$1,000	\$1,000	\$500	1,254.31
317.18 · COS - Books (Non RHP)	\$9,000	\$6,500	\$7,500	10,504.72
317.21 · COS - Music	\$0	\$0	\$0	115.69
317.24 · COS - Miscellaneous	\$250	\$1,000	\$1,250	10.26
317 · COS - 3rd Party Sales (Non RHP) - Other	\$0	\$0	\$0	-1,323.80
Total 317 · COS - 3rd Party Sales (Non RHP)	\$43,750	\$38,500	\$41,750	44,659.35
318 · COS - Other				
318.03 · Freight in RHP	\$4,000	\$6,000	\$5,000	3,792.58
318.09 · COS - Yearbook	-\$15,000	-\$14,000	-\$14,000	-16,013.57
318.15 · COS - Change In Inventory	\$0	\$0	\$0	3,768.66
318 · COS - Other - Other	\$0	\$0	\$0	0.00
Total 318 · COS - Other	-\$11,000	-\$8,000	-\$9,000	-8,452.33
Total COGS	\$601,850	\$850,250	\$1,002,250	646,480.87
Gross Profit	\$4,022,400	\$4,048,500	\$4,014,250	3,785,421.63
Expense				
350 · Printing Production				
350.02 · PP - Salaries	\$300,000	\$300,000	\$285,000	306,142.14
350.06 · PP - Supplies	\$5,000	\$3,500	\$2,500	9,747.83
350.07 · PP - Equipment Maint.	\$0	\$0	\$500	23.78
350.12 · PP - Dues & Subscriptions	\$250	\$500	\$1,000	45.00
350.16 · PP - Entertainment	\$100	\$100	\$100	0.00

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	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
350.18 · Outside Printing	\$215,000	\$230,000	\$235,000	217,694.47
350.19 · Outside Bindery	\$37,500	\$37,500	\$40,000	37,785.19
350.26 · PP - FICA	\$20,000	\$20,500	\$19,000	20,016.59
350.29 · PP - Retirement	\$10,750	\$10,500	\$9,500	10,559.96
350.32 · PP - Insurance	\$20,000	\$23,000	\$25,000	22,809.08
350.34 · Pressroom Supplies	\$9,000	\$7,500	\$7,500	9,119.16
350.36 · Pressroom Maintenance	\$4,000	\$10,000	\$15,000	3,059.22
350.38 · Pressroom Parts	\$6,500	\$7,500	\$7,500	5,951.98
350.40 · Pressroom Stock	\$185,000	\$192,500	\$187,500	190,763.69
350.42 · Pressroom Ink	\$8,000	\$9,000	\$12,000	7,103.48
350.44 · Bindery Supplies	\$500	\$500	\$500	322.76
350.46 · Bindery Maintenan	\$500	\$1,000	\$1,000	95.00
350.48 · Bindery Parts	\$500	\$500	\$500	250.52
350.50 · Pre-Press Supplies	\$4,000	\$4,000	\$6,000	3,008.49
350.52 · Proofing Supplies	\$3,000	\$3,500	\$3,500	2,232.80
350.54 · CTP Maintenance	\$1,500	\$1,000	\$500	1,566.37
350.56 · Digital Press Supplies	\$0	\$0	\$0	346.86
350.62 · Plates	\$23,500	\$21,000	\$22,500	26,672.62
350.88 · Outside Purchases-Ess. Pkts	\$10,000	\$44,000	\$45,000	35,811.77
350.89 · Digital Press Maintenance	\$65,000	\$67,500	\$65,000	69,820.23
350.90 · PP - Miscellaneous	\$500	\$500	\$500	-12,000.00
Total 350 · Printing Production	\$930,100	\$995,600	\$992,100	968,948.99
355.00 · Depreciation Printing Equipment	\$101,000	\$95,000	\$90,000	101,025.54
360 · Editorial				
360.02 · Edit - Salaries	\$315,000	\$300,000	\$295,000	305,789.02
360.03 · Edit - Housing Allowance	\$49,000	\$49,000	\$47,500	47,400.00
360.04 · Edit - Travel	\$3,500	\$2,000	\$2,000	4,266.85
360.06 · Edit - Supplies	\$2,000	\$2,500	\$1,500	2,568.99
360.07 · Edit - Equipment Maintenance	\$0	\$0	\$500	171.33
360.08 · Edit - Equipment Rental	\$0	\$0	\$0	0.00
360.09 · Digital Development	\$60,000	\$500	\$500	35,425.17
360.10 · Edit - Conventions & Seminars	\$1,500	\$1,500	\$1,750	1,261.76
360.11 · Software Supply	\$250	\$250	\$250	0.00
360.12 · Edit - Dues & Subscriptions	\$3,500	\$3,500	\$2,750	3,933.65
360.15 · National Expense	\$100	\$0	\$500	132.86
360.16 · Edit - Entertainment	\$1,500	\$1,500	\$1,500	2,630.72
360.23 · Edit - Telephone	\$500	\$500	\$750	479.82
360.26 · Edit - FICA	\$20,500	\$19,000	\$19,500	19,986.00
360.29 · Edit - Retirement	\$12,000	\$12,000	\$12,000	11,943.08
360.32 · Edit - Insurance	\$31,000	\$30,000	\$30,000	30,695.63
360.34 · Curriculum Development	\$1,000	\$3,000	\$2,500	2,045.30
360.35 · Product Improvement	\$250	\$500	\$2,500	0.00
360.36 · Writer's Fees	\$75,000	\$100,000	\$100,000	95,835.66
360.37 · Register of Copyrights	\$2,000	\$2,500	\$2,500	1,710.00
360.88 · Outside Editing/Proofing	\$5,000	\$10,000	\$12,500	25,265.70
360.90 · ACCESS Contract Work	\$0	\$0	\$0	400.00
360.90 · Edit - Miscellaneous	\$500	\$2,500	\$2,000	3,680.03
Total 360 · Editorial	\$584,100	\$540,750	\$538,000	595,621.57
400 · Administrative/Accounting				
400.02 · AD/AC - Salaries	\$232,500	\$228,500	\$225,000	225,339.93
400.03 · AD/AC - Housing Allowance	\$34,000	\$33,000	\$32,000	33,200.00
400.04 · AD/AC - Travel Expense	\$30,000	\$25,000	\$35,000	31,223.79
400.06 · AD/AC - Supplies	\$10,000	\$10,000	\$10,000	10,867.44
400.07 · AD/AC - Equipment Maintenance	\$0	\$0	\$1,000	0.00
400.08 · AD/AC - Equipment Rental	\$0	\$0	\$0	0.00
400.10 · AD/AC - Conventions & Seminars	\$5,500	\$5,000	\$2,500	5,616.53
400.12 · AD/AC - Dues & Subscriptions	\$4,500	\$5,000	\$5,000	3,918.13

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	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
400.16 · AD/AC - Entertainment	\$7,000	\$6,500	\$6,500	10,101.73
400.20 · AD/AC - Postage	\$250	\$500	\$1,000	0.00
400.23 · AD/AC - Telephone	\$1,750	\$2,000	\$3,500	1,711.46
400.26 · AD/AC - FICA	\$15,250	\$14,750	\$16,000	14,727.51
400.29 · AD/AC - Retirement	\$11,000	\$10,500	\$11,000	10,810.60
400.32 · AD/AC - Insurance	\$33,000	\$35,000	\$35,500	31,134.62
400.70 · AD/AC - Automobile Expense	\$3,500	\$5,000	\$5,000	3,549.52
400.90 · AD/AC - Miscellaneous	\$2,500	\$7,500	\$7,500	9,416.25
Total 400 · Administrative/Accounting	\$390,750	\$388,250	\$396,500	391,617.51
410 · Sales				
410.02 · Sales - Salaries	\$225,500	\$225,000	\$225,000	218,986.51
410.03 · Sales - Housing Allowance	\$17,750	\$18,000	\$17,500	17,280.00
410.04 · Sales - Travel Expense	\$18,000	\$25,000	\$25,000	16,913.47
410.06 · Sales - Supplies	\$7,500	\$5,000	\$4,000	8,736.82
410.07 · Sales - Equipment Maint.	\$750	\$500	\$500	903.50
410.11 · Sales - Conventions & Seminars	\$2,000	\$5,000	\$3,000	981.76
410.12 · Sales - Dues & Subscriptions	\$4,500	\$2,000	\$2,000	4,385.36
410.20 · Sales - Postage	\$500	\$500	\$0	594.83
410.23 · Sales - Telephone	\$14,000	\$13,000	\$13,500	13,104.78
410.26 · Sales - FICA	\$14,750	\$14,000	\$14,000	14,316.50
410.29 · Sales - Retirement	\$5,500	\$5,500	\$7,500	5,275.36
410.32 · Sales - Insurance	\$25,000	\$22,000	\$45,000	23,328.04
410.88 · Sales - Entertainment	\$3,000	\$3,000	\$3,000	3,888.34
410.90 · Sales - Miscellaneous	\$500	\$500	\$500	180.00
Total 410 · Sales	\$339,250	\$339,000	\$360,500	328,875.27
420 · Design				
420.02 · Design - Salaries	\$225,500	\$214,000	\$215,000	219,226.71
420.04 · Design - Travel Expense	\$500	\$500	\$500	290.57
420.06 · Design - Supplies	\$1,000	\$1,500	\$2,000	759.40
420.07 · Design - Equipment Maintenance	\$0	\$0	\$500	0.00
420.10 · Design - Conventions & Seminars	\$250	\$500	\$500	0.00
420.12 · Design - Dues & Subscriptions	\$250	\$500	\$500	9.00
420.14 · Art Services	\$18,000	\$35,000	\$35,000	23,444.66
420.16 · Design - Entertainment	\$1,500	\$2,000	\$1,500	1,192.09
420.26 · Design - FICA	\$14,750	\$14,000	\$14,000	14,334.74
420.29 · Design - Retirement	\$8,000	\$7,000	\$7,500	7,694.67
420.32 · Design - Insurance	\$32,000	\$32,000	\$32,500	31,552.48
420.90 · Design - Miscellaneous	\$500	\$500	\$500	120.91
Total 420 · Design	\$302,250	\$307,500	\$310,000	298,625.23
425 · RHP Book Division				
425.02 · RB - Salaries	\$62,500	\$60,000	\$60,000	60,648.18
425.04 · RB - Travel Expense	\$750	\$500	\$500	1,415.94
425.06 · RB - Supplies	\$250	\$500	\$500	79.44
425.07 · RB - Equipment Maintenance	\$0	\$0	\$500	0.00
425.10 · RB - Conventions & Seminars	\$1,000	\$500	\$500	1,213.00
425.11 · Royalty Payments	\$17,500	\$15,000	\$15,000	21,877.15
425.12 · RB - Dues & Subscriptions	\$750	\$750	\$1,000	418.81
425.20 · RB - Postage	\$0	\$0	\$0	0.00
425.23 · RB - Telephone	\$500	\$750	\$1,000	516.97
425.26 · RB - FICA	\$4,000	\$4,000	\$3,500	3,933.06
425.29 · RB - Retirement	\$3,000	\$3,000	\$2,500	2,921.28
425.32 · RB - Insurance	\$4,500	\$4,500	\$4,500	4,474.58
425.66 · Editing/Proofing	\$6,000	\$500	\$500	0.00
425.88 · RB - Entertainment	\$250	\$500	\$500	85.35
425.89 · Product Development	\$2,000	\$3,500	\$2,500	1,870.47
425.90 · RB - Miscellaneous	\$0	\$0	\$500	0.00
Total 425 · RHP Book Division	\$103,000	\$94,000	\$93,500	99,454.23

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	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
430 · Distribution Center				
430.02 · DC - Salaries	\$125,000	\$143,000	\$147,500	135,307.74
430.06 · DC - Supplies	\$25,000	\$22,500	\$22,500	25,283.11
430.07 · DC - Equipment Maintenance	\$250	\$250	\$500	0.00
430.08 · DC - Equipment Rental	\$8,500	\$8,500	\$8,500	7,389.37
430.09 · DC - Software Fees and Services	\$0	\$0	\$500	0.00
430.12 · DC - Dues & Subscriptions	\$1,000	\$1,000	\$500	1,248.13
430.16 · DC - Entertainment	\$500	\$500	\$500	727.80
430.20 · DC - Postage	\$20,000	\$19,000	\$25,000	20,048.08
430.26 · DC - FICA	\$8,000	\$9,250	\$10,000	8,846.44
430.29 · DC - Retirement	\$6,000	\$5,750	\$5,500	5,721.46
430.32 · DC - Insurance	\$25,000	\$23,000	\$22,500	24,065.22
430.40 · DC - Freight Expense	\$146,000	\$143,000	\$132,500	145,383.87
430.90 · DC - Miscellaneous	\$0	\$0	\$0	0.00
Total 430 · Distribution Center	\$365,250	\$375,750	\$376,000	374,021.22
435 · IT Division				
435.02 · IT - Salaries	\$42,750	\$41,000	\$41,000	41,434.27
435.04 · IT - Travel	\$250	\$500	\$500	0.00
435.06 · IT - Supplies	\$1,500	\$1,000	\$1,000	1,458.94
435.07 · IT - Equipment Maintenance	\$0	\$0	\$500	0.00
435.08 · IT - Software Services	\$250	\$500	\$500	0.00
435.10 · IT - Conventions/Seminars	\$250	\$500	\$500	0.00
435.12 · IT - Dues & Subscriptions	\$5,000	\$6,000	\$4,500	4,955.74
435.23 · IT - Telephone	\$250	\$500	\$500	151.13
435.26 · IT - FICA	\$3,000	\$3,000	\$3,500	2,709.18
435.29 · IT - Retirement	\$2,250	\$2,000	\$1,000	2,031.04
435.32 · IT - Insurance	\$4,500	\$4,500	\$4,500	4,394.30
Total 435 · IT Division	\$60,000	\$59,500	\$58,000	57,134.60
440 · Plant Maintenance				
440.02 · PM - Salaries	\$23,000	\$24,000	\$15,000	23,299.70
440.04 · PM - Travel Expense	\$0	\$0	\$0	0.00
440.06 · PM - Supplies	\$10,500	\$8,500	\$8,500	10,769.53
440.07 · PM - Equipment Maintenance	\$500	\$2,500	\$5,000	50.00
440.08 · PM - Overhead (Youth Department)	-\$16,000	-\$16,000	-\$10,000	-16,000.00
440.23 · PM - Telephone	\$0	\$0	\$500	0.00
440.26 · PM - FICA	\$1,500	\$1,500	\$1,250	1,647.80
440.34 · PM - Building Maintenance	\$32,500	\$35,000	\$40,000	31,749.64
440.40 · Utilities	\$50,000	\$47,500	\$47,500	52,889.43
440.45 · Building Insurance	\$32,500	\$32,500	\$30,000	33,432.00
440.90 · PM - Miscellaneous	\$0	\$0	\$300	0.00
Total 440 · Plant Maintenance	\$134,500	\$135,500	\$138,050	137,838.10
460 · Marketing				
460.02 · Mkt - Salaries	\$132,500	\$130,000	\$60,000	145,719.52
460.04 · Mkt - Travel Expense	\$4,500	\$2,500	\$2,000	4,233.39
410.05 · Mkt - Conventions & Seminars	\$1,500	\$1,000	\$1,500	1,621.76
460.06 · Mkt - Supplies	\$2,500	\$3,500	\$1,000	2,376.18
460.07 · Mkt - Equipment Maintenance	\$0	\$0	\$500	0.00
460.08 · Mkt - Equipment Rental	\$0	\$0	\$500	106.00
460.12 · Mkt - Dues & Subscriptions	\$6,000	\$4,000	\$7,500	6,674.85
460.20 · Mkt - Postage	\$500	\$1,000	\$500	351.12
460.23 · Mkt - Telephone	\$750	\$750	\$500	658.40
460.26 · Mkt - FICA	\$10,000	\$10,000	\$5,500	7,019.60
460.29 · Mkt - Retirement	\$1,000	\$2,500	\$3,500	327.04
460.32 · Mkt - Insurance	\$23,000	\$9,000	\$6,500	21,584.15
410.34 · Mkt - Advertising	\$77,500	\$100,000	\$70,000	38,395.00
410.35 · Mkt - Wholesale Mkt	\$5,000	\$10,000	\$20,000	1,188.66

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	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
410.36 · Mkt - Promotion	\$77,500	\$75,000	\$70,000	90,310.85
460.40 · Mkt - Entertainment	\$1,000	\$1,000	\$1,000	1,071.30
Total 460 · Marketing	\$343,250	\$350,250	\$250,500	321,637.82
490 · General				
490.06 · GE - Supplies	\$200	\$3,000	\$3,500	1,519.13
490.07 · GE - Equipment Maintenance	\$0	\$0	\$500	0.00
490.08 · GE - Equipment Rental	\$20,000	\$18,000	\$20,000	25,093.35
490.10 · GE - Honorariums	\$0	\$0	\$0	0.00
490.14 · Depreciation	\$57,000	\$50,000	\$60,000	57,173.99
490.15 · Interest Expense	\$5,000	\$5,000	\$10,000	11,703.22
490.18 · Bank Service Charges	\$32,000	\$32,000	\$32,500	32,440.75
490.20 · Insurance	\$250	\$250	\$500	148.00
490.25 · RHP - Board Expense	\$20,000	\$20,000	\$20,000	20,725.73
490.30 · Legal & Audit	\$16,000	\$16,000	\$16,000	14,007.50
490.35 · GE - Automobile Expense	\$2,000	\$2,500	\$2,000	2,391.76
490.40 · Bad Debts	\$2,000	\$4,000	\$4,000	457.81
490.45 · In House Functions	\$10,000	\$10,000	\$12,500	11,997.83
490.50 · Taxes	\$3,500	\$4,000	\$7,000	3,419.44
490.55 · Payroll Services	\$5,000	\$6,000	\$6,000	4,884.70
490.90 · GE - Miscellaneous	\$1,000	\$1,000	\$1,000	1,182.38
Total 490 · General	\$173,950	\$171,750	\$195,500	187,145.59
495 · Events				
495.02 · Events - Salaries	\$64,000	\$51,000	\$47,500	62,327.73
495.04 · Events - Travel Expense	\$4,000	\$5,000	\$2,000	3,724.95
410.06 · Events - Supplies	\$2,500	\$5,000	\$1,000	1,981.94
495.07 · Events - Equipment Maint.	\$0	\$0	\$0	0.00
495.11 · Events - Conventions & Seminars	\$1,000	\$1,000	\$1,000	940.76
495.12 · Events - Dues & Subscriptions	\$3,500	\$1,500	\$1,500	3,606.73
495.15 · National Expense	\$33,500	\$35,000	\$35,000	33,316.66
495.20 · Events - Postage	\$250	\$250	\$500	0.00
495.23 · Events - Telephone	\$750	\$1,000	\$500	640.27
495.26 · Events - FICA	\$4,250	\$4,000	\$3,500	4,074.19
495.29 · Events - Retirement	\$4,250	\$4,000	\$2,000	4,093.28
495.32 · Events - Insurance	\$4,500	\$9,000	\$7,000	4,396.90
495.70 · Events - Miscellaneous	\$250	\$250	\$500	129.25
495.88 · Events - Entertainment	\$750	\$750	\$1,500	1,299.02
495.89 · D6 Conference Expense	\$0	\$0	\$0	0.00
495.91 · D6 Conference Honorariums	\$0	\$0	\$0	0.00
Total 495 · Events	\$123,500	\$117,750	\$103,500	120,531.68
9000 · Verticle 3				
9100 · V3 Revenues				
300.62 · NYC Income	\$120,000	\$130,000	\$130,000	110,663.50
300.64 · Truth & Peace Fees	\$172,500	\$155,000	\$145,000	123,795.32
300.66 · NYET Fees	\$31,500	\$27,500	\$25,000	31,500.00
300.70 · Youth Collections	\$1,500	\$1,500	\$2,000	1,465.82
300.73 · Buck-A-Week Revenues	\$500	\$500	\$500	4,321.36
Total 9000 · Verticle 3 Revenues	\$326,000	\$314,500	\$302,500	271,746.00
450 · Verticle 3 Expenses				
450.02 · YD - Salaries	\$44,500	\$46,000	\$46,500	43,069.07
450.03 · YD - Housing Allowance	\$0	\$0	\$0	0.00
450.04 · YD - Travel Expense	\$5,000	\$6,000	\$3,000	4,774.52
450.06 · YD - Supplies	\$1,000	\$1,500	\$1,500	897.35
450.07 · YD - Equipment Maint.	\$250	\$250	\$500	0.00
450.08 · YD - Overhead	\$16,000	\$16,000	\$6,000	16,000.00
450.10 · YD - Conventions & Seminars	\$250	\$250	\$250	0.00
450.12 · YD - Dues & Subscriptions	\$500	\$500	\$250	176.98

Randall House
2016 Proposed Budget

	Budget 2016	Budget 2015	Budget 2014	Jan - Dec 14
450.16 · YD - Entertainment	\$750	\$750	\$1,500	548.19
450.23 · YD - Telephone	\$500	\$500	\$500	478.14
450.26 · YD - FICA	\$3,250	\$3,500	\$3,500	3,038.06
450.29 · YD - Retirement	\$1,000	\$1,000	\$2,000	918.68
450.32 · YD - Insurance	\$12,500	\$12,000	\$7,000	11,940.08
450.34 · NYC Expense	\$110,000	\$110,000	\$110,000	116,876.54
450.36 · Truth & Peace Expense	\$107,500	\$130,000	\$120,000	103,756.66
450.38 · NYET Expense	\$31,500	\$22,500	\$25,000	31,696.31
450.88 · Buck-A-Week Expenses	\$0	\$0	\$500	0.00
450.90 · YD - Miscellaneous	\$0	\$0	\$500	145.85
Total 450 · Verticle 3 Expenses	\$334,500	\$350,750	\$328,500	334,316.43
9200 · Revenues Denom. Ministries				
9200 · Revenues Denom. Ministries - Other	\$0	\$0	\$0	0.00
Total 9200 · Revenues Denom. Ministries	\$0	\$0	\$0	0.00
445 · Denominational Ministries Expenses				
445.45 · Team Church Travel	\$0	\$0	\$0	0.00
445.65 · Yearbook Printing	\$15,000	\$14,000	\$14,000	16,013.57
445.66 · ONE Magazine	\$47,000	\$48,000	\$50,000	46,575.12
445.93 · Scholarships	\$1,000	\$1,500	\$2,500	35.00
Total 445 · Denominational Ministries	\$63,000	\$63,500	\$66,500	62,623.69

Executive Director & CEO Ronald Hunter Jr.	2015 Package	2016 Projected Package**
Salary*	\$55,151	\$56,806
Housing Allowance	\$36,300	\$37,389
Christmas Bonus	<u>\$1,802</u>	<u>\$1,811</u>
COMPENSATION TOTAL	\$93,253	\$96,006
Social Security	\$0	\$0
Retirement	\$4,573	\$4,710
BENEFITS TOTAL	<u>\$4,573</u>	<u>\$4,710</u>
TOTAL PAY PACKAGE	\$97,826	\$100,716

Medical, Dental, Vision and Life insurance in 2015 is \$11,086 A slight increase is projected for 2016.

* Salary is subject to change dependent on the performance of the company

** The 2016 Projected Package was originally approved and published for 2015

Editorial Director Danny Conn	2015 Package	2016 Projected Package
Salary*	\$43,358	\$44,659
Housing Allowance	\$18,000	\$18,540
Christmas Bonus	<u>\$920</u>	<u>\$948</u>
COMPENSATION TOTAL	\$62,278	\$64,147
Social Security	\$0	\$0
Retirement	\$3,068	\$3,160
BENEFITS TOTAL	<u>\$3,068</u>	<u>\$3,160</u>
TOTAL PAY PACKAGE	\$65,346	\$67,307

Medical, Dental, Vision and Life insurance in 2015 is \$7,953. A slight increase is projected for 2016.

* Salary is subject to change dependent on the performance of the company

Director of Events/Vertical Three Brandon Roysden	2015 Package	2016 Projected Package
Salary*	\$41,000	\$42,230
Housing Allowance		\$0
Christmas Bonus	<u>\$615</u>	<u>\$633</u>
COMPENSATION TOTAL	\$41,615	\$42,863
Social Security	\$3,184	\$3,279
Retirement	\$2,050	\$2,111
BENEFITS TOTAL	<u>\$5,234</u>	<u>\$5,391</u>
TOTAL PAY PACKAGE	\$46,848	\$48,254

Medical, Dental, Vision and Life insurance in 2015 is \$11,086. A slight increase is projected for 2016.

* Salary is subject to change dependent on the performance of the company

**Summary of the Minutes
For the Randall House Board**

2014-2015

The Randall House Board had three regular meetings. The first meeting was held at the National Association July 30, 2014, in Fort Worth, TX. At the meeting, we elected officers and determined committees. A financial update for 2014 was received as information.

The second meeting was held at Randall House on December 10, 2014, after the Leadership Conference. We heard reports from the Executive Director and the various departments. Each committee presented their reports. We approved the speakers and theme for NYC 2015.

The third meeting was held April 19-20, 2015, in Baltimore, MD. The board accepted the audit for 2014 and the financials for 2014 along with approving the budget for 2016. The first quarter 2015 financials were reviewed and accepted. There was extensive discussion and analysis of the financial position of RHP and the 6% cut in the budget from the 2015 budget. We heard reports from the Executive Director and the various departments. Each committee presented their reports. The board commended Ron Hunter and the senior leadership of Randall House for making the hard decisions to maintain a healthy publishing ministry in a very difficult economical and ecclesiastical climate.

Report of the General Director

Over the past few years, several people have inquired concerning the Mission's future direction. Though we may make adjustments, as necessary, to our strategies, methodology, goals, and objectives, we will not stray from our mission statement.

Our Mission Statement Amplified

International Missions' mission statement affirms: ***We exist to labor with the Body of Christ to fulfill the Great Commission.*** Those 14 words clearly and concisely reveal the *mission* of Free Will Baptist International Missions. We may expand on this thought and say, "*We are fulfilling the Great Commission by obeying the Great Commandments.*"

In Matthew 22, Christ is asked the last in a series of questions posed by various individuals and sects who sought to entangle Him:

Master, which is the great commandment in the law? (v. 36)

Jesus quickly responded to the enquiring lawyer with words that should influence **our** daily lives.

***Thou shalt love the Lord thy God with all thy heart,
and with all thy soul, and with all thy mind.***

This is the first and great commandment. And the second is like unto it,

Thou shalt love thy neighbour as thyself.

On these two commandments hang all the law and the prophets. (vv. 37-40)

Our commitment to the Great Commission is profoundly motivated by our eternal love for the Lord our God and unconditional love for our *neighbor*. All the IM staff share this commitment, whether stateside or in the field.

Fulfilling the Great Commission is not an easy task and must be done in such a manner that it safeguards the integrity of the worker and the name of Christianity.

Five Objectives

To guide us in our pursuit of our mission statement we established some well-defined objectives. These five objectives are Bible-based, missiologically-sound, and reflective of Free Will Baptist beliefs and desires.

1. WE **MINISTER** TO PEOPLE by building relationships to discover and meet their real needs (Deuteronomy 15:11, Proverbs 13:23, Matthew 25:35-40, Luke 4:18, James 1:27).

2. WE **SHARE** A MESSAGE OF COMPASSION AND HOPE in culturally sensitive ways among some of the most resistant and least reached peoples

of the world (Matthew 28:19-20, Mark 16:15, Luke 24:47-48, John 20:21, Acts 1:8).

3. WE **PLANT** CHURCHES by discipling and equipping believers (Matthew 28:19, Ephesians 4:12-16, 1 Timothy 3:14-15).

4. WE **TRAIN** LEADERS who train others (Matthew 20:25-28, 1 Timothy 3:1-7, 1 Timothy 4:12, 2 Timothy 2:2).

5. WE **PARTNER** with maturing national churches and others in the Body of Christ who share our passion to fulfill the Great Commission (John 17:11-23, Romans 15:6, Romans 15:15, 1 Corinthians 1:10, Ephesians 2:11-22).

Eight Core Values

Our objectives are framed by our core values, which form the foundation on which we fulfill our roles and conduct ourselves with our fellow workers and Mission participants and supporters.

1. **Integrity:** We value diligence to live in the Truth and do what we promise, striving for authenticity and transparency in our relationship with God and others.

2. **Trust:** In our relationships with fellow workers, we choose to trust and assume positive motivations over the natural tendency of suspicion and negativity.

3. **Interdependence:** We believe God desires we work together in the spirit of unity as team players, partnering together to accomplish a task beyond the capacity of any individuals involved.

4. **Accountability:** We value accountability not only because it is biblical but also because we believe it is ultimately healthy for every worker and we care about effectiveness in accomplishing our purpose.

5. **Flexibility:** We will not compromise the gospel or the unchanging truths of God's Word, but we understand the cultural contexts in which we work are in a constant state of flux. Therefore, we value flexibility of our missionaries and staff to be culturally relevant and effective while maintaining biblical integrity.

6. **Affirmation:** We recognize the value of affirmation within the Body of Christ and, therefore, strive to express authentic appreciation and honor for the gifts, abilities, competencies, and achievements of our fellow workers.

7. **Lifelong learning:** We believe missionaries who finish their lives and ministries well are those who continue to learn throughout their lives, so we value the cultivation of a corporate culture that encourages lifelong growth and learning.

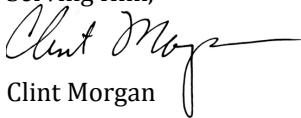
8. Facilitation: We value the selfless efforts of servants to work for the success of others by taking secondary roles to avoid dependency on temporary workers and to seek first and foremost the success of God's work specific to each cultural context.

Your Investment

I hope you are better informed about our direction, encouraged by these declarations, and satisfied that your investment in time, money, and prayer for IM is an act of good stewardship.

It is also my desire that you realize more than ever before how vital you are to Free Will Baptists efforts to *fulfill the Great Commission by fulfilling the Great Commandments*.

Serving Him,



Clint Morgan

General Director

Tributes

Goodbyes and hellos are an ongoing part of life. Since our last report, we have said many of both.

With heavy hearts filled with joy, we said goodbye to three of our friends, colleagues, and fellow laborers in the harvest: **Willie Gage** (Côte d'Ivoire, May 27, 2014); **Lonnie Sparks** (Côte d'Ivoire and Spain, June 26, 2014); and **Jim McClain** (Japan, October 6, 2014). While we sorrow, we recognize this is merely a temporal separation, for we do not grieve as those with no hope.

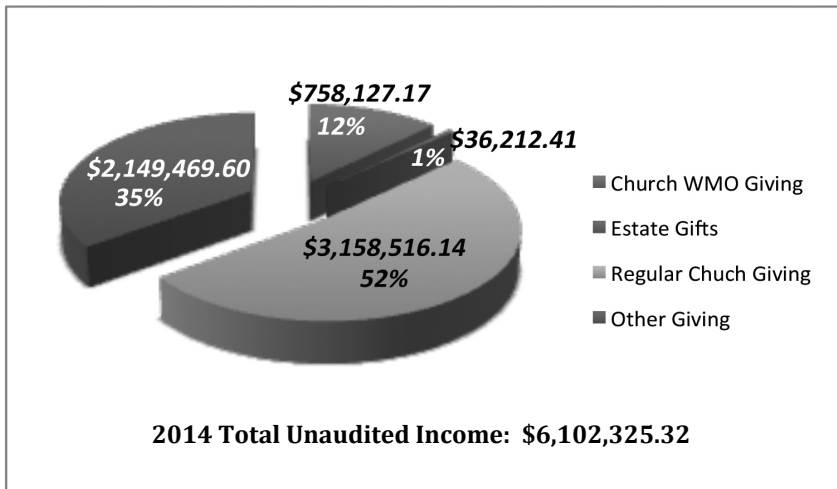
We also said goodbye to **Mark McPeak** as he left our staff (director of advancement) to pursue his entrepreneurial dreams. We said hello and welcome back to **Curt Holland**, former missionary to Brazil, now serving as director of mobilization.

Financial Summaries

It is through our cooperative and collective support of cross-cultural missions that God works. Each and every gift is important in making it possible to take the gospel to people who have never heard the name of Jesus or held a Bible in their hands.

As is evident in the pie chart, consistent, monthly giving provide the bulk of support for those who evangelize, disciple new believers, plant churches, and train leaders and pastors overseas. Whatever the size of the gift, *a heartfelt “thank you” goes to all those who demonstrate their commitment to taking the gospel to the ends of the earth through consistent contributions.*

Sources of Income



While thankful for every church that gave consistently, the following 100 churches represent the top-giving congregations. Though some of these are larger fellowships, many represent small churches demonstrating sacrificial obedience.

Church Name	City	State	2014 Amount
Unity FWB Church	Greenville	NC	\$150,535.80
Donelson FWB Church	Nashville	TN	\$98,560.21
Horse Branch FWB Church	Turbeville	SC	\$68,394.42
First FWB Church	Beaufort	NC	\$52,218.00
Bethel FWB Church	Kinston	NC	\$49,065.00
First FWB Church	Albany	GA	\$39,663.61

Fellowship FWB Church	Bryan	TX	\$37,456.11
Westside FWB Church	Johnsonville	SC	\$36,943.58
Sherwood Forest FWB Church	New Bern	NC	\$34,599.71
Union Grove FWB Church	Atkins	AR	\$32,125.34
First FWB Church	Russellville	AR	\$30,445.04
Bethany FWB Church	Broken Arrow	OK	\$30,250.00
First FWB Church	Mountain Grove	MO	\$29,911.00
Grace FWB Church	Lake City	SC	\$28,883.23
Zephyr Hills FWB Church	Asheville	NC	\$28,807.00
Ina FWB Church	Ina	IL	\$28,767.00
Faith Chapel Baptist Church	Jacksonville	NC	\$28,201.30
New Hope FWB Church	Joelton	TN	\$28,128.10
First FWB Church	Pocahontas	AR	\$27,716.51
Cofer's Chapel FWB Church	Nashville	TN	\$27,705.39
Cross Timbers FWB Church	Nashville	TN	\$27,532.27
Blue Point FWB Church	Cisne	IL	\$26,368.68
First FWB Church	Star City	AR	\$24,025.77
North Warren FWB Church	Warren	MI	\$23,920.63
Grace For The World Ministries	Dickson	TN	\$22,700.00
Peace FWB Church	Wilson	NC	\$22,399.92
Mt. Zion FWB Church	Pell City	AL	\$21,976.32
First FWB Church	Washington	NC	\$21,800.00
Cavanaugh FWB Church	Fort Smith	AR	\$21,659.91
Bethany FWB Church	Timmons ville	SC	\$21,589.00
Temple FWB Church	Darlington	SC	\$21,262.58
Peace FWB Church	Florence	SC	\$20,986.84
West Tulsa FWB Church	Tulsa	OK	\$20,180.82
Beulah FWB Church	Pamplico	SC	\$20,082.91
Garner FWB Church	Garner	NC	\$19,805.66
Good Springs FWB Church	Pleasant View	TN	\$18,849.25
Faith FWB Church	Lubbock	TX	\$17,650.00
First FWB Church	N Little Rock	AR	\$17,545.64
Tupelo FWB Church	Tupelo	MS	\$17,365.59
Central FWB Church	Royal Oak	MI	\$17,318.39
New Liberty FWB Church	Bankston	AL	\$17,086.49
Phillips Chapel FWB Church	Springdale	AR	\$16,776.78

Sutton FWB Church	Pocahontas	AR	\$16,720.56
Tippett's Chapel FWB Church	Clayton	NC	\$16,037.42
Calvary Fellowship FWB Ch	Fenton	MO	\$15,996.72
Winfield First FWB Church	Winfield	AL	\$15,968.34
Thomaston Community Church	Thomaston	TX	\$15,774.00
Allen Chapel FWB Church	Batesville	AR	\$15,497.67
Red Bay FWB Church	Red Bay	AL	\$15,378.24
Bethel FWB Church	Chapmansboro	TN	\$15,157.57
First FWB Church	Gastonia	NC	\$15,131.00
Liberty FWB Church	Lawley	AL	\$14,681.87
First FWB Church	Charleston	AR	\$14,526.78
New Hope FWB Church	Ewing	IL	\$14,494.00
Ebenezer FWB Church	Glennville	GA	\$14,308.79
Mt Olive FWB Church	Guin	AL	\$14,258.19
Lebanon FWB Church	Effingham	SC	\$14,207.80
Temple FWB Church	Winterville	NC	\$14,007.50
Crossroads FWB Church	Jenks	OK	\$13,514.93
Porter FWB Church	Wheelersburg	OH	\$13,303.71
Sherwood Forest FWB Church	El Sobrante	CA	\$13,243.12
Macedonia FWB Church	Purdy	MO	\$13,200.00
Black River FWB Church	Andrews	SC	\$13,100.38
Philadelphia FWB Church	Folkston	GA	\$12,958.10
Heads FWB Church	Cedar Hill	TN	\$12,742.13
Cramerton FWB Church	Cramerton	NC	\$12,707.51
First FWB Church	Darlington	SC	\$12,427.80
Trinity FWB Church	Greenville	NC	\$12,253.08
Sand Hill FWB Church	Coward	SC	\$12,063.25
Bay Branch FWB Church	Timmons ville	SC	\$11,925.21
New Life Fellowship FWB Church	Statesboro	GA	\$11,917.54
Harrison FWB Church	Minford	OH	\$11,898.97
First FWB Church	Northport	AL	\$11,595.11
Bethlehem FWB Church	Ashland City	TN	\$11,464.00
Cross Keys Free Will Fellowship	New Oxford	PA	\$11,192.80
First FWB Church	Walnut Ridge	AR	\$11,117.71
Smithville FWB Church	Smithville	TN	\$11,111.43
Hannon FWB Church	Liberal	MO	\$10,982.40

First FWB Church	Sulligent	AL	\$10,914.35
Hurricane Chapel FWB Church	Mc Ewen	TN	\$10,663.17
Piney Grove FWB Church	Guin	AL	\$10,553.88
Mt. Harmony FWB Church	Vernon	AL	\$10,501.18
Unity Fwb Church	Smithfield	NC	\$10,327.65
Ahoskie FWB Church	Ahoskie	NC	\$10,310.00
Locust Grove FWB Church	Locust Grove	OK	\$10,273.53
First FWB Church	Checotah	OK	\$10,212.20
Hartville FWB Church	Hartville	MO	\$10,119.19
First FWB Church	Tuckerman	AR	\$10,079.42
Belk FWB Church	Belk	AL	\$9,939.35
New Oak Grove FWB Church	Nauvoo	AL	\$9,878.50
Colquitt FWB Church	Colquitt	GA	\$9,827.30
Forestdale FWB Church	Birmingham	AL	\$9,723.21
First FWB Church	O'Fallon	MO	\$9,443.75
Macedonia FWB Church	Millport	AL	\$9,411.00
Mullins-Marion FWB Church	Mullins	SC	\$9,100.00
First FWB Church	Jonesboro	AR	\$8,980.69
First FWB Church	Dothan	AL	\$8,930.16
Fayette First FWB Church	Fayette	AL	\$8,909.75
Pleasant View FWB Church	Walnut Hill	IL	\$8,906.93
Lakeview FWB Church	Bowling Green	KY	\$8,844.50

67 churches gave at least \$2,500 to the WMO in 2014

Church	WMO
Bethel FWB Church, Kinston, NC	\$30,000.00
Unity FWB Church, Greenville, NC	\$23,322.00
First FWB Church, Pocahontas, AR	\$21,454.60
Zephyr Hills FWB Church, Asheville, NC	\$21,225.00
Fellowship FWB Church, Bryan, TX	\$18,519.16
Tupelo FWB Church, Tupelo, MS	\$15,865.59
Faith FWB Church, Lubbock, TX	\$13,500.00
Temple FWB Church, Darlington, SC	\$11,001.17
Bethany FWB Church, Broken Arrow, OK	\$10,000.00
First FWB Church, Mountain Grove, MO	\$9,783.50

Locust Grove FWB Church, Locust Grove, OK	\$9,058.53
Harrison FWB Church, Minford, OH	\$8,283.97
Sulphur FWB Church, Sulphur, OK	\$6,876.23
Sherwood Forest FWB Church, New Bern, NC	\$6,867.00
First FWB Church, Seffner, FL	\$6,345.38
New Hope FWB Church, Joelton, TN	\$6,187.91
First FWB Church, Beaufort, NC	\$5,899.50
Heads FWB Church, Cedar Hill, TN	\$5,871.61
Davis FWB Church, Davis, NC	\$5,797.20
Philadelphia FWB Church, Folkston, GA	\$5,610.00
Calvary Fellowship FWB Church, Fenton, MO	\$5,492.09
Lakeview FWB Church, Bowling Green, KY	\$5,344.50
Peace FWB Church, Florence, SC	\$5,344.00
Brush Creek FWB Church, Argillite, KY	\$5,282.02
Porter FWB Church, Wheelersburg, OH	\$5,219.94
North Warren FWB Church, Warren, MI	\$5,193.00
Ina FWB Church, Ina, IL	\$5,167.00
First FWB Church, Richmond, VA	\$5,085.00
Macedonia FWB Church, Millport, AL	\$5,025.45
Macedonia FWB Church, Purdy, MO	\$5,000.00
Peace FWB Church, Wilson, NC	\$5,000.00
Bethlehem Church, Ashland City, TN	\$5,000.00
Central FWB Church, Huntington, WV	\$5,000.00
Bethany FWB Church, Timmons ville, SC	\$4,802.00
First FWB Church, Dickson, TN	\$4,532.95
First FWB Church, Checotah, OK	\$4,525.33
New Oak Grove FWB Church, Nauvoo, AL	\$4,375.00
Mineral Springs FWB Church, Muldrow, OK	\$4,359.70
First FWB Church, Gastonia, NC	\$4,310.00
Trinity FWB Church, La Grange, NC	\$4,264.60
Beulah FWB Church, Pamplico, SC	\$4,241.47
Travelers Rest FWB Church, Colquitt, GA	\$4,000.00
Hazel Dell FWB Church, Sesser, IL	\$3,925.00
Cofer's Chapel FWB Church, Nashville, TN	\$3,898.57
First FWB Church, Duncanville, TX	\$3,834.15
Sherwood Forest FWB Church, El Sobrante, CA	\$3,778.47
Donelson FWB Church, Nashville, TN	\$3,680.00

Ebenezer FWB Church, Miami, FL	\$3,562.00
Westside FWB Church, Johnsonville, SC	\$3,475.00
Good Springs FWB Church, Pleasant View, TN	\$3,292.00
Hartville FWB Church, Hartville, MO	\$3,269.19
Westerville FWB Church, Westerville, OH	\$3,214.23
Ben Avenue FWB Church, Kannapolis, NC	\$3,207.50
Grace FWB Church, Lake City, SC	\$3,153.97
Ebenezer FWB Church, Glennville, GA	\$3,037.44
Grace For The World Ministries, Dickson, TN	\$3,000.00
Central FWB Church, Royal Oak, MI	\$2,945.56
Garner FWB Church, Garner, NC	\$2,882.66
Southside FWB Church, Paintsville, KY	\$2,800.00
Cherokee FWB Church, Willard, KY	\$2,735.63
Canyon Country FWB Church, Canyon, TX	\$2,640.44
Red Bay FWB Church, Red Bay, AL	\$2,616.86
First FWB Church, Albany, GA	\$2,593.00
Limestone FWB Church, Limestone, TN	\$2,565.00
Calvary Chapel FWB Church, Buffalo, MO	\$2,559.84
Madison FWB Church, Madison, AL	\$2,500.00
Rejoice First FWB Church, Owasso, OK	\$2,500.00

The generosity of individual churches and people as well as diligent efforts of state leaders led to the following total giving to International Missions by state.

State	Number Churches	Amount Donated to IM
Alabama	124	\$418,442.06
Alaska	0	\$0.00
Arizona	9	\$28,639.48
Arkansas	190	\$554,550.06
California	59	\$62,015.01
Canada	10	\$8,718.06
Colorado	4	\$3,999.73
Connecticut	0	\$50.00
Delaware	2	\$5,796.56
Florida	57	\$104,198.05

Georgia	109	\$306,156.41
Hawaii	1	\$500.00
Idaho	5	\$8,794.98
Illinois	38	\$222,996.85
Indiana	23	\$45,598.02
Iowa	3	\$0.00
Kansas	11	\$11,316.50
Kentucky	114	\$121,305.14
Louisiana	4	\$480.00
Maine	1	\$68.64
Maryland	1	\$2,877.90
Massachusetts	0	\$1,970.00
Michigan	35	\$118,141.15
Minnesota	0	\$0.00
Mississippi	51	\$77,047.93
Missouri	157	\$467,690.79
Montana	0	\$0.00
Nebraska	0	\$600.00
Nevada	0	\$475.00
New Hampshire	1	\$90.00
New Jersey	2	\$425.00
New Mexico	2	\$5,422.00
New York	2	\$3,020.50
North Carolina	184	\$810,699.00
Ohio	135	\$130,703.22
Oklahoma	214	\$658,329.63
Oregon	3	\$250.00
Pennsylvania	5	\$17,090.12
Rhode Island	2	\$300.00
South Carolina	118	\$528,181.40
South Dakota	0	\$1,162.96
Tennessee	194	\$911,116.22
Texas	47	\$140,574.28
Utah	2	\$7,580.00
Virginia	72	\$80,854.17
Washington	2	\$3,763.00
West Virginia	161	\$115,899.38

Wisconsin	1	\$2,175.00
Wyoming	1	\$490.00
Virgin Islands	1	\$4,543.77

Summary of Board Meetings

The Board of International Missions met three times and held one phone conferences from May 1, 2014, to May 1, 2015. Board members for the period were Danny Williams (AL, chairman), Dr. Jeff Manning (NC, vice-chairman), Tom McCullough (MI, secretary), Nelson Henderson (AR), Mark Price (OH), Rob Morgan (TN, ended July 2014), Greg McAllister (CA), Dr. Brad Ransom (OK, ended April 2014), Dr. Jan Banks (OK), Jeff Nichols (TN, beginning July 2014), and Robert Posner (TX, beginning July 2014).

Board actions throughout the year included:

- Reestablishing a director of mobilization position to oversee all short-term works
- Seconding Dr. Jeff Turnbough to serve as CEO of ITA while retaining responsibilities with FWBIM as regional director of Europe and candidate shepherd
- Accepting the resignation of Mark McPeak effective December 31, 2014
- Appointing Anna Forlines as a one-year short-term internship in Nantes, France, to work with Matt and Cristina Price in ministry to university students
- Appointing Myriam Le Louran to a two-year short-term internship in Nantes, France, to work with Dennis and Carol Teague and Joel and Lydie Teague in efforts to reach French young people
- Blessing Dale and Allyssa Harvey's service with a partner organization
- Appointing Eddy and Amanda Simmons as career missionaries to the Samburu people group in Kenya
- Appointing Tyler and Kelly Penn as career missionaries working with international university students in a joint-project with North American Ministries
- Accepting the retirement of Steve and Judy Lytle after 40 years of dedicated, selfless missionary service in Panama and the Mission office

Free Will Baptist International Missions

2016 Operational Budget Summary

Category	2014 Proposed Budget		2014 Actuals		2015 Proposed Budget	2016 Proposed Budget
Field Ministries & Projects	\$	1,174,040.40	\$	1,066,023.95	\$	1,155,217.62
Missionary Compensation & Benefits	\$	3,789,083.66	\$	2,804,989.59	\$	3,358,903.20
Missionary Travel/Transportation	\$	762,830.06	\$	561,029.67	\$	672,464.31
Mobilization & Development	\$	664,153.10	\$	478,998.86	\$	650,566.16
Administration	\$	859,892.77	\$	842,665.88	\$	862,848.70
Grand Totals	\$	7,250,000.00	\$	5,753,707.95	\$	6,700,000.00

Does not include: Non-Governmental Organization Projects, IM/act, or other "Potential" Budgets approved by the Board of International Missions

2016 Operational Budget Breakout

Functional Description	2016 Amt	Functional Description	2016 Amt
Missionary Salary	\$1,161,178.66	Int'l Missions Month	\$2,512.07
Missionary COLA	\$300,768.26	One Magazine	\$60,289.77
Missionary Housing - Field	\$648,111.52	Board Expenses	\$16,579.69
Missionary Housing - US	\$217,407.90	Office Travel Domestic	\$16,077.27
Missionary Christmas Bonus	\$22,948.51	Travel Insurance	\$436.10
Missionary Social Security Taxes	\$241,618.46	Department Insurance	\$2,656.77
Missionary Fieldside Transportation	\$175,872.74	Candidate Expenses	\$1,004.83
Missionary Cell Phones	\$37,991.34	Recruiting	\$502.41
Missionary Vehicle Purchases	\$101,164.10	Mobilization	\$653.14
Missionary Medical Insurance	\$586,023.10	Employee Recognition	\$3,667.63
Missionary Furlough Expenses	\$1,053.79	Strategic Planning Retreat	\$10,048.29
Missionary Overseas Travel	\$104,522.55	COLA Indices	\$6,631.87
Missionary Childrens Schooling	\$47,526.05	Compassion/Relief	\$1,507.24
Missionary Language School/Cont Ed	\$29,579.96	Cell Phone Usage	\$7,837.67
Missionary Furniture/Appliances	\$12,645.51	Meals/Enter/Lodging Others	\$2,280.87
Missionary Childrens Collage	\$7,719.03	Orientation for New Missionary	\$251.21
Missionary Retirement	\$47,482.88	Mission Community Development	\$200.97
Missionary Non US Taxes	\$39,464.54	Donor Development	\$2,009.66
Missionary Special Projects	\$175,614.56	Advisory Council	\$1,507.24
Missionary Newsletterers	\$36,008.10	Office Travel International	\$37,681.10
Missionary Miscellaneous	\$27,756.90	Missionary Stateside Assignment - Fuel	\$60,837.85
Missionary Equipment	\$31,550.56	Missionary Stateside Assignment - Airfare	\$12,057.95
Missionary Meeting Places	\$85,462.59	Missionary Stateside Assignment - Lodging	\$20,096.59
Missionary Maintenance Mission Prop	\$33,089.09	Missionary Stateside Assignment - Meals	\$25,120.74
Missionary Evangelism	\$81,713.20	Missionary Stateside Assignment - ReEntry	\$4,521.73
Missionary National Workers	\$154,970.76	Missionary Stateside Assignment - Internet	\$1,205.80
Missionary Other Supporting	\$286,361.86	Missionary Stateside Assignment - EveryOne Car	\$2,009.66
Missionary Overseas Shipping	\$16,375.94	Missionary Stateside Assignment - Equipment	\$6,531.39
Missionary Dental & Optical	\$70,846.49	Missionary Stateside Assignment - National Conv	\$18,086.93
Missionary Customs Charges	\$1,369.93	Missionary Stateside Assignment - Misc	\$1,004.83
Missionary COLA Equalization	\$56,675.08	WMO Ambassador Travel	\$17,584.52
Missionary Other Insurance	\$21,729.21	WMO Ambassador Honorariums	\$10,048.29
Missionary Field Admin Expenses	\$3,314.18	WMO Campaign Expenses	\$5,024.15
ELIC Personnel	\$100,110.31	WMO Coin Banks	\$20,703.51
Office Salary	\$521,289.23	WMO Ambassador Training	\$6,028.96
Office Housing	\$78,149.27	Professional Services	\$7,285.01
Office Social Security	\$68,359.93	Auditing Expenses	\$13,062.78
Office Christmas Bonus	\$11,527.66	Rent - 5233 Mt View Rd	\$90,434.65
Office Insurance	\$109,663.68	Software Expense	\$10,249.26
Office Retirement	\$27,959.58	Office/Computer Equipment	\$10,048.29
Audio Visual	\$526.90	Office Equip Maint	\$1,004.83
Film and Art	\$6,322.76	Office Supplies	\$10,801.92
Video	\$22,129.65	Other Expenses	\$271,203.47
Promotional Materials	\$9,273.38	Bank Service Charges	\$7,285.01
Services and Dues	\$421.52	Depreciation Expense	\$92,444.31
Info Services Materials	\$632.28	Credit Card Process Fees	\$7,285.01
Telephone	\$7,113.10	Website	\$27,884.02
Copier Expense	\$3,899.03	Internet Service Provider	\$2,512.07
Regular Postage	\$13,488.55	Vehicle Fuel	\$16,479.20
Miscellaneous Mailings	\$5,532.41	Vehicle Maintenance	\$6,028.96
Books and Subscriptions	\$1,475.31	Vehicle Repairs	\$19,594.17
Together Way Campaign	\$2,212.96	Vehicle Registration	\$1,446.95
Surveys	\$526.90	Vehicle Insurance	\$12,057.95
Reentry	\$1,317.24		
Seminary/Training Expense	\$23,236.13		
National Convention	\$26,608.27		
		Totals	6,900,000.00

2014 Adj Factor	2015 Adj Factor	2016 Adj Factor
1.000	1.020	1.030
0.050	0.050	0.050

Compensation Detail - FWBIM Directors

	2014 Actual	2015 Actual	2016 Proposed
General Director - Clint Morgan			
Salary	40,773.48	42,068.95	44,051.02
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	10,863.11	11,080.38	11,412.79
Retirement	3,238.67	3,303.45	3,402.55
Insurance	14,495.88	14,169.84	15,303.43
Christmas Bonus	1,245.64	1,270.56	1,308.67
Total Cost of Employment	94,616.79	95,893.17	99,478.46
Director of Financial Operations - Robert Conley			
Salary	58,072.29	59,233.73	61,010.74
Social Security	9,806.09	10,002.21	10,302.28
Retirement	2,903.61	2,961.69	3,050.54
Insurance	21,492.72	21,124.32	22,814.27
Christmas Bonus	1,116.77	1,139.11	1,173.28
Total Cost of Employment	93,391.49	94,461.06	98,351.11
Director of Church Relations - Sam McVay			
Salary	27,600.00	31,500.00	33,165.00
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	8,653.80	9,307.87	9,587.10
Retirement	2,580.00	2,775.00	2,858.25
Insurance	14,495.88	14,169.84	15,303.43
Christmas Bonus	992.31	1,067.31	1,099.33
Total Cost of Employment	78,321.99	82,820.01	86,013.11
Director of Mobilization - Curt Holland			
Salary	600.00	25,500.00	27,165.00
Housing and Utilities	9,900.00	30,000.00	30,000.00
Social Security	1,760.95	9,307.87	9,587.10
Retirement		2,775.00	2,858.25
Insurance		14,169.84	15,303.43
Christmas Bonus	201.92	1,067.31	1,099.33
Total Cost of Employment	12,462.87	82,820.01	86,013.11

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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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 financial statements of the Board of International Missions of the National Association of Free Will Baptists and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2014 and 2013, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedules of Functional Expenses is presented for purposes of additional analysis and is not a required part of the 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 audit 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

April 14, 2015

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013**

ASSETS		
	2014	2013
Cash	\$ 1,073,943	\$ 873,374
Investments in trusts	97,598	94,968
Investments	6,575	4,419
Prepaid expenses	34,302	98,462
Receivables from employees and missionaries	264,301	260,791
Property and equipment, net	<u>931,979</u>	<u>993,594</u>
Total assets	<u><u>\$ 2,408,698</u></u>	<u><u>\$ 2,325,608</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 149,189	\$ 194,481
Notes payable	179,667	201,351
Accrued severance payable	<u>84,808</u>	<u>92,950</u>
Total liabilities	<u>413,664</u>	<u>488,782</u>
Net assets:		
Unrestricted	1,360,702	1,324,461
Temporarily restricted	608,091	486,124
Permanently restricted	<u>26,241</u>	<u>26,241</u>
Total net assets	<u>1,995,034</u>	<u>1,836,826</u>
Total liabilities and net assets	<u><u>\$ 2,408,698</u></u>	<u><u>\$ 2,325,608</u></u>

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

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Unrestricted:		
Revenue:		
Contributions	\$ 2,938,875	\$ 3,028,211
Gain on disposal of property and equipment	19,935	31,506
Investment income	4,785	10,453
Other income	2,216	1,369
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>3,015,185</u>	<u>2,926,580</u>
Total revenue and reclassifications	<u>5,980,996</u>	<u>5,998,119</u>
Functional expenses:		
General fund	1,341,420	1,313,134
Missionary/field ministry	4,546,091	5,280,605
IMpact	<u>57,244</u>	<u>65,721</u>
Total functional expenses	<u>5,944,755</u>	<u>6,659,460</u>
Increase (decrease) in unrestricted net assets	<u>36,241</u>	<u>(661,341)</u>
Temporarily restricted:		
Revenue:		
Contributions	3,137,152	2,926,073
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(3,015,185)</u>	<u>(2,926,580)</u>
Increase (decrease) in temporarily restricted net assets	<u>121,967</u>	<u>(507)</u>
Total increase (decrease) in net assets	158,208	(661,848)
Net assets, beginning of year	<u>1,836,826</u>	<u>2,498,674</u>
Net assets, end of year	<u><u>\$ 1,995,034</u></u>	<u><u>\$ 1,836,826</u></u>

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

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 158,208	\$ (661,848)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	164,902	171,502
Unrealized gain on investments	(4,785)	(10,453)
Gain on disposal of property and equipment	(19,935)	(31,506)
(Increase) decrease in		
Prepaid expenses	64,160	(43,172)
Receivables from employees and missionaries	(3,510)	48,806
Decrease in		
Accounts payable and accrued expenses	(45,292)	(37,986)
Accrued severance payable	(8,142)	(21,707)
	<u>305,606</u>	<u>(586,364)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(198,750)	(255,570)
Proceeds from sale of property and equipment	115,397	97,932
Proceeds from sale of investments	<u>-</u>	<u>300,000</u>
	<u>(83,353)</u>	<u>142,362</u>
Net cash (used in) provided by investing activities		
Cash flows from financing activities:		
Payments on notes payable	<u>(21,684)</u>	<u>(20,617)</u>
	<u>(21,684)</u>	<u>(20,617)</u>
Net cash used in financing activities		
Increase (decrease) in cash	200,569	(464,619)
Cash, beginning of year	<u>873,374</u>	<u>1,337,993</u>
Cash, end of year	<u><u>\$ 1,073,943</u></u>	<u><u>\$ 873,374</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid during the year	<u><u>\$ 12,119</u></u>	<u><u>\$ 13,497</u></u>

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

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2011.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 and changes in net assets as net assets released from restrictions.

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 and Depreciation

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, 2014 AND 2013**

NOTE 3 - INVESTMENTS IN TRUSTS

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

	2014	2013
General Reserves Trust	\$ 65,481	\$ 63,717
Support Services Endowment	25,655	24,963
St. Sebastian Trust	4,103	3,993
Scholarship Endowment	<u>2,359</u>	<u>2,295</u>
	<u><u>\$ 97,598</u></u>	<u><u>\$ 94,968</u></u>

The total investment income was \$2,629 and \$9,115 for 2014 and 2013, 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, 2014 and 2013, all of 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, 2014 and 2013 consisted of equity securities. Unrealized gains were \$2,156 and \$1,338 for 2014 and 2013, respectively. There were no realized gains or losses. The equity securities are valued with Level 1 inputs as more fully described in Note 3.

NOTE 5 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES

Included in receivables from missionaries and employees is \$254,803 and \$242,977 in 2014 and 2013, 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.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2014	2013
Land	\$ 187,213	\$ 187,213
Buildings	561,638	561,638
Office furniture and equipment	40,477	42,914
Cameras and projectors	52,064	63,339
Automobiles	951,047	1,004,784
Computer equipment and software	41,269	107,036
	<u>1,833,708</u>	<u>1,966,924</u>
Less accumulated depreciation	<u>(901,729)</u>	<u>(973,330)</u>
Total	<u>\$ 931,979</u>	<u>\$ 993,594</u>

Depreciation expense amounted to \$164,902 and \$171,502 for 2014 and 2013, respectively. Depreciation expense in the amount of \$150,860 and \$148,876 is included in the general fund expenses for 2014 and 2013, respectively, while the remainder is included in missionaries' expenses.

Gains on disposal of property and equipment totaled to \$19,935 and \$31,506 for 2014 and 2013 and is primarily from the sale of automobiles.

NOTE 7 - 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 8 - LINE OF CREDIT

On March 12, 2014, the Organization entered into a maximum \$500,000 line of credit arrangement with Free Will Baptist Foundation secured by the Organization's cash, investments in trusts, and investments. Interest on any outstanding borrowings are payable monthly at The Wall Street Journal published prime rate plus 1.25 percent per annum. No borrowings on the line were outstanding at December 31, 2014. The arrangement expires March 12, 2019.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 - NOTES PAYABLE

Notes payable consist of the following as of December 31:

	2014	2013
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.	\$ 60,055	\$ 71,555
Note payable to Free Will Baptist Foundation for the Yahata property requiring monthly payments of principal and interest of \$1,477 with an interest rate of 6.0%. The note matures in August 2023.	<u>119,612</u>	<u>129,796</u>
	<u>\$ 179,667</u>	<u>\$ 201,351</u>

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

Year ending December 31,

2015	\$ 23,813
2016	25,415
2017	27,125
2018	28,950
2019	16,076
Thereafter	<u>58,288</u>
	<u>\$ 179,667</u>

NOTE 10 - 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 \$83,467 and \$90,459 for 2014 and 2013 respectively. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 - LEASE

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$88,005 and \$85,491 for 2014 and 2013, respectively.

NOTE 12 - CONCENTRATIONS

The Organization has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$646,000 and \$460,000 at December 31, 2014 and 2013, respectively. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

NOTE 13 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Missionary/field ministry	\$ 223,514	\$ 74,756
IMpact	242,518	256,612
Subsidiary	<u>142,059</u>	<u>154,756</u>
	<u>\$ 608,091</u>	<u>\$ 486,124</u>

These net assets are restricted due to donor restrictions.

Permanently restricted net assets are restricted to:

	2014	2013
Support Services Endowment	\$ 25,031	\$ 25,031
MK Scholarship Endowment	<u>1,210</u>	<u>1,210</u>
	<u>\$ 26,241</u>	<u>\$ 26,241</u>

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 14, 2015 which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
General fund:		
Salaries	\$ 395,377	\$ 373,495
Depreciation	150,860	148,876
Health insurance	97,128	94,405
Missionary stateside assignment	95,189	144,659
Housing	89,150	54,000
Office rent	88,005	85,491
Employer payroll taxes	59,068	51,251
Department auto	55,543	58,682
Office supplies and equipment	44,008	28,846
One Magazine	40,805	36,694
Department travel	28,937	22,767
WMO Ambassador travel and training	24,616	19,646
Convention	21,378	28,499
WMO campaign	19,498	43,828
Retirement	18,920	18,245
Legal and professional	15,988	19,035
Fees and service charges	13,694	13,751
Board members	9,683	11,312
Telephone and internet	9,440	6,197
Postage	9,257	9,027
Publicity and promotion	8,294	4,755
Seminars, training and retreats	7,764	4,334
Donor development	7,446	1,049
COLA indexes	5,940	6,295
Video and audio visual	4,485	5,300
Visitor meals, entertainment and lodging	4,158	2,695
Benevolence	4,011	1,089
WMO Ambassador honorariums	3,980	3,310
Website	2,932	4,068
Department insurance	2,524	2,402
Other field ministry	1,563	1,618
Staff recognition	1,345	4,180
Recruiting and candidate	434	3,312
Impulse video magazine	-	21
Total general fund	<u>\$ 1,341,420</u>	<u>\$ 1,313,134</u>

**BOARD OF INTERNATIONAL MISSIONS OF THE
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS
AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Missionary/field ministry:		
Japan	\$ 1,104,878	\$ 1,120,431
France	697,558	842,094
Subsidiary	536,544	713,543
India	371,810	390,910
Student ministries	340,277	258,237
Spain	264,196	412,426
Bulgaria	255,230	177,399
Uruguay	236,860	317,237
Panama	199,802	279,496
Other projects	193,609	175,869
Field operations	119,214	116,565
Brazil	115,728	193,270
Missionary medical	33,867	55,645
Ivory Coast	32,725	152,430
Russia	25,600	56,897
Unreached people	<u>18,193</u>	<u>18,156</u>
Total missionary/field ministry	<u>4,546,091</u>	<u>5,280,605</u>
IMpact:		
Project expenses	<u>57,244</u>	<u>65,721</u>
Total functional expenses	<u><u>\$ 5,944,755</u></u>	<u><u>\$ 6,659,460</u></u>



Women Nationally Active for Christ

2014 has been a year of transition for WNAC. Since becoming a national department at last year's convention, we have completed the legal steps to present our proposed charter this year. Our participation in the Together Way Plan began in January 2015. We are excited about what God has in store for us in this new chapter.

During the 2014 fiscal year, the women gave:

\$185,744.27 directly to various missions and ministry causes
\$192,755.50 channeled through the WNAC office
\$20,557.61 non-cash gifts to the Steward Provision Closet
\$419,614.99 (grand total)

The women underwrite the support of the Steward Provision Closet ministry which benefits our home and international missionary families.

\$12,299.32	Gift Cards
\$12,598.46	Cash Gifts
\$20,557.61	Non-cash gifts
\$45,455.39	TOTAL

Two pastoral students from India received The Cleo Pursell Foreign Student Scholarship. Dr. Mary R. Wisheart Scholarships have been awarded to: Brianna Hurley (Welch); Blake Brashier (Hillsdale); Angie Fuller (CCC); and Rebecca Collier (Southeastern). What a privilege to invest in the next generation of FWB leaders.

This year we visited our sisters in Mexico (July 2014) and Panama (February 2015). What a joy to share in their meetings and rejoice with them in all God has accomplished. WNAC has partnered with both groups. We assisted in the expansion of the restroom facilities on the IBLAC campus (Mexico). We were able to supply kitchen equipment and appliances, ceiling fans for the dining hall, and provide cook's quarters on the Chamé campus (Panama). It was also exciting to see the fruits of the labors of our missionaries and the graduates of our Bible institutes/seminaries.

WNAC will host a national retreat, "FLOURISH," in Murfreesboro, TN, on September 3-5, 2015. Our speaker will be Izabella McMillon, a native of Romania who came to know the Lord through an Operation Christmas Child shoebox. We will also prepare shoeboxes during the retreat. Brochures are available at our booth.

We are excited to announce, "SHINE! Realizing Your Worth," regional conferences. These conferences will discuss scriptural modesty, purity, and biblical womanhood. Our target audience is young girls aged 12-18 along with their mothers and/or youth leaders. Visit by our booth for more information.

In seeking to offer Bible studies relevant to the issues facing women today, our theme for the coming year is "I Surrender All" based on Romans 12:1-2. We will examine the various facets of our lives that need to be totally surrendered to God: home, expectations, comfort zone, time, finances, fears, abilities, etc. May God help us to shine brightly where He has placed each of us.

Thank you for the privilege of serving our FWB women. If we can be of assistance to you in any way, feel free to contact our office.

Serving together until He comes,

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

Women Nationally Active for Christ Synopsis of Board Meetings

The WNAC Board met one time with additional monthly phone conferences from July 30, 2014 to May 1, 2015. Board members for this period were Diana Bryant (chairman, FL), Amy Johnson (vice-chairman, IN), Janie Campbell (secretary, AR), Sarah Sargent (OH), Jonda Patton (KY), Pam Hackett (SC), Lee Ann Wilfong (MO), Tracy Payne (OK), and Susan Burgess (IL).

November 20-21, 2014

MSC to adopt the revised Board Manual.

MSC to approve the proposed Charter of Women Nationally Active for Christ of the National Association of Free Will Baptists, Inc., as prepared by Robert M. Pauntienus, III, Esq.

MSC that WNAC operate under the proposed Charter awaiting adoption by the National Association of Free Will Baptists in July 2015.

MSC to give the executive committee of the Board of Trustees of Women Nationally Active for Christ the authority to act on behalf of the Board of Trustees when not in session in matters requiring expedient action.

MSC to send \$3,000 to help our African sisters build the feminine center in Cote d'Ivoire.

MSC to eliminate the WNAC luncheon at the National Convention in 2015 due to rising costs.

April 2, 2015

MSC to approve the 2014 audit presented by Terry Hill and adopt the 2016 proposed budget presented by Elizabeth Hodges.

**CHARTER OF
WOMEN NATIONALLY ACTIVE FOR CHRIST
OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Pursuant to T.C.A. §48-51-101 *et. seq.*, the Tennessee Nonprofit Corporation Act, the undersigned natural persons, having capacity to contract and acting as the Incorporators of Women Nationally Active for Christ of the National Association of Free Will Baptists Inc. adopts the following Charter:

1. The name of the Corporation is: **Women Nationally Active for Christ of the National Association of Free Will Baptists Inc.**
2. The Corporation's principal office is located at 5233 Mount View Road, Antioch, Davidson County, Tennessee 37013
3. The Company's initial registered agent is Robert M. Pautienus III, Esq., with a registered address of 216 Centerview Drive, Suite 317, Brentwood, Tennessee, Williamson County, Tennessee 37027.
4. The Corporation's Incorporator and her address is Elizabeth C. Hodges, Ed. S., CMP, with a registered address of 5233 Mount View Road, Antioch, Davidson County, Tennessee 37011.
5. The Corporation is a not for profit, public benefit Corporation.
6. The Corporation is a religious corporation.
7. The duration of the Corporation is perpetual.
8. The Corporation shall not have members.

**ARTICLE I
Nonprofit Corporation**

The Corporation is a Nonprofit Corporation as defined in the Tennessee Nonprofit Corporation Act, as set forth in T.C.A. §48-51-101 *et seq.* This Corporation shall have and be entitled to exercise all powers which a Nonprofit 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 to retain its status as an exempt organization.

**ARTICLE II
Corporate Purposes**

This Corporation is organized exclusively for religious, charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be

amended). The Corporation's primary objective is **To Magnify Christ Jesus as Our Lord and to Glorify Our Heavenly Father.**

To implement this chief purpose the Corporation shall promote, maintain and advance the programs of Women Nationally Active for Christ by assisting the various bodies composing WNAC in providing opportunities for each woman to fulfill the Great Commission through her God-designed roles in the home, church, community and world. The scope and character of the work shall conform to the general program, promotional plan, tenets, and doctrines of Free Will Baptists as set forth by the National Association of Free Will Baptists, Inc., as described in the *Treatise of the Faith & Practice of Free Will Baptists Inc.*

Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a Corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law) or (b) by a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United State Internal Revenue Law).

ARTICLE III

Management of the Corporation

The overall direction of the Corporation shall be vested in a Board of Trustees. The management and operation in accordance with the overall direction of the Corporation, shall be the responsibility of the Corporation's officers. The Trustees shall be elected by the National Association of Free Will Baptists, Inc., in accordance with its Constitution and By-Laws.

ARTICLE IV

Directors' Liability

The Directors of this Corporation shall be immune from suit arising from the conduct of the affairs of the Corporation. The Directors shall not be personally liable to the Corporation for monetary damages for breach of a fiduciary duty provided, however, that this provision shall not eliminate or limit the liability of a Director for any breach of the Director's duty of loyalty or for acts in good faith or which involve an intentional misconduct or a knowing violation of law or for unlawful distribution pursuant hereunder T.C.A. §48-58-601.

ARTICLE V

Dissolution

In the event of the dissolution of this Corporation, any assets of the organization then remaining shall be conveyed to the National Association of Free Will Baptists, Inc., which is exempt under the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 as amended or under successor provisions of the Code as may be in effect at the time of dissolution.

Article VI

Amendments

This Charter may be amended only upon a two-thirds majority vote of the entire Board of Trustees consistent with the declared general programs, objects, Charter, By-Laws and purposes of the National Association of Free Will Baptists, Inc., in the following manner:

- 1) The written amendment will be submitted at a regular or special meeting of the Board of Trustees. Notice of the meeting shall include a copy of the proposed written amendment to the Charter; and
- 2) If approved by a two-thirds majority vote of the Board of Trustees, the proposed written amendment shall be included in the Report to the next regular annual session of the National Association of Free Will Baptists, for discussion only; and
- 3) Thereafter, the Board of Trustees shall reconsider the proposed amendment in light of the discussion at the annual session of the National Association of Free Will Baptists. The Board of Trustees, by a two-thirds majority vote may approve the proposed amendment to the Charter, or any amendment thereof, and shall present the same to the next regular annual session of the National Association of Free Will Baptists for approval; and
- 4) Only upon approval of said proposed amendment at said regular annual session of the National Association of Free Will Baptists, shall the Charter amendment be finally approved by a two-thirds majority vote of the Board of Trustees and filed of record with the Tennessee Secretary of State.

DATED this ____ day of _____, 2015.

Elizabeth C. Hodges, Ed. S., CMP, Incorporator

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**BY-LAWS OF
WOMEN NATIONALLY ACTIVE FOR CHRIST
OF
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**ARTICLE I
ORGANIZATION, OBJECTIVE AND PURPOSES**

1.1 Organization. Women Nationally Active for Christ ("WNAC") is a nonprofit corporation organized under the laws of the State of Tennessee.

1.2. Office. The Corporation shall maintain its principal office in such place within the United States of America as determined by the Board of Trustees.

1.3. 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 religious, charitable and educational organization.

This Corporation is organized exclusively for religious, charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provisions of any future United States Internal Revenue law) and its regulations (as they now exist or may hereafter be amended). The Corporation's primary objective is **To Magnify Christ Jesus as Our Lord and to Glorify Our Heavenly Father.**

To implement this chief purpose the Corporation shall promote, maintain and advance the programs of Women Nationally Active for Christ by assisting the various bodies composing WNAC in providing opportunities for each woman to fulfill the Great Commission through her God-designed roles in the home, church, community and world. The scope and character of the work shall conform to the general program, promotional plan, tenets, and doctrines of Free Will Baptists as set forth by the National Association of Free Will Baptists, Inc., as described in the *Treatise of the Faith & Practice of Free Will Baptists Inc.*

**ARTICLE II.
BOARD OF TRUSTEES**

2.1. Number and Term of Trustees. The Board of Trustees shall be composed of nine members who shall be elected by the National Association of Free Will Baptists, and shall serve a term of six years. The Board of Trustees and their terms are to be arranged so that they expire in groups of not more than three every other year. To institute the original process, the initial Board shall be appointed for the following terms; three of the Trustees shall be elected to serve a term of six years, three of the Trustees shall be elected to serve a term of four years; three of the Trustees shall be elected to serve a term of two

years. Trustees may serve two full consecutive terms.

2.2. Qualification of Trustees. Each Trustee shall hold membership in a local Women Active for Christ (WAC) group in a regular Free Will Baptists Church which belongs to a Free Will Baptists District or State Association, or to a church which is recognized by the National Association of Free Will Baptists as being affiliated.

2.3. Reports to the National Association. The Board of Trustees shall prepare an annual budget of its proposed financial expenditures at the beginning of each fiscal year and shall present the same for approval to the National Association along with a properly qualified independent audit with an unqualified opinion on the Corporation's fiscal condition.

2.4. Removal of Trustee The National Association of Free Will Baptists, at any regular annual session, shall have the power and right to declare a Trustee position vacant for any cause deemed valid by the Association and to elect successors to those who may thus been removed from office.

2.5. Executive Committee. The Board of Trustees is authorized to create an Executive Committee to act with such authority, as the Board of Trustees shall grant when the Board of Trustees is not in session. The number, election and meetings of the Executive Committee is to be determined and changed as the Board of Trustees may from time to time direct. The WNAC Director shall be a non-voting *Ex Officio* member of this Executive Committee.

2.6. 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 WNAC Director shall supervise and administer its operation.

2.7. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Trustees except in her absence the Vice Chairman shall preside. The Chairman shall perform all the duties and have the powers commonly incident to the office and shall carry out the directions of the Board of Trustees.

2.8. Vice Chairman. The Vice Chairman of the Corporation 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 her by the Board of Trustees, and shall preside at the meetings of the Board of Trustees when the Chairman directs or in the Chairman's absence.

2.9. Secretary. The Secretary of the Board of Trustees shall hold the office of Secretary for the Corporation and shall perform all the duties and have all the powers commonly incident to her office and shall have other powers and perform other duties as may be assigned to her by the Board of Trustees.

2.10. 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 WNAC Director or a minimum of three Trustees. Notice and purpose of such special meetings shall be in writing postmarked at least one week before the meeting.

2.11. Quorum. A Quorum shall consist of at least six duly elected Trustees and a majority vote of the Trustees present shall decide the issues brought before the meeting.

2.12. Compensation and Expenses. 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 be precluded from serving the Corporation in any other capacity nor from receiving compensation for such services.

2.13. Salaries of Corporate Officers. The salaries of the officers shall be fixed by the Board of Trustees.

2.14. Removal of Officers. Any Officer may be removed at any time with or without cause upon the unanimous vote of the Board of Trustees.

2.15. Liability Trustees shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

2.16. Indemnification Trustees shall be indemnified by the Corporation to the fullest extent permissible under the laws of Tennessee.

ARTICLE III **CORPORATE OFFICERS**

3.1. Officers. The officers of the Corporation shall consist of a President and Secretary.

3.2. Election and Term. The officers shall be elected by the Board of Trustees, upon a majority vote, and shall serve until their respective successors are elected.

3.3. President The President of the Corporation shall be known as the Director of WNAC. The WNAC Director shall perform all the duties and have the powers commonly incident to the office and shall carry out the directions of the Board of Trustees. In addition, the WNAC Director shall be responsible for the money and funds of the Corporation and shall deposit such monies and funds in the name of the Corporation in such banking institutions as the Board of Trustees may designate. The WNAC Director shall make, sign, and endorse or cause to be made, signed, and endorsed the name of the Corporation on all checks, drafts, notes and other orders for the payment of money, and pay out and dispose of its funds under the direction of the Board of Trustees.

3.4. Secretary. The Secretary of the Corporation shall perform all the duties and have all the powers commonly incident to her office and shall have other powers and perform other duties as may be assigned to her by the Board of Trustees. The Secretary shall keep accurate minutes for all meetings and, to the extent ordered by the Board of Trustees or the Chairman, the minutes of meetings of all committees. The Secretary shall cause notice to be given of meetings of the Board of Trustees and of any committee appointed by the Board. The Secretary shall have custody of all books, records, and papers of the Corporation, except such as shall be in the charge of some other person authorized to have custody and possession thereof by a resolution of the Board of Trustees.

3.5 Liability Corporate Officers shall not be personally liable for the debts, liabilities, or

other obligations of the Corporation and shall be immune from suit arising from the conduct of the affairs of the Corporation, however, this provision shall not eliminate or limit the liability of an Officer for any breach of the Officer's duty of loyalty or for acts in bad faith or which involve an intentional misconduct or a knowing violation of law or for unlawful distribution pursuant hereunder T.C.A. §48-58-601.

3.6 Indemnification Corporate Officers shall be indemnified by the Corporation to the fullest extent permissible under the laws of Tennessee.

ARTICLE IV

TRANSACTIONS WITH TRUSTEES

4.1. No contract or other transaction between this Corporation and any of its Trustees shall be void or voidable so long as the arrangement or transaction is approved by the Board of Trustees.

4.2 In the event a transaction, contract or financial arrangement is approved by the Board of Trustees, the applicable Trustee or Officer receiving the financial benefit of the transaction shall not be liable to account to the Corporation for any profit realized by him/her from or through any such contract or transaction.

4.3. Notwithstanding anything herein to the contrary, the Corporation shall not lend money to or use its credit to assist its Trustees or officers, whether or not employees.

ARTICLE V

CONTRACTS, LOANS, AND CHECKS

5.1. Contracts. Contracts in the regular order of business shall be executed by the WNAC Director. The Board of Trustees may authorize any officer, 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. Contracts in the regular order of business shall be executed by the WNAC Director.

5.2. 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. 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.

5.3. Checks and Other Instruments. 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.

ARTICLE VI

MISCELLANEOUS

6.1. 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.

6.2 Gifts. The Board of Trustees may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation.

6.3. Fiscal year. 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.

ARTICLE VII

AMENDMENTS

7.1. These Bylaws may be amended only upon a two-thirds majority vote of the entire Board of Trustees consistent with the declared general programs, objects, Charter, By-Laws and purposes of the National Association of Free Will Baptists, Inc., in the following manner:

- 1) The written amendment will be submitted at a regular or special meeting of the Board of Trustees. Notice of the meeting shall include a copy of the proposed written amendment to the Bylaws; and
- 2) If approved by a two-thirds majority vote of the Board of Trustees, the proposed written amendment shall be included in the Report to the next regular annual session of the National Association of Free Will Baptists, for discussion only; and
- 3) Thereafter, the Board of Trustees shall reconsider the proposed amendment in light of the discussion at the annual session of the National Association of Free Will Baptists. The Board of Trustees, by a two-thirds majority vote may approve the proposed amendment to the Bylaws, or any amendment thereof, and shall present the same to the next regular annual session of the National Association of Free Will Baptists for approval; and
- 4) Only upon approval of said proposed amendment at said regular annual session of the National Association of Free Will Baptists, shall the Bylaws amendment be finally approved by a two-thirds majority vote of the Board of Trustees.

DATED this ____ day of _____, 2015.

Elizabeth C. Hodges, Ed. S., CMP, Incorporator



Hill, Harper & Associates
Certified Public Accountants

Independent Auditors' Report

Board of Trustees of the
Women Nationally Active for Christ

Report on the Financial Statements

We have audited the statements of financial position of the Women Nationally Active for Christ (hereafter WNAC) (a nonprofit organization) as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the WNAC as of December 31, 2014 and 2013, 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.

Emphasis of a Matter

WNAC continues to experience operational deficits from unrestricted net assets. See note 8 for further discussion on this matter and management's plan to mitigate these adverse conditions.

Hill Harper & Associates

Franklin, Tennessee
March 11, 2015

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WOMEN NATIONALLY ACTIVE FOR CHRIST

Statements of Financial Position

December 31, 2014 and 2013

Assets

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents:		
Cash in bank and other	\$ 32,148	38,556
Funds held by Free Will Baptist Foundation (including \$135,383 in 2014 and \$142,291 in 2013 of temporarily restricted funds)	136,672	146,099
	<u>168,820</u>	<u>184,655</u>
Accounts receivable	1,776	3,504
Inventory and prepaid expenses	6,840	4,630
Office equipment and furniture:		
Cost basis	24,422	23,035
Less accumulated depreciation	<u>23,048</u>	<u>22,379</u>
	1,374	656
Funds held by Free Will Baptist Foundation for endowments	<u>60,389</u>	<u>58,215</u>
	<u>\$ 239,199</u>	<u>251,660</u>

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 6,566	5,754
Funds held for other organizations and agencies	4,153	6,359
Deferred revenues related to magazine subscriptions	<u>24,794</u>	<u>24,271</u>
Total current liabilities	<u>35,513</u>	<u>36,384</u>

Net assets:

Unrestricted	(19,203)	644
Temporarily restricted	173,632	165,605
Permanently restricted	<u>49,257</u>	<u>49,027</u>
Total net assets	<u>203,686</u>	<u>215,276</u>

	<u>\$ 239,199</u>	<u>251,660</u>
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See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2014 and 2013

	Funds Held for Others	Operations	Publications	Convention and Retreats	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	2014 Total	2013 Total
Revenue and Support:									
Funds for other agencies and departments:									
Amount received	\$ 44,574	-	-	-	44,574	-	-	44,574	66,740
Amount incurred	(44,574)	-	-	-	(44,574)	-	-	(44,574)	(66,740)
Gifts and offerings	-	53,969	-	16,926	70,895	33,024	230	104,149	95,981
Magazine subscriptions	-	-	32,559	-	32,559	-	-	32,559	29,880
Literature sales	-	964	-	-	964	-	-	964	2,023
Dues / delegate fees	-	60,089	-	-	60,089	-	-	60,089	63,165
Convention revenues	-	-	-	9,860	9,860	-	-	9,860	11,490
Interest income	-	99	-	-	99	2,527	-	2,626	4,340
Gain from investment assets	-	-	-	-	-	4,870	-	4,870	5,763
Distributions - endowment income	-	2,926	-	-	2,926	(2,926)	-	-	-
Other income	-	1,400	-	-	1,400	-	-	1,400	1,073
Total revenue and support	-	119,447	32,559	26,786	178,792	37,495	230	216,517	213,715
Cost of publications:									
Magazine printing	-	-	22,299	-	22,299	-	-	22,299	19,115
Support for One Magazine	-	-	7,684	-	7,684	-	-	7,684	8,445
Editor	-	-	19,332	-	19,332	-	-	19,332	23,650
Postage and other	-	-	1,182	-	1,182	-	-	1,182	1,812
	-	-	50,497	-	50,497	-	-	50,497	53,022
Net revenue and support	-	119,447	(17,938)	26,786	128,295	37,495	230	166,020	160,693
Net assets released from restrictions	-	24,413	-	-	24,413	(24,413)	-	-	-
	-	143,860	(17,938)	26,786	152,708	13,082	230	166,020	160,693
Operating expenses:									
Operations	-	152,745	-	-	152,745	-	-	152,745	160,665
Convention and retreats	-	-	-	24,865	24,865	-	-	24,865	32,484
	-	152,745	-	24,865	177,610	-	-	177,610	193,149
Increase (decrease) in net assets	\$ -	(8,885)	(17,938)	1,921	(24,902)	13,082	230	(11,590)	(32,456)
Transfers among funds - Welch College Mission House	-	-	-	-	5,055	(5,055)	-	-	-
Net assets beginning of the year	-	-	-	-	644	165,605	49,027	215,276	247,732
Net assets end of the year	-	-	-	-	\$ (19,203)	173,632	49,257	203,686	215,276

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Statement of Functional Expenses

For the year ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Expenses:		
Operations:		
Salaries	\$ 61,274	57,158
Employee benefits, payroll taxes, and health insurance	22,451	21,065
Literature for sale and for promotional purposes	-	172
Rent	18,486	18,167
Travel	7,949	6,954
Office expense and other	8,571	8,404
Legal and audit	5,600	3,847
Postage and shipping	3,866	3,475
Executive Committee	4,403	8,542
Promotion	1,632	1,453
Dues, subscriptions and continuing education	1,813	1,631
Depreciation	669	438
Restricted expenditures:		
Free Will Baptist Foundation grant for One Magazine support	4,454	5,000
C. Purcell Foreign Scholarship Fund	932	1,889
Steward Provision Closet	<u>10,645</u>	<u>22,470</u>
Total expenses of operations	152,745	160,665
Convention:		
Annual convention	<u>24,865</u>	<u>32,484</u>
Total expenses	\$ <u><u>177,610</u></u>	<u><u>193,149</u></u>

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Statement of Cash Flows

For the year ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Decrease in net assets	\$ (11,590)	(32,456)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	669	438
Gain on endowment funds held by Free Will Baptist Foundation	(4,870)	(5,763)
(Increase) decrease in:		
Receivables	1,728	(1,840)
Inventory and prepaid expenses	(2,210)	(959)
Increase (decrease) in:		
Deferred revenues related to magazine subscriptions	523	(4,031)
Funds held for other denominational agencies and organizations	(2,206)	6,359
Accounts payable and accrued expenses	812	1,153
	<hr/>	<hr/>
Net operating activities	(17,144)	(37,099)
	<hr/>	<hr/>
<u>Cash Flows from Investing Activities</u>		
Purchase of laptop	(1,387)	-
Net change in endowment investments held by Free Will Baptist Foundation	2,696	2,640
	<hr/>	<hr/>
Net investing activities	1,309	2,640
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(15,835)	(34,459)
Cash and cash equivalents:		
Beginning of year	184,655	219,114
	<hr/>	<hr/>
End of year	\$ 168,820	184,655
	<hr/>	<hr/>
Cash and cash equivalents consist of:		
Cash in bank and other	\$ 32,148	38,556
Funds held by Free Will Baptist Foundation	136,672	146,099
	<hr/>	<hr/>
	\$ 168,820	184,655
	<hr/>	<hr/>

See accompanying notes to financial statements.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Notes to Financial Statements

December 31, 2014 and 2013

Women Nationally Active For Christ (hereafter WNAC) was approved by the National Association of Free Will Baptists, Inc. to become a department of the organization and is governed by a Board of Trustees. WNAC is currently an unincorporated non profit entity, but has began the process to incorporate. Further, the Corporate Charter has been prepared and will be presented to the voting body of the National Association of Free Will Baptists, Inc. for approval at its national convention in July 2015.

The purpose of the organization 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.

(1) 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.

Use of Estimates

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

Fair Value Measurements

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, 2014 and 2013, 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

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 1 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:

	<u>2014</u>	<u>2013</u>
Permanently restricted net asset:		
Original donor investment (corpus)		
Balance at beginning of year	\$ 49,027	48,821
Donor gifts	230	206
	<u>\$ 49,257</u>	<u>49,027</u>
Temporarily restricted net assets:		
Balance at beginning of year	\$ 9,188	6,271
Investment earnings, including investment gains and losses	4,870	5,763
Distributions of earnings up to 5% of account balance	(2,926)	(2,846)
	<u>\$ 11,132</u>	<u>9,188</u>
Total invested funds with Free Will Baptist Foundation as endowment	<u>\$ 60,389</u>	<u>58,215</u>

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 uncollectible" as may be necessary, which is reported as a reduction 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 September for portions of the next 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 2014 and 2013. 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 March 11, 2015, the date these financial statements were available to be issued.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Notes to Financial Statements, continued

(2) **Temporarily Restricted Net Assets**

Net assets were released from donor restrictions during the year ended December 31, 2014 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

Free Will Baptist Foundation grant for One Magazine support	\$ 8,382
Mary Wisheart Student Scholarship Fund	4,454
C. Purcell Foreign Scholarship Fund	932
Steward Provision Closet	10,645
Net assets released	24,413
M. Workman Endowment funds distributed	2,926
Net assets released after distributions	\$ 27,339

	2014	2013
Remaining balances of temporarily restricted net assets are as follows:		
Mary Wisheart Student Scholarship Fund	\$ 99,739	101,826
C. Purcell Foreign Scholarship Fund	532	47
Steward Provision Closet	62,229	49,626
Welch College Mission House	-	4,918
M. Workman Endowment funds available for distributions	11,132	9,188
	\$ 173,632	165,605

(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 compensation. Employees may participate at date of employment. Pension expense amounted to \$2,803 in 2014 and 2013. 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 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 \$18,486 in 2014 and \$18,167 in 2013.

(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.

(6) **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 to One Magazine of \$8,382 in 2014 and 2013, through a grant from Free Will Baptist Foundation.

(7) **Comparative Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WNAC's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

WOMEN NATIONALLY ACTIVE FOR CHRIST

Notes to Financial Statements, continued

(8) **Liquidity, Operational Deficits and Management's Plan**

WNAC continues to experience losses from unrestricted operations. At December 31, 2013, we reported that adverse conditions have caused substantial losses from operations and cash deficits, and had decreased operational net assets to \$644. These conditions continued into 2014 with an operating loss of \$24,902, a resulting net deficit in operational net assets of \$19,203, and an additional cash deficit of \$15,835.

We reported in 2013, in order to sustain operations of WNAC management had developed a plan for financial recovery and to mitigate the conditions which caused the operational deficits. Although no financial benefit was derived in 2014, this plan achieved its primary goal which was to be accepted and recognized as a fully participating national department included in the Together Way Plan of support of the National Association of Free Will Baptists. WNAC began receiving monthly distributions in February 2015. If WNAC had been a participant of the Together Way Plan during 2014, the amount of support would have been approximately \$74,000.

Additional funds will be realized from WNAC's plan to increase membership dues to \$18 and the subscription price of Treasure magazine to \$15. Each price increase amounts to \$3 and is the first increase since 2005. WNAC has deferred its implementation date for these increases to future periods.

The above developments have mitigated the consideration that WNAC might be unable to continue as a going concern into future periods.

WOMEN NATIONALLY ACTIVE FOR CHRIST 2016 Proposed Budget

Projected Revenue	2014 Budget	2014 Actuals	2015 Budget	2016 Budget
Gifts, offerings, support	61,000.00	53,969.00	63,000.00	63,000.00
Together Way Funds			70,000.00	70,000.00
Dues & delegate fees	65,000.00	60,089.00	65,000.00	65,000.00
Publications	45,000.00	32,559.00	47,000.00	47,000.00
Literature	1,500.00	964.00	1,500.00	1,500.00
Convention Revenues	35,000.00	26,786.00	35,000.00	35,000.00
Interest Income	500.00	99.00	500.00	500.00
Endowment Income	3,000.00	2,926.00	3,000.00	3,000.00
Miscellaneous Income	1,000.00	1,400.00	1,000.00	1,000.00
Total	212,000.00	178,792.00	286,000.00	286,000.00
Projected Operating Expenses				
Salaries and Wages	56,053.00	61,274.00	56,053.00	56,053.00
Payroll Taxes and Employee Benefits	21,597.00	22,451.00	22,866.00	22,866.00
Rent	18,500.00	18,486.00	23,100.00	23,100.00
Travel	5,000.00	7,949.00	15,000.00	15,000.00
Auto Expense			3,000.00	3,000.00
Promotion		1,632.00	3,000.00	3,000.00
Office Expense	18,000.00	8,571.00	18,000.00	18,000.00
Professional Service / Audit	5,200.00	5,600.00	5,200.00	5,200.00
Postage and shipping	4,200.00	3,866.00	4,200.00	4,200.00
Executive Committee	5,000.00	4,403.00	12,000.00	12,000.00
Dues, Subscriptions, Cont. Education	755.00	1,813.00	2,000.00	2,000.00
Depreciation		669.00	1,105.00	1,105.00
Conventions & Retreats	25,000.00	24,865.00	40,000.00	40,000.00
Contingency Fund			15,000.00	15,000.00
Miscellaneous				
	159,305.00	161,579.00	220,524.00	220,524.00
Cost of Publications:				
Magazine Printing	19,100.00	22,299.00	22,000.00	22,000.00
Cost of Literature				
Editor (Salary)	23,450.00	19,332.00	23,200.00	23,200.00
Payroll Taxes and Employee Benefits			8,276.00	8,276.00
Postage	1,745.00	1,182.00	2,000.00	2,000.00
One Magazine	8,400.00	7,684.00	10,000.00	10,000.00
	52,695.00	50,497.00	65,476.00	65,476.00
Total	212,000.00	212,076.00	286,000.00	286,000.00

2015 WNAC SALARIES AND BENEFITS BREAKDOWN

	2014	2015	2016
Executive Director			
Salary	\$ 44,437.00	\$ 44,437.00	\$ 44,437.00
Social Security/Medicare	\$ 3,400.00	\$ 3,400.00	\$ 3,400.00
Retirement	\$ 2,222.00	\$ 2,222.00	\$ 2,222.00
Insurance (Travel/Key Man, Health/Life, Dental)	\$ 8,000.00	\$ 9,000.00	\$ 9,000.00
Christmas Bonus	\$ 855.00	\$ 855.00	\$ 855.00
Total Salary and Benefits	\$ 58,914.00	\$ 59,914.00	\$ 59,914.00
Administrative Assistant			
Salary	\$ 11,616.00	\$ 11,616.00	\$ 11,616.00
Social Security/Medicare	\$ 888.00	\$ 888.00	\$ 888.00
Retirement	\$ 581.00	\$ 581.00	\$ 581.00
Insurance (Health/Life & Dental)	\$ 5,401.00	\$ 5,670.00	\$ 5,670.00
Christmas Bonus	\$ 250.00	\$ 250.00	\$ 250.00
Total Salary and Benefits	\$ 18,736.00	\$ 19,005.00	\$ 19,005.00
Editor Salary			
Salary	\$ 23,200.00	\$ 23,200.00	\$ 23,200.00
Social Security/Medicare	\$ 1,775.00	\$ 1,775.00	\$ 1,775.00
Retirement	\$ 581.00	\$ 581.00	\$ 581.00
Insurance	\$ 5,670.00	\$ 5,670.00	\$ 5,670.00
Christmas Bonus	\$ 250.00	\$ 250.00	\$ 250.00
Total Salary and Benefits	\$ 23,450.00	\$ 31,476.00	\$ 31,476.00
Grand Total of Salaries and Benefits	\$ 101,100.00	\$ 110,395.00	\$ 110,395.00

WINAC Receipts 2014

State	* Gen Fund	Dues	Faith Promise	Emphasis	Endowment	Provision Closet	Wisehart Student Scholarship	Puroell Foreign Scholarship	International Missions	Christmas Joy	Home Missions	Mission Objectives	State Programs	Children's Homes	Colleges	Total
AL	1,499.86	3,795.00		1,315.00		1,930.00	75.00	50.00	25.00			150.00			45.00	8,784.86
AR	3,199.66	10,395.00		250.00	120.00	3,976.32			300.00							18,240.98
AZ	51.63	330.00				517.00										898.63
CA	290.00	1,035.00		200.00		80.00			649.75		20.00				300.00	2,574.75
CN		15.00														15.00
CO																-
DE																-
FL	1,041.00	540.00		310.00												1,891.00
GA	2,790.00	4,440.00		942.00		672.25	148.00	513.75	8,730.07		8,076.51	100.00		1,540.00	1,197.50	29,150.08
HI																-
IL	1,505.27	1,770.00				1,254.63			760.00							5,289.90
IN	1,407.78	330.00							300.00							2,037.78
KS																-
KY	4,893.00	1,440.00				500.00			700.00		220.00					7,753.00
MI	2,694.12	2,115.00				5,313.00										10,122.12
MO	2,123.61	3,939.00		326.60		2,325.00	25.00			200.00						8,939.21
MS	240.00	1,470.00				815.00			470.50							2,995.50
NC	5,538.95	6,975.00		353.00		3,070.00		37.00			50.00				150.00	16,173.95
NH																-
NM	528.79	210.00		50.00					16.15							804.94
OH	5,793.65	2,460.00		200.00		950.00		100.00	50.00							9,553.65
OK	1,453.77	7,065.00		377.70		241.08	135.00	85.00			282.81					9,640.36
PAINY		510.00														510.00
SC	1,448.45	3,495.00		178.00		1,533.00			9,105.14				95.00	100.00	303.00	17,711.59
TN	10,048.20	2,850.00		747.00		1,565.50	525.00	590.00	1,561.00		340.00				145.00	18,371.70
TX	453.76	1,260.00				155.00										1,868.76
UT																-
VA	220.00	1,530.00		130.00					984.35		4,256.70		1,918.72			9,039.77
VI																-
WV	486.00	1,830.00				100.00			504.00		878.00					3,798.00
Other	6,589.97															6,589.97
	54,297.47	59,799.00	-	5,379.30	120.00	24,897.78	908.00	1,375.75	24,155.96	200.00	15,575.02	250.00	2,013.72	1,640.00	2,140.50	192,755.50

REPORTED DIRECT GIVING FROM WNAC January - December 2014

STATE	State Missions	International Missions	Home Missions	Colleges	Children's Homes	Youth Camps	Other Mission Objectives	Total
AZ		125.00	150.00					275.00
AL								0.00
AR	16,453.10	15,245.28	12,490.08		1,039.76		4,092.76	49,320.98
CA								0.00
CANADA								0.00
DE								0.00
FL	1,400.25	1,346.25	1,553.50		120.00		80.00	4,500.00
GA	7,856.49	105.00	300.00					8,261.49
IL	3,560.00	4,127.75	4,453.62	220.00		112.00		12,473.37
IN			3,500.00					3,500.00
KS								0.00
KY	907.90	8,162.12	7,521.16		5,666.00	1,450.00	9,595.94	33,303.12
MI		3,798.25	711.25					4,509.50
MS								0.00
MO	8,219.16	9,188.84	4,973.00	365.00	210.00	40.00	465.00	23,461.00
NM			10.00		45.00			55.00
NC		9,476.25	5,739.93	4,618.58	1,343.00			21,177.76
OH	2,919.32	1,233.12	1,979.36		650.00		1,531.16	8,312.96
OK	7,589.64	1,018.68	1,244.77	1,335.00	1,806.00		1,215.00	14,209.09
PA/NY								0.00
SC								0.00
TN		1,235.00	420.00	200.00	300.00		230.00	2,385.00
TX								0.00
VA								0.00
WV								0.00
Other								0.00
HM/IM Rent								0.00
Total	48,905.86	54,956.54	44,851.67	7,038.58	11,179.76	1,602.00	17,209.86	185,744.27

TOTAL 2014 GIVING

Pass Through Money	WNAC RECEIPTS	Provision Closet Non-cash gifts	DIRECT GIVING	Grand Total
220.00	8,564.86	3,052.69	275.00	12,112.55
	898.63		0.00	898.63
300.00	17,940.98		49,320.98	67,561.96
989.75	1,605.00		0.00	2,574.75
	15.00		0.00	15.00
			0.00	0.00
	1,891.00		4,500.00	6,391.00
19,644.08	9,506.00	121.00	8,261.49	37,532.57
760.00	4,529.90	553.58	12,473.37	18,316.85
300.00	1,737.78		3,500.00	5,537.78
			0.00	0.00
920.00	6,833.00		33,303.12	41,056.12
	10,122.12	12,493.49	4,509.50	27,125.11
470.50	2,525.00		0.00	2,995.50
200.00	8,739.21		23,461.00	32,400.21
	16.15	788.79	55.00	859.94
200.00	15,973.95	2,707.28	21,177.76	40,058.99
50.00	9,503.65		8,312.96	17,866.61
282.81	9,357.55		14,209.09	23,849.45
	510.00		0.00	510.00
11,057.14	6,654.45		0.00	17,711.59
2,046.00	16,325.70	1,629.57	2,385.00	22,386.27
	1,868.76		0.00	1,868.76
7,159.77	1,880.00		0.00	9,039.77
1,382.00	2,416.00		0.00	3,798.00
			1,279.93	1,279.93
	5,310.04			5,310.04
45,978.20	146,777.30	20,557.61	185,744.27	399,057.38

2014 WNAC Statistics

Total Giving through WNAC	Missions/Ministry Objectives	Per Capita / Total Giving
1 Arkansas	1 Arkansas	1 Kentucky
2 Kentucky	2 Kentucky	2 Indiana
3 North Carolina	3 Georgia	3 Michigan
4 Georgia	4 North Carolina	4 Florida
5 Missouri	5 Missouri	5 Illinois
6 Michigan	6 Michigan	6 Georgia
7 Oklahoma	7 Illinois	7 Missouri
8 Tennessee	8 Oklahoma	8 Tennessee
9 Illinois	9 South Carolina	9 Ohio
10 Ohio	10 Ohio	10 Arkansas

WNAC OFFICE
1 Arkansas
2 Tennessee
3 North Carolina
4 Michigan
5 Georgia
6 Ohio
7 Oklahoma
8 Missouri
9 Alabama
10 Kentucky

WNAC w/Non-cash gifts
1 Michigan
2 North Carolina
3 Tennessee
4 Arkansas
5 Alabama
6 Georgia
7 Ohio
8 Oklahoma
9 Missouri
10 Kentucky

MEMBERSHIP
1 Arkansas
2 Oklahoma
3 North Carolina
4 Georgia
5 Missouri
6 Alabama
7 South Carolina
8 Tennessee
9 Ohio
10 Michigan

Provision Closet Gifts
Gift Cards 12,296.32
Cash gifts 12,598.46
Non-cash gifts \$20,557.61
Total Gifts \$45,455.39

Music Commission Report

During 2014 the Music Commission continued to provide assistance to the Convention Music Coordinator in the planning and leading of the worship services in Ft Worth. Workshops offered practical training for church musicians.

At our annual meeting in January 2015, the Music Commission reached out to our Mission North America staff to discuss potential ways we could partner with them in their church planting and church revitalization efforts. We were pleased with the initial conversations and look forward to offering help in any way that will enhance worship in our fledgling and refocusing congregations.

We also voted to discuss a feasibility survey with Randall House Publications and keep the Executive Office informed as we move forward with a possible hymn book project.

We made plans to offer workshops at the 2015 convention. Sam Harris will present a workshop on basic song leading. James Stevens will offer workshops on keyboard accompanying and skills. Doug Little will lead a workshop on basics of songwriting.

We continue to discuss and ponder how we can encourage and assist local congregations and their music leaders. More of our churches than ever need trained music leaders as volunteers or part-time staff. The Commission's limited resources impact our ability to advance a response that will be effective. We would ask that you pray with us that the Lord of the harvest will send forth church musicians into the music ministry.

As we serve you we welcome your questions, input, and feedback.

Respectfully submitted,

The Free Will Baptist Music Commission

Doug Little, Chairman

Kevin Justice

James Stevens

Donnie Burke

Bryan Hughes

MUSIC COMMISSION FINANCIAL SUMMARY 2014

Beginning Balance (01/01/2014)		\$ 3,319.67
Income		\$ 3,171.27
Together Way (undesignated)	2501.58	
Together Way (designated)	621.94	
2013 Rest of the Family Offering	20.22	
Other gifts	27.53	
Expenses		\$ 1,479.89
Meetings		1333.55
Annual meeting	1333.55	
Convention meeting	-0-	
Convention		116.34
Office Expenses		30.00
Ending Balance (12/31/2014)		\$ 5,011.05

MUSIC COMMISSION BUDGET COMPARISONS

	2014 Budget	2014 Actual	2015 Budget	2016 Budget
Income				
Together Way (undesignated)	\$ 2,600.00	\$ 2,501.58	\$ 2,600.00	\$ 3,000.00
Together Way (designated)	\$ 900.00	\$ 621.94	\$ 900.00	\$ 700.00
Rest of the Family Offering	\$ 25.00	\$ 20.22	\$ 25.00	\$ 25.00
Convention Workshops	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Other gifts	\$ 50.00	\$ 27.53	\$ 50.00	\$ 50.00
Totals	\$ 3,575.00	\$ 3,171.27	\$ 3,575.00	\$ 3,775.00
Expenses				
Meetings	\$ 2,375.00	\$ 1,333.55	\$ 2,375.00	\$ 2,575.00
Convention	\$ 1,000.00	\$ 116.34	\$ 1,000.00	\$ 1,000.00
Office Expenses and Misc	\$ 200.00	\$ 30.00	\$ 200.00	\$ 200.00
Totals	\$ 3,575.00	\$ 1,479.89	\$ 3,575.00	\$ 3,575.00

Media Commission Report

July 2015, Grand Rapids, Michigan

In 2014, the Media Commission continued its focus on streaming convention services to enable viewers from all over the country and the world to participate in the National Association of Free Will Baptists. Services averaged several hundred viewers each evening. We are extremely helpful for the support of the Executive Office and the Free Will Baptist Foundation to continue sharing the gospel through a live stream.

In addition to streaming the evening convention services, the Media Commission offers the ability to view services from previous years. Convention messages from 2009- 2014 can be viewed and downloaded at nafwb.org under the “media” tab.

Throughout the convention, the Media Commission will be sharing various forms of media through facebook, twitter and instagram. We encourage others to share their experiences through social media and tag their post with the hashtag #NAFWB.

The Media Commission will be presenting a seminar during the convention again this year. This seminar will focus on when to use print vs. digital products for your church and various tips when using both of these types of media. We hope this will provide some guidance and raise awareness about the importance of having an online presence as well as providing physical media for your congregations.

The Media Commission will not set up an exhibitor's booth this year. To contact the Media Commission please feel free to use our Facebook page or our website www.fwbmedia.com.

Thank you for the opportunity to serve our denomination and our Lord.

Travis Penn, Chairman (IN)
Adam Carnes, Treasurer (NC)
Stephen Lopes, (TN)
Josh Owens, (TN)
Marc Neppl, (VA)

FWB Media Commission Financial Summary 2014 - 2015 (5/1/2014 - 4/30/2015)

Beginning checking account balance			\$	4,061.33
Income			\$	3,318.42
	Together Way (Undesignated)	\$	2,858.60	
	Together Way (Designated)	\$	323.80	
	Rest of the Family Offering	\$	14.83	
	Misc. Income	\$	121.19	
Expenses			\$	950.36
	2014 Convention Board Expenses	\$	320.00	
	2014 Convention Streaming (did not bill)	\$	-	
	Website Hosting	\$	86.58	
	Hardware/Software Purchase	\$	-	
	Annual Meeting Expenses	\$	344.96	
	Vimeo Account (video hosting)	\$	59.95	
	FWB Digest of Reports	\$	138.87	
Current checking balance on hand (4/30/15)			\$	6,429.39
Trust Fund at FWB Foundation			\$	17,745.00
Total assets on hand			\$	24,174.39

FWB Media Commission Comparative Budget Analysis (5/1/2014 - 4/30/2015)

	2014-2015 Budget		2014-2015 Actual		2016 Budget
Income					
Together Way (Undesignated)	\$	2,200.00	\$	2,858.60	\$ 2,500.00
Together Way (Designated)	\$	780.00	\$	323.80	\$ 500.00
Rest of the Family Offering	\$	20.00	\$	14.83	\$ 20.00
Misc. Income	\$	-	\$	121.19	
TOTAL INCOME	\$	3,000.00	\$	3,318.42	\$ 3,020.00
Expenses					
National Expenses	\$	650.00	\$	320.00	\$ 650.00
Streaming Services (did not bill)	\$	400.00	\$	-	\$ 400.00
Board - Annual Meeting Expenses	\$	1,200.00	\$	344.96	\$ 1,140.00
Hardware/Software	\$	500.00	\$	-	\$ 500.00
Website Hosting	\$	60.00	\$	86.58	\$ 80.00
Miscellaneous	\$	190.00	\$	138.87	\$ 190.00
Vimeo (video hosting site)			\$	59.95	\$ 60.00
TOTAL EXPENSES	\$	3,000.00	\$	950.36	\$ 3,020.00

FWB Media Commission Budget vs. Expense (5/1/2014 - 4/30/2015)

2014-2015 Budget

National Expenses	\$	650.00
Streaming Services	\$	400.00
Board - Annual Meeting Expenses	\$	1,140.00
Hardware/Software	\$	500.00
Website Hosting	\$	80.00
Vimeo Account (video hosting)	\$	60.00
Miscellaneous	\$	190.00
	\$	3,020.00

Actual Expenses

			Remaining
National Expenses	\$	320.00	\$ 330.00
Streaming Services (did not bill)	\$	-	\$ 400.00
Board - Annual Meeting Expenses	\$	344.96	\$ 795.04
Hardware/Software	\$	-	\$ 500.00
Website Hosting	\$	86.58	\$ (6.58)
Vimeo Account (video hosting)	\$	59.95	\$ 0.05
Miscellaneous	\$	138.87	\$ 51.13

TOTAL EXPENSES \$ 950.36

Remaining (Budget vs. Expenses) 2,069.64

MONTHLY GIVING	Designated	Undesignated	Total
April	\$59.64	\$219.00	\$278.64
May	\$27.41	\$195.71	\$223.12
June	\$16.00	\$163.46	\$179.46
July	\$26.96	\$223.77	\$250.73
August	\$18.18	\$186.83	\$205.01
September	\$52.61	\$176.25	\$228.86
October	\$5.68	\$194.32	\$200.00
November	\$27.78	\$163.42	\$191.20
December	\$60.48	\$209.12	\$269.60
2015 January	\$16.97	\$494.93	\$511.90
February	\$12.09	\$311.36	\$323.45
March	\$0.00	\$320.43	\$320.43
Rest of the Family 2014			\$14.83
Endowment Distribution			\$106.19
Miscellaneous Giving			\$15.00
TOTALS	\$323.80	\$2,858.60	\$3,318.42

	Income	Expenditure
Gift for National Convention Streaming (from Foundation)	\$5,900.00	\$5,900.00

2014-2015 Historical Commission Report

During 2014-15, the Historical Commission took a significant step in developing a digital archive. The rapid expansion was due in part to a large contribution from David Crowe and North American Ministries of more than 700 books, records, newspapers, personal diaries, and journals in searchable digital format. In light of the contribution, the commission named the archive the *David Crowe Digital Collection*.

In addition to items already in digital form, the commission has begun the process of scanning national, state, and district minutes, with the goal of digitizing and posting them to the Web over the next three years. This project, referred to as *The Minutes Project*, will make text and word searchable records available to anyone, anywhere, as long as he or she has access to the Internet! National Association minutes have been completed and posted already, and state and district minutes are being processed in alphabetical order. Alabama and Arkansas minutes, including districts, are now available online, with others soon to follow.

Digital files can be accessed in person by visiting the Welch Library Historical Room; by searching content, keywords, or titles in the online catalog of Welch Library (<https://welchlibrary.wordpress.com>); or by visiting www.FWBHistory.com, official website of the Historical Commission.

The scope of the project is massive, and the commission needs your help to fill gaps in the collection, especially missing state and district minutes. Please contact Chairman Robert E. Picirilli for a complete list of missing items or to donate to the project. The commission thanks the churches, organizations, and individuals that made contributions to the collection this year.

2014-2016 Historical Commission Budgets

	2014 Budget	2014 Actuals	2015 Budget	2016 Budget
Income				
Gifts (Together Way)	\$3,000.00	\$2,385.07	\$3,000.00	\$3,500.00
Interest	10.00	10.54	10.00	10.00
Sale of Pamphlets	850.00	597.75	850.00	750.00
Rest of the Family Offering	0.00	18.20	15.00	20.00
Tennessee Co-op	0.00	15.00	0.00	0.00
Total Income	3,860.00	3,026.56	3,875.00	4,280.00
Expenses				
Books, Materials, Labor	850.00	464.00	850.00	1,430.00
Pamphlet Project	2,000.00	1,715.00	2,000.00	2,000.00
Meeting Expenses	250.00	235.64	250.00	250.00
Digest of Reports	100.00	92.58	100.00	100.00
Website Expense	660.00	0.00	675.00	500.00
Total Expenses	\$3,860.00	\$2,507.22	\$3,875.00	\$4,280.00

Free Will Baptist Historical Commission

FINANCIAL REPORT 2014

Balance on hand (checking at Regions Bank) 12/31/2013..... \$20,868.75

Deposits

FWB Coop/Together Way (11 mo) 2385.07
 Interest (Regions Bank) 10.54
 Sales of booklets..... 597.75
 Rest of Family offering..... 18.20
 Tennessee Coop..... 15.00
 Total\$3,026.56

Expenditures

NAFWB Digest Fee..... 92.58
 Jeff Cockrell expenses for meeting 235.64
 Books 7.50
 Welch on Grantham book 250.00
 Photocopies (Maine Hist. Soc.) 32.00
 Picirilli (misc. expenses two years)..... 174.50
 Pinson (booklet writing)..... 500.00
 Randall House (pamphlet)..... 1215.00
 Total\$2,507.22

Balance on hand (checking at Regions Bank) 12/31/2014..... \$21,388.09

Add: Trust Fund at FWB Foundation 12/31/2014 (gained \$890.59 in 2014)\$33,057.

Total on hand 12/31/2014\$54,445.29

Submitted by Robert E. Picirilli, Treasurer

The Report of the Commission for Theological Integrity

The purpose of the Commission for Theological Integrity is: (1) to alert our people to theological trends that could threaten our theological integrity as a denomination, (2) to prepare materials that will contribute to the continued preservation of the theological integrity of the denomination, and (3) as need and opportunity arise, to conduct seminars on subjects which are pertinent to the purpose of the Commission.

It was our pleasure last year to welcome a new member to the Commission who was elected at the 2014 annual session of the National Association of Free Will Baptists: Rodney Holloman, pastor of Hardin Valley Free Will Baptist Church in Knoxville, Tennessee.

On October 27-28, 2014, we sponsored our eighteenth annual Theological Symposium. The Symposium met on the campus of Welch College in Nashville, Tennessee. The theme was "Theology and Practice: Evangelism in a Post Christian World." We hosted a panel discussion on the symposium theme, and Dr. Mark Coppenger, Vice President of Extension Education and Professor of Apologetics at Southern Baptist Theological Seminary, was our guest speaker.

Our nineteenth annual Theological Symposium will meet October 26-27, 2015, on the campus of Hillsdale Free Will Baptist College in Moore, Oklahoma. Our Theme will be the "The Theology of Discipleship." We invite paper proposals for this symposium. While preference will be given to the conference theme, proposals will also be accepted on other topics. All who are interested in submitting papers for possible inclusion in the Symposium program are encouraged to contact Jackson Watts at fwbtheology@gmail.com.

The Commission is working on the next issue of *Integrity: A Journal of Christian Thought*. The journal is provided free of charge to Free Will Baptist pastors as well as a number of theological libraries and can be purchased for a nominal charge.

At the 2015 Commission Seminar at the National Association meeting, we will feature Dr. Robert Picirilli, Professor Emeritus of New Testament and Greek and retired Academic Dean at Welch College, and Rev. Michael Locklear, pastor of First Free Will Baptist Church, Savannah, Georgia. They will be speaking on the topic "Discipleship in Biblical, Theological, and Pastoral Perspective." That seminar will be held 2:00 on Monday afternoon of the convention in the Amway Grand Plaza Hotel Ambassador Ballroom.

Respectfully submitted,

The Commission for Theological Integrity
Matt Pinson (chairman)
Kevin Hester (secretary)
Randy Corn
Rodney Holloman
Jackson Watts

2014
Commission for Theological Integrity
Financial Report

Bank Balance - January 1, 2014 **\$7,201.38**

Commission Income

The Together Way	\$2,863.83
Theological Symposium Papers	546.00
Other Gifts	15.00
Rest of the Family Offering	45.62
Journal Income	<u>0.00</u>

Total Income **3,470.45**

Commission Expenses

Bookkeeping	400.00
Convention Speaker/Digest of Reports	1,772.88
Annual Meeting and Symposium Expenses	1,964.96
Miscellaneous Office Expenses	590.20
Journal Expenses	<u>0.00</u>

Total Expenses **4,728.04**

Bank Balance - December 31, 2014 **\$5,943.79**

2016
Commission for Theological Integrity
Budgets

	2014 Budget	2014 Actuals	2015 Budget	2016 Budget
Income				
Gifts	\$5,000.00	\$60.62	\$2,500.00	\$2,500.00
Journal Income	150.00	0.00	1,500.00	1,700.00
Theological Symposium Papers	500.00	546.00	500.00	500.00
Together Way Plan	<u>3,200.00</u>	<u>2,863.83</u>	<u>3,000.00</u>	<u>3,000.00</u>
Total Income	<u>8,850.00</u>	<u>3,470.45</u>	<u>7,500.00</u>	<u>7,700.00</u>

Expenses

Annual Meeting	2,000.00	1,964.96	2,700.00	2,700.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	5,000.00	0.00	2,800.00	2,800.00
National Convention	800.00	1,772.88	1,000.00	1,200.00
Office Expenses	150.00	590.20	100.00	100.00
Theological Symposium Printing	<u>500.00</u>	<u>0.00</u>	<u>500.00</u>	<u>500.00</u>

Total Expenses **\$8,850.00** **\$4,728.04** **\$7,500.00** **\$7,700.00**

2015 President's Report Welch College

"Through this place and these wonderful people that fill it, God has continued to show me that truly He always knows better than I do in each and every circumstance. . . . Without Welch College, I would not have been able to experience classes that have changed the way I think, the way I live, and the way I make decisions. I would not have found professors and mentors that took the time, not simply to teach me a concept, but to speak into my life and push me to be the absolute best that I can be." —Audrey Jordan, Class of 2015

"Before I began this journey at Welch College, I was told by many people that this place would greatly change me. I think that they were completely right. I have completely changed. . . . Welch College has been life transforming. I have made friendships that will last a lifetime. I have made decisions that have shaped me greatly. I have been taught faithfully by people who were selfless. I have been given an education that is biblical, Christ-focused, and gospel-centered. I have been given an education that has rooted me deeply in the Scriptures, our heritage, and our Free Will Baptist doctrine." —David Dell, Class of 2015 (transfer student from Gateway Christian College)

These excerpts from speeches given at Commencement from members of the Class of 2015 get to the heart of Welch College's fulfillment of its mission, to educate leaders to serve Christ, His church, and His world through biblical thought and life. At Welch, we continue to combine academic excellence and spiritual formation in a tight-knit Christian community of faith and learning where we know each student by name and where faculty invest themselves in the lives of their students. There are few colleges and universities where these three things—spiritual formation, academic excellence, and a small, mentoring community—come together in the same place, as they do at Welch.

Spiritual Formation

Welch College is a place for spiritual formation. Ask the members of the Class of 2015, and they will tell you Welch is a place where they saw how their heads, hearts, and hands connected as they were challenged to find their unique Kingdom purpose and were equipped with the tools to fulfill that purpose. They will tell you of experiences like this past year's Forum15 conference on Authentic Spirituality, which challenged them to emphasize the spiritual disciplines in their everyday lives. They will tell you of how they have learned to forge a Christian worldview, to take every thought captive to the obedience of Christ, and to bow to the Lordship of Christ in the whole of life.

And they will tell you how they have learned that spirituality is not just an individualistic experience, but it's about the church and the world around us. It's about the Great Commandment—loving God and neighbor—and it's about the Great Commission—making disciples of the nations starting here at home and extending across the globe. Members of the Class of 2015 will tell you that Welch is a place where everyone is seen as a leader—whether an ordained minister or lay leader—in the church and the world.

It's a place where ministry and church and Great Commission involvement are an everyday part of life on campus. It's a place where laypeople discover how they can serve as salt and light in diverse career fields while serving alongside their pastor as a lay leader in the local church. Yet it's a place where *60 percent of our male students are ministers*.

Academic Excellence

Ask the members of the Class of 2015, and they will tell you that Welch College is a place of growing academic excellence. This is seen by our regional and national accreditation, our ranking in *U.S. News and World Report's Best Colleges*, our high retention and graduation rates, and the high percentage of faculty with earned doctorates. We rank favorably when compared with schools that are five and ten times the size we are and have twenty and thirty times the endowment we have.

Our students choose from forty major fields of study, and we have high placement rates in competitive job markets as well as a stellar acceptance rate in graduate schools. Our students' love for Welch and their satisfaction with their experience here is seen in the high scores we receive on the Noel-Levitz Student Satisfaction Inventory, an anonymous survey of students that measures their satisfaction with their college experience and compares it to thousands of other colleges nationwide. Our alumni are also pleased, which is evidenced by the unusually high percentage of children of alumni who are enrolled, as compared with other private Christian colleges and universities.

A Small, Mentoring Community

Ask members of the Class of 2015, and they will tell you that Welch College is a small, mentoring community. They'll say it's not a place where most of your classes are taught in large lecture halls and you never get to know your professors.

Rather, they'll tell you it's a place where faculty know their students' names, not just because of the 10-to-1 faculty-student ratio, but because faculty care about their students and see teaching and mentoring students as their calling. Our graduates will tell you this is a place where faculty pour themselves into the lives of their students in mentoring relationships that emphasize spiritual, personal, and intellectual growth.

It's a place where faculty give personalized attention to students and give them the help they need in internship and job placement, entrance to graduate and professional schools, and other ways that a Welch College education connects with their students' professional development. But most of all, it's a place where friendships are forged with fellow students and members of the faculty and staff—friendships that last a lifetime.

I encourage you to tell the students, parents, and church leaders around you about Welch College. Tell them what the Class of 2015 already knows. Tell them what Welch has to offer students who desire an excellent, accredited education in the context of spiritual formation and a small, mentoring community.

A Time of Growth

This year we experienced another year of growth in enrollment and finances. This is a marked contrast from the picture a few years ago. We have experienced approximately 30 percent growth in dormitory enrollment

over the last two years. About 25 percent of our enrollment growth came from the transfer of most of Gateway Christian College's students after that school's untimely closure in the spring of 2013.

The coming of these students from Gateway into our community has fulfilled our vision of being a force for unity in our denomination. We are seeing a growing denominational unity take shape before our eyes as Free Will Baptist students from different kinds of church backgrounds gather in a common space and focus on things that unite them as they grow together spiritually and in their understanding of their common Free Will Baptist faith, practice, and heritage. What a blessing it is to see renewal and fresh unity occurring with the Millennials on the campus of Welch College! We believe this is the first fruits of what will be a revival of unity among Free Will Baptists.

A few years ago, I was reporting to you an enrollment that was declining in the worst economy since the Great Depression, which had a deleterious effect not only on our enrollment but also on giving. I reported to you just two years ago about the fifty-year-old defined benefit pension plan that caused us to have to borrow \$3 million. This cash outlay was needed to pay the additional pension payments newly mandated by the federal government and finally to end the pension and pay out full benefits to all the retirees and pensioners that were vested in the program. This was the perfect storm—a recessionary economy that was affecting our enrollment and our giving, just as it was other small private Christian colleges, combined with a pension crisis that caused us to have to borrow \$3 million. I am thankful to say that Welch College is recovering from these economic and enrollment difficulties.

This recovery will be further helped by the initiation of new programs such as the Master of Arts (M.A.) degree in Theology and Ministry. Please be in prayer for us as we petition SACS and ABHE, our accrediting bodies, for a level change from bachelor's to master's level. Our survey showed there is demand for accredited graduate theological education in our denomination.

We believe this degree program, as well other future programs in our strategic plan, will aid in our enrollment growth and financial recovery. We still have a way to go, and we still need your financial support. But we have made amazing progress in the past two years. We believe enrollment and giving will gradually continue to rise. This doesn't mean that we won't have ups and downs, but we believe the trend will be in the upward direction.

Campus Relocation

Now I want to tell you about the prospect that we believe has the most potential for helping us, not only in mission fulfillment, but also in the continued enrollment and financial growth of the college: the relocation of our campus. As of this writing, we have signed a contract with Mike Ford Custom Builders, LLC, for the purchase and sale of our West End Avenue campus. That firm intends to close in mid-June and has already paid \$300,000 in non-refundable earnest money payments, which we believe indicates a strong intent to go through with the purchase.

What is more, the buyer, working with our development consultant, Dudley Smith, of Land Innovations, LLC, believes he can develop the property in a way that meets with the approval of our neighborhood as well as the City of Nashville, including the Metro Historical Commission. We have been praying that God would bring us the right buyer who can purchase this campus and help us fulfill the vision of campus relocation. We are continuing to pray and hope that this is the one. However, even if it is not, the upside

in the Nashville real estate market gives us confidence that we are very close to a sale and thus the beginning of construction on our new campus site.

A new campus in Gallatin will not only help us continue our enrollment growth, but it will also help us pay down our current debt through a capital campaign, since our plans call for a similar debt load on the new campus to what we have now. However, the big difference is that we will have a capital campaign to help us fund the construction of the campus and pay down our debt.

We will also save money going forward on utilities and maintenance, with new buildings that are far more energy efficient than the fifty- and hundred-year-old buildings on our current campus. In addition, we will have opportunities for generation of revenue—such as rental income from summer conferences and retreats—that we do not have on our current campus. Indeed, *the relocation of our campus will be the best way to grow our enrollment and continue the financial recovery we have begun to see over the past two years.*

Thank You

I want to thank you, our denominational family, alumni, and supporters, for your prayers for Welch College, for your financial support in the bad times and the good times, and for pointing students to this unique Christian community of faith and learning. We ask that you continue to partner with us as we move boldly into the future with campus relocation, mission fulfillment, and growth!

In Christ,

J. Matthew Pinson
President

Registration Report
2014-2015

ENROLLMENT 359

States

Alabama	15	Kentucky	4	Tennessee	157
Arizona	1	Michigan	5	Texas	3
Arkansas	16	Mississippi	6	Virginia	15
California	2	Missouri	9	West Virginia	2
Florida	15	North Carolina	25	Wisconsin	1
Georgia	12	Ohio	12	Virgin Islands	5
Illinois	11	Oklahoma	4	International	27
Indiana	3	Rhode Island	1		
Kansas	1	South Carolina	7		

The student body represents 23 states (USA) and three other countries (Canada, Cuba, and Panama).

Classification

Freshman	93
Sophomore	91
Junior	60
Senior	50
Non-Degree Part-Time	32
Dual Enrollment	33

Vocational

Christian Ministry (Bach.) ..	74	Exercise Science (TE Licensure: 2) ..	21	Science/Nursing	25
Christian Ministry (Assoc.) ..	17	General Studies	17	Teacher Education*	27
Missions	9	History (TE Licensure: 7)	15	Non-Degree Part-Time ..	32
Business	36	Music (BME Licensure: 7)	13	Dual Enrollment	33
English (TE Licensure: 6)	20	Psychology	20		

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

Other Categories

Full-Time	249	Dorm	199	New	65
Part-Time	110	Commuter	45	Transfer	36
		ADP	5	Continuing	184
Male	198	Online	49	Re-admit	9
Female	161	Lifetime Learning	30	Non-Degree Part-Time ..	32
		Dual Enrollment (off-site only) ..	31	Dual Enrollment (all) ..	33
Single	282				
Married	77			Free Will Baptist	274
				Other	85

Financial Aid Report
2014-2015

Type of Aid	Number of Recipients	Amount of Aid
College-Administered Scholarships	492	1,356,042.18
Federal Pell Grants.	158	663,038.73
Federal SEOG Grants	19	14,635.31
Federal Work-Study	6	12,021.25
Federal TEACH Grant	2	7,928.00
Federal Stafford Loans (Subsidized)	177	705,600.00
Federal Stafford Loans (Unsubsidized)	177	599,617.00
Federal Plus Loans	23	287,090.00
TSAA Grants.	24	45,500.00
Tennessee HOPE Scholarship	43	180,600.00
Tennessee Dual Enrollment Grant	31	9,900.00
Alternative Loans	18	189,449.00
External Scholarships	17	236,308.90
TOTAL FINANCIAL AID ADMINISTERED, 2014-2015		\$4,307,730.37

Welch Library Report
2014-2015

Reference	1,616
General Collection	60,561
Curriculum Lab	2,060
Audiovisuals	1,168
Ministry Lab	39
Historical Collection	3,657
Sarah Lacey Nicholas Music Collection	2,239
EBSCO E-books Database E-books	48,565
ERIC Microfiche	74,630
Microfiche Books	427
TOTAL	194,962

Synopsis of Minutes Board of Trustees July 2014-May 2015

December 10, 2014

The Board welcomed new trustee Dr. Eddie Moody, who was appointed to the Student Affairs Subcommittee. The Trustees signed the Tenets of Faith of the Association for Biblical Higher Education and the conflict of interest policy, received status reports on the college, and approved the hiring of a new faculty member for the Department of Theological Studies.

May 6-7, 2015

The Board received a status report on the college, visited the Gallatin campus site and prayed over it, and toured the area surrounding the college property, including a luncheon with Gallatin Mayor Paige Brown and Vice Mayor Craig Hayes.

The Trustees met with David Brown of the Free Will Baptist Foundation regarding financing for campus relocation, as well as Mike Ford, CEO of the potential buyer of the West End campus, Mike Ford Custom Builders, LLC. The Board unanimously approved a resolution to sell the campus to Mike Ford Custom Builders, LLC.

The Board approved the 2015-2016 budget. It also received a report regarding the proposed Master of Arts (M.A.) degree in Theology and Ministry and approved a motion to pursue additional dual enrollment agreements with area Christian high schools.

Salary Breakdowns

	2013-2014	2014-2015	2015-2016
President*			
Salary	\$65,437	\$66,091	\$66,752
Social Security	5,006	5,056	5,107
Retirement	327	330	668
Medical Insurance	10,447	11,235	13,694
Life Insurance	<u>344</u>	<u>378</u>	<u>337</u>
	\$81,561	\$83,090	\$86,558
Provost			
Salary	\$53,096	\$53,627	\$54,163
Social Security	4,062	4,102	4,143
Retirement	265	268	542
Medical Insurance**	0	0	0
Life Insurance	<u>344</u>	<u>378</u>	<u>337</u>
	\$57,767	\$58,375	\$59,185
Vice President for Financial Affairs			
Salary	\$47,500	\$47,975	\$48,455
Social Security	3,634	3,670	3,707
Retirement	238	240	485
Medical Insurance	3,442	3,702	4,512
Life Insurance	<u>344</u>	<u>378</u>	<u>337</u>
	\$55,158	\$55,965	\$57,496
Vice President for Institutional Advancement			
Salary	\$50,000	\$50,500	\$51,005
Social Security	3,825	3,863	3,976
Retirement	250	253	520
Medical Insurance	7,229	7,774	9,476
Life Insurance	<u>344</u>	<u>378</u>	<u>337</u>
	\$61,648	\$62,768	\$65,314

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

WELCH COLLEGE

**Financial Statements
(With Independent Auditors' Report Thereon)**

May 31, 2015



Hill, Harper & Associates
Certified Public Accountants

Independent Auditor's Report

**The Board of Trustees
Welch College**

Report on Financial Statements

We have audited the statements of financial position of Welch College (a nonprofit organization) as of May 31, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Welch College as of May 31, 2015 and 2014, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hill Harper & Associates
July 9, 2015

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WELCH COLLEGE
Statements of Financial Position
May 31, 2015 and 2014

	<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:			
Cash and cash equivalents	\$	1,142,529	815,171
Investments in marketable securities, at market value		229,371	467,646
Accounts receivable, net of allowance for doubtful accounts of \$40,000 in 2015 and \$70,000 in 2014		141,768	225,673
Prepaid expenses		1,400	7,309
Total current assets		<u>1,515,068</u>	<u>1,515,799</u>
Non current assets:			
Cash and cash equivalents:			
Restricted for endowments		166,185	166,185
Restricted for student loans		268,583	242,661
Investments in marketable securities, at market value:			
Restricted for endowments		1,324,792	1,191,288
Investment in land - gift in kind		30,000	30,000
Campaign pledges receivable		156,673	230,706
Loans to students, net of allowance for doubtful loans of \$20,000 in 2015 and \$60,000 in 2014		46,879	45,200
Total non current assets		<u>1,993,112</u>	<u>1,906,040</u>
Property, plant and equipment:			
Investment in property, plant and equipment		15,089,800	14,446,157
Accumulated depreciation		5,261,761	5,078,050
Net property, plant and equipment		<u>9,828,039</u>	<u>9,368,107</u>
Total assets	\$	<u>13,336,219</u>	<u>12,789,946</u>
	<u>Liabilities and Net Assets</u>		
Current liabilities:			
Accounts payable and accrued expenses	\$	162,258	202,384
Current portion of long-term debt		341,731	150,231
Notes payable		127,265	125,319
Deposit held for sale of West End Campus		400,000	-
Student deposits and agency funds		171,486	177,961
Accrued salaries		117,120	103,452
Deferred revenues		130,109	51,179
Total current liabilities		<u>1,449,969</u>	<u>810,526</u>
Other liabilities:			
Long-term debt		4,204,665	4,561,333
Asset retirement obligation		297,852	297,852
Total liabilities		<u>5,952,486</u>	<u>5,669,711</u>
Net assets:			
Unrestricted funds		4,776,115	4,588,738
Temporarily restricted funds		806,223	813,865
Permanently restricted funds		1,801,395	1,717,632
Total net assets		<u>7,383,733</u>	<u>7,120,235</u>
Total liabilities and net assets	\$	<u>13,336,219</u>	<u>12,789,946</u>

See accompanying notes to financial statements.

WELCH COLLEGE

Statements of Activities and Changes in Net Assets

For the years ended May 31, 2015 and 2014

	2015				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2015	Total 2014
Revenues:					
Tuition and fees	\$ 2,657,124	-	-	2,657,124	2,350,304
Federal grants and contracts	-	25,228	-	25,228	25,228
Private gifts	1,186,623	249,557	60,795	1,496,975	1,443,460
Income from investment transactions including endowment income and gain or loss transactions	9,450	58,189	250	67,889	165,274
Revenues of auxiliary enterprises	1,266,872	-	-	1,266,872	1,209,636
Other sources	75,605	-	22,718	98,323	(35,891)
	5,195,674	332,974	83,763	5,612,411	5,158,011
Net assets released from restrictions	340,616	(340,616)	-	-	-
Total revenues	5,536,290	(7,642)	83,763	5,612,411	5,158,011
Expenditures:					
Educational and general:					
Instruction	1,518,809	-	-	1,518,809	1,371,089
Academic support	395,801	-	-	395,801	409,805
Student services	539,936	-	-	539,936	514,682
Institutional support	1,898,108	-	-	1,898,108	1,877,698
Total educational and general expenditures	4,352,654	-	-	4,352,654	4,173,274
Auxiliary enterprises:					
Dormitories	439,090	-	-	439,090	448,594
Dining hall	500,312	-	-	500,312	478,287
Bookstore	9,081	-	-	9,081	23,823
Snack shop	47,776	-	-	47,776	31,604
Total auxiliary enterprises expenditures	996,259	-	-	996,259	982,308
Total expenditures	5,348,913	-	-	5,348,913	5,155,582
Results from operations and Increase (decrease) in net assets	187,377	(7,642)	83,763	263,498	2,429
Net assets:					
Beginning of year	4,588,738	813,865	1,717,632	7,120,235	7,117,806
End of the year	\$ 4,776,115	806,223	1,801,395	7,383,733	7,120,235

See accompanying notes to financial statements.

WELCH COLLEGE

Statements of Cash Flows

For the years ended May 31, 2015 and 2014

	2015			Total	Total
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	2015	2014
Cash flows from operating activities					
Cash collected from students	\$ 4,042,311	-	-	4,042,311	3,535,033
Federal grants	-	25,228	-	25,228	35,821
Federal grant funds considered to be agency fund transactions	635,405	-	-	635,405	575,384
Private gifts and grants	1,186,971	277,428	-	1,464,399	1,323,352
Investment income	12,443	49,671	-	62,114	5,738
Other revenues	75,605	-	-	75,605	104,649
Cash paid for scholarships, to vendors and for payroll	(4,862,624)	(340,616)	-	(5,203,240)	(4,844,238)
Cash paid to students for federal grant funds considered agency transactions	(635,405)	-	-	(635,405)	(575,384)
Net operating activities cash flows	454,706	11,711	-	466,417	160,355
Cash flows from investing activities					
Proceeds from sale of real property	400,000	-	-	400,000	-
Net investment with FWB Foundation	-	109,813	-	109,813	-
Expended for plant assets	(643,643)	-	-	(643,643)	(267,992)
Student notes receivable, net change	-	-	22,559	22,559	2,846
Net investing activities cash flows	(243,643)	109,813	22,559	(111,271)	(265,146)
Cash flows from capital activities					
Campaign pledges receivable collected	-	74,033	-	74,033	93,463
Gifts received for:					
Endowments and student loans	-	-	60,795	60,795	53,440
Proposed new campus	-	28,329	-	28,329	30,918
Other student loan transactions:					
Interest income on student loans and investment income	-	-	1,244	1,244	5,018
Collection costs and other transactions	-	-	(1,099)	(1,099)	(1,458)
Net capital activities cash flows	-	102,362	60,940	163,302	181,381
Cash flows from financing activities					
Repayment of debt, net	(165,168)	-	-	(165,168)	(107,151)
Interfund activities	281,463	(223,886)	(57,577)	-	-
Notes payable for student loans, net	-	-	-	-	(17,067)
Net financing activities cash flows	116,295	(223,886)	(57,577)	(165,168)	(124,218)
Cash and cash equivalents					
Net increase (decrease)	327,358	-	25,922	353,280	(47,628)
Beginning of year	815,171	-	408,846	1,224,017	1,271,645
End of year	\$ 1,142,529	-	434,768	1,577,297	1,224,017
Supplemental disclosures:					
Interest paid				\$ 222,579	219,583

WELCH COLLEGE
Statements of Cash Flows, continued
For the years ended May 31, 2015 and 2014

	2015				
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total 2015	Total 2014
Cash and cash equivalents					
consist of the following:					
Current assets	\$ 1,142,529	-	-	1,142,529	815,171
Non current assets:					
Cash restricted for endowments	-	-	166,185	166,185	166,185
Cash restricted for student loans	-	-	268,583	268,583	242,661
Total cash and cash equivalents	<u>\$ 1,142,529</u>	<u>-</u>	<u>434,768</u>	<u>1,577,297</u>	<u>1,224,017</u>
Reconciliation of change in net assets to					
net operating activities cash flows					
Change in net assets	\$ 187,377	(7,642)	83,763	263,498	2,429
Transactions considered to be capital additions:					
Gifts for endowments and student loans	-	-	(60,795)	(60,795)	(53,440)
Proposed new campus	-	(28,329)	-	(28,329)	(30,918)
Net other transactions from					
student loan funds	-	-	(22,968)	(22,968)	119,688
Depreciation and amortization	183,711	-	-	183,711	196,251
Accretion of asset retirement obligation	-	-	-	-	18,834
Net unrealized gains on investments	3,147	(8,190)	-	(5,043)	(157,486)
(Increase) decrease in current assets:					
Accounts receivable:					
Student accounts	45,860	-	-	45,860	(30,898)
Employee and other	12,511	-	-	12,511	(10,265)
Federal student financial aid funds	-	-	-	-	10,593
Accrued interest	1,873	(328)	-	1,545	3,731
Unrestricted pledges receivable	(1,680)	56,200	-	54,520	(39,964)
Less allowance for doubtful accounts	(30,000)	-	-	(30,000)	(10,500)
Prepaid expenses	5,909	-	-	5,909	7,235
Increase (decrease) in current liabilities:					
Accounts payable / accrued expenses	(40,126)	-	-	(40,126)	106,421
Student deposits and agency funds	(6,474)	-	-	(6,474)	14,098
Accrued salaries	13,668	-	-	13,668	3,368
Deferred revenues	78,930	-	-	78,930	11,178
Net operating activities cash flows	<u>\$ 454,706</u>	<u>11,711</u>	<u>-</u>	<u>466,417</u>	<u>160,355</u>

See accompanying notes to financial statements.

WELCH COLLEGE
Notes to Financial Statements
May 31, 2015 and 2014

Welch College operates under the auspices of the National Association of Free Will Baptists, Inc. and is governed by a Board of Trustees. Welch College changed its name during 2013 from Free Will Baptist Bible College.

(1) Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

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

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

These financial statements, however, have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

Contributions

Contributions (including promises to give) are recognized as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time the related resources are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among net asset categories, such amounts are reflected as reclassifications in the statements of activities.

In-kind contributions, when made, are recorded as contribution revenue and an offsetting expense or an asset if the contribution meets the requirements prescribed by accounting principles generally accepted in the United States of America. The College had no such in-kind contributions for 2015 and 2014.

Unconditional Promises to Give - Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received in the appropriate class of net assets in compliance with donor restrictions or based on the timing the pledge is collected. 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.

WELCH COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

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

Student Accounts Receivable

The College grants credit to its students by allowing tuition and fees to be paid under various payment options. The College does not require collateral for student accounts receivable. The College evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of the specific students, historical trends and other information available.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. For the years ended May 31, 2015 and 2014, 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.

Property, Plant and Equipment

Plant assets, consisting of land, buildings, other land improvements, equipment and furnishings, library books, and costs related to proposed new campus are stated at cost or estimated fair value at date of gift. Expenditures for acquisition of assets in excess of \$500 are capitalized as investment in plant.

Depreciable assets are depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from 5 to 50 years. The current provision for depreciation is reported as an expenditure of the College.

Asset Retirement Obligations

Upon acquisition, and when reasonably estimable, the College recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

Compensated Absences

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

Deferred Revenue

Deferred revenue consists of amounts billed or received prior to year end for services rendered after year end. These revenues pertain primarily to summer semester tuition and fees, and operating revenues earmarked for following year.

Scholarship Allowances / Tuition and Fees

Colleges and universities are required to report all tuition and fee revenue net of any scholarship allowance. A scholarship allowance is defined as the difference between the stated charge of goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student.

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.

WELCH COLLEGE

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision for income taxes has been made in the accompanying financial statements. There is no unrelated business income tax for 2015 and 2014. 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 on page 7) 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.

Fund Raising Costs

For fiscal years ended May 31, 2015 and 2014, expenses totaling \$362,190 and \$388,082, 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, 2014, from which the summarized information was derived.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through July 9, 2015, the date these financial statements were available to be issued.

(2) Accounts Receivable

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

Accounts receivable included in current assets is as follows:

	2015	2014
Student accounts	\$ 86,487	132,347
Employee and other	2,851	15,362
Accrued interest	9,786	10,800
Pledges receivable for operations	82,644	137,164
	181,768	295,673
Allowance for doubtful accounts	40,000	70,000
	<u>\$ 141,768</u>	<u>225,673</u>

WELCH COLLEGE

Notes to Financial Statements, continued

(3) Investments - Marketable Securities

Investment securities are stated at market value. The following table summarizes by type the relationship between carrying value and market value of the investment assets.

	Cost or Basis	Market Value	Excess of Market Over (Under) Cost	Unrealized Cumulative Gains	Unrealized Cumulative Losses
Balance May 31, 2014	\$ 1,299,418	1,658,934	359,516	359,516	-
May 31, 2015 Investment Summary					
Common stock	\$ 5,020	5,043	23	23	-
Mutual funds	180,040	244,577	64,537	64,537	-
FWB Foundation invested	1,247,861	1,304,543	56,682	56,682	-
Balance May 31, 2015	\$ 1,432,921	1,554,163	121,242	121,242	-
			2015	2014	
Current assets			\$ 229,371	467,646	
Non current assets:					
Restricted for endowments			1,324,792	1,191,288	
			\$ 1,554,163	1,658,934	
Reconciliation of income from investment activities:					
Earnings and endowment income			\$ 62,846	18,424	
Unrealized gain due to change in the cumulative change in market value pools		\$ (238,274)			
Warehoused earnings moved to interest account		243,317	5,043	146,850	
			\$ 67,889	165,274	
The Free Will Baptist Foundation holds funds for the benefit of the College as follows:					
Endowments from which the College receives income			\$ 1,034,000	1,210,000	
Gifts to pass to the College at some future date			\$ 452,000	518,000	

(4) Endowments

The College's endowments consist of numerous individual funds established to benefit unrestricted operations and to provide scholarships to students who meet individual donor requirements. All endowment funds are donor-restricted funds. No funds have been designated by the Board of Trustees to function as endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The College has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) earnings of the individual fund to the extent directed by the fund donors. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is or will be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1> the duration and preservation of the fund; 2> the purposes of the donor-restricted endowment fund; 3> general economic conditions; 4> the possible effect of inflation and deflation; 5> the expected total return from income and the appreciation of investments; 6> other resources of the College; and 7> the investment policies of the College.

WELCH COLLEGE

Notes to Financial Statements, continued

(4) Endowments, continued

Endowment net asset composition:

	2015	2014
Permanently restricted net assets		
Donor-restricted endowment funds	\$ 1,459,898	1,401,855
Temporarily restricted net assets:		
Funds available scholarships	165,414	168,665
Funds available for future unrestricted endowment income	23,461	29,065
Total temporarily restricted net assets	188,875	197,730
	<u>\$ 1,648,773</u>	<u>1,599,585</u>
Portion of endowment funds required to be retained permanently either by explicit donor stipulation or by SPMIFA	<u>\$ 1,459,898</u>	<u>1,401,855</u>

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in endowment net assets:				
Endowment net assets - May 31, 2013	\$ 18,866	99,310	1,349,994	1,468,170
Investment return:				
Income from endowment assets including earnings and gain or loss transactions	23,438	121,178	-	144,616
Donor contributions	-	-	51,861	51,861
Appropriation of net assets	(13,239)	(51,823)	-	(65,062)
Endowment net assets - May 31, 2014	\$ 29,065	168,665	1,401,855	1,599,585
Investment return:				
Income from endowment assets including earnings and gain or loss transactions	7,635	50,554	-	58,189
Donor contributions	-	-	58,043	58,043
Appropriation of net assets	(13,239)	(53,805)	-	(67,044)
Endowment net assets - May 31, 2015	<u>\$ 23,461</u>	<u>165,414</u>	<u>1,459,898</u>	<u>1,648,773</u>

Return Objectives and Risk Parameters

The College has established investment and spending policies for the purpose of providing general guidelines for the prudent investment management of its endowment assets. To satisfy its long-term rate of return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The College's investment policy allows expenditure of a maximum of 5% of corpus from the funds carried as temporarily restricted net assets up to the accumulated balance of such funds. This spending policy was implemented during the year ended May 31, 2011.

WELCH COLLEGE

Notes to Financial Statements, continued

(5) Pledges Receivable

Pledges receivable are recorded at estimated realizable value after an allowance for potential uncollectible pledges. Further, pledges receivable expected to be collected in years after the next fiscal year were discounted to their present values of future cash flows using a 5.5% interest factor.

	2015	2014
The following summarizes pledges receivable:		
Post dated check books and bank draft agreements	\$ 76,608	74,928
Proposed future campus relocation	281,173	368,706
Pledges for operations	7,036	79,436
Total pledges receivable	364,817	523,070
Less allowance for potential uncollectible pledges	(98,200)	(123,900)
Less discount to present value of future cash flows	(27,300)	(31,300)
Net pledges receivable	\$ 239,317	367,870
Pledges are recorded in the statement of financial position as follows:		
Pledges for operations	\$ 82,644	137,164
Campaign pledges for future campus relocation	156,673	230,706
	\$ 239,317	367,870

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

2016	\$ 139,825
2017	80,117
2018	39,997
2019	29,517
2020	69,812
years thereafter	5,549
	\$ 364,817

(6) Property, Plant and Equipment

Components of property, plant and equipment are as follows:

	2015	2014
Land	\$ 3,026,510 *	3,026,510
Land for proposed campus	3,160,000	3,160,000
Proposed campus architectural and other costs	1,160,800	637,833
Buildings	4,582,017 *	4,561,154
Equipment	2,314,744	2,223,043
Library books	845,729	837,617
	15,089,800	14,446,157
Accumulated depreciation and amortization	5,261,761	5,078,050
Net investment in plant	\$ 9,828,039	9,368,107
Depreciation and amortization charged to expenditures	\$ 183,711	196,251

* During June 2015, the College sold the West End Campus, except for Welch Library. See note 14 for further discussion of the sale subsequent to May 31, 2015.

WELCH COLLEGE

Notes to Financial Statements, continued

(7) Notes Payable and Long-Term Debt	2015	2014
Notes payable:		
Permanently Restricted Funds - Student Loan Funds		
5% unsecured demand notes payable to individuals	\$ 77,265	75,319
Unrestricted Funds - Currently Due:		
5% unsecured demand notes payable to individual	50,000	50,000
Notes Payable	<u>\$ 127,265</u>	<u>125,319</u>
Long Term Debt:		
Loans held by Free Will Baptist Foundation:		
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.	\$ 341,731	426,277
4.5% term loan, which requires monthly payments of \$28,333, including principal and interest. This loan was retired June 2015 - see below and note 14. This loan is a consolidation of debt relating to the Gallatin property purchased for relocation and the amount required to buyout participants in the terminated pension plan as discussed in note 10.	* 4,204,665	4,285,287
	4,546,396	4,711,564
Less current portion of long-term debt	341,731	150,231
Long-term debt	<u>\$ 4,204,665</u>	<u>4,561,333</u>

Principal maturities of unrestricted fund long-term debt are as follows:

Line of credit amounting to \$341,731 matures 2016; and

* Term loan amounting to \$4,204,665 was retired June 2015 in connection with the sale of the West End Campus. See note 14 for further discussion relating to the sale subsequent to the May 31, 2015.

(8) **Asset Retirement Obligation - Asbestos Removal**

The College recognized 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 \$297,852 at May 31, 2015 and 2014 related to the potential future removal of asbestos from existing buildings. With the sale of the West End Campus during June 2015, the liability no longer exists and no provision for this cost was made for May 2015. This liability will be considered additional gain with that sale transaction during the years ending May 2016 and 2017. See note 14 for further discussion of the sale subsequent to May 31, 2015.

(9) **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	\$ 977,000
Funds invested with Free Will Baptist Foundation	1,655,000
Marketable securities	250,000

WELCH COLLEGE

Notes to Financial Statements, continued

(10) Pension Plan and

Cumulative Adjustment for Excess Pension Liabilities

The College had a defined benefit pension plan which covered all regular employees. The College's funding policy was to fund pension costs accrued.

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.

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 were made after that date. Effective December 2011, the College started the process to terminate the plan. Application was made to the appropriate governmental agencies for approval to terminate the plan.

During the year ended May 2013, the plan termination was approved which required the College to buyout each of the pension plan participants in an appropriate amount to provide like benefits that the pension plan would have provided. This buyout required payments to participants amounting to \$5,592,475 and due to the shortfall of available assets in the pension plan, additional borrowings from Free Will Baptist Foundation of \$2,334,025 were required.

Accounting principles generally accepted in the United States of America required 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 effect on net assets by fiscal year was as follows:

	Charge To Net Assets	
	Annual	Cumulative
2009	1,296,891	1,296,891
2010	(295,345)	1,001,546
2011	430,348	1,431,894
2012	509,627	1,941,521
2013	906,998	2,848,519

(11) Net Assets

Net assets of the College consist of the following as of May 31, 2015 and 2014.

		2015			Total 2014
		Unrestricted	Temporarily Restricted	Permanently Restricted	
Operations	\$	7,624,634	-	-	7,624,634
Excess pension liabilities		(2,848,519)	-	-	(2,848,519)
Unexpended funds restricted for:					
Operating purposes					
Donor gifts		-	69,510	-	69,510
Available for distributions from endowment returns			23,461		23,461
Scholarships:					
Donor gifts		-	356,917	-	356,917
Available for distributions from endowment returns		-	165,414	-	165,414
Campus relocation		-	190,921	-	190,921
Student loan funds		-	-	341,497	341,497
True endowment funds		-	-	264,778	264,778
Scholarship endowment funds		-	-	1,195,120	1,195,120
Total net assets	\$	4,776,115	806,223	1,801,395	7,383,733
					7,120,235

WELCH COLLEGE

Notes to Financial Statements, continued

(12) Net Assets Released From Restrictions

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

Expenditures made for donor imposed restrictions:

Private scholarships	\$	156,482
Federal Supplemental Educational Opportunity Grant		15,611
Federal Work Study Program		9,617
Other instructional and institutional		77,554
Potential relocation		68,113

Total expenditures made for donor imposed restrictions

327,377

Unrestricted endowment income allocated

13,239

Net assets released from restrictions

\$ 340,616

Certain federal grants to students amounting to \$635,405 and \$575,384 for 2015 and 2014, 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.

(13) Related Party Transactions

Concentrations

The College has funds invested with the Free Will Baptist Foundation approximating \$1,655,000 or 56% at May 2015; and \$1,589,000 or 55% at May 2014, as compared to its total cash and cash equivalents, and investments at those dates. Further, the College is indebted to the Foundation amounting to \$4,546,396 or 76% at May 2015; and \$4,711,564 or 83%, at May 2014, as compared to the College's total recorded liabilities. (see notes 7 and 14)

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 \$37,901 in 2015 and \$46,526 in 2014 as their share of the funding requirement. Of these expenditures, Free Will Baptist Foundation funded \$6,031 and \$10,349 in 2015 and 2014, respectively.

Litigation

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

Estate Bequests

The College, in the normal course of operations, is the beneficiary of estate bequests. These bequests are recognized as revenues in the period the amount can be determined, either by notices from the estate or receipt of the bequest, whichever comes first.

Marketing Partnership to Attract Online Students

The College has partnered with another entity to offer an online four-year bachelor's degree in ministry. This degree began in the fall of 2013 and will enable the College to re-tap the market of mid-career married students. The partner among other services will; 1> market and promote the program, 2> recruit prospective students for the program, 3> provide training services to College personnel, 4> develop and provide online courseware and 5> provide and maintain the platform to deliver the course. For these services, the partner receives 75% of the gross program receipts through July 2015; and 80% of the gross program receipts through the termination of the partnership in July 2018. During the year ended May 2015 and 2014, the College paid \$153,157 and \$105,190 for these services.

Former Member of Board of Trustees Role in Relocation Construction

A former member of the Board of Trustees, who is a long time real estate developer has been engaged to consult with the College and assist in the construction of the new campus. Cost for this consulting amounted to \$31,200 for 2015 or \$5,200 per month.

WELCH COLLEGE

Notes to Financial Statements, continued

(14) Subsequent Event - Sale of West End Campus - and Relocation of Campus

Subsequent to the year ended May 31, 2015 the West End Campus, except for Welch Library, was sold to a Nashville developer for \$11,225,000. Upon receipt of these funds, the term loan amounting to \$4,204,665, as disclosed in note 7, was retired. After expenses of sale, the remaining balance of these funds, which approximated \$5,591,000 were on deposit. As a condition of sale, certain of the buildings and property will be available to the College through May 2016 at no additional cost other than operating costs. The College has an additional twelve months to lease the property at a cost of \$30,000 monthly for June through November 2016; and \$60,000 monthly for December 2016 through May 2017 as necessary to complete the new campus construction. These monthly lease obligations will be reduced as the College vacates properties during the term of the lease.

The College purchased a 66 acre tract of land during August 2008 in the greater Nashville Tennessee Area to serve as the site for the new campus. This site will provide for the expansion of programs consistent with the College's strategic plan.

The College estimates costs for construction of the new campus will approximate \$20,000,000. Costs to date amount to \$1,160,800 which includes planning and architectural services, among other things. The remaining cost of the campus will be funded from the balance of funds from the sale of the West End Campus, donations from the upcoming planned fundraising campaign, proceeds from sale of Welch Library, in kind contributions and borrowings from the Free Will Baptist Foundation.

A gain from sale of the West End Campus will be recognized in the financial statements of May 31, 2016 and 2017 (the leaseback period) based on generally accepted accounting principles. The approximate gain is presented below:

Sales price of West End Campus, except for Welch Library	\$ 11,225,000	
Closing costs related to the sale	(863,000)	\$ 10,362,000
Basis of land and buildings sold	7,045,000	
Depreciation taken	(2,462,000)	4,583,000
		5,779,000
Liability recorded related to asbestos removal		298,000
		\$ 6,077,000

(15) Operational Deficits and Management's Plan and Disposition of Certain Items

At May 31, 2013, we reported that adverse conditions were caused by the decline in world economies, negative trending in campus based enrollment and excess costs of the defined benefit pension plan, which was terminated. Then we reported at May 31, 2014 that although operational losses were not as significant as in prior years that the deficits continued to be of concern. These conditions were noted in our auditor's report for each of the respective years.

We reported in 2013, to sustain operations of the College, management had developed a plan for financial recovery. The effect of management's plan has had a positive impact on the operations of the College, which resulted in positive operating results as of May 31, 2015 for the first time since May 31, 2010. Further, the West End Campus was sold during June 2015 - please see note 14 for a discussion relating to this subsequent event.

The above developments have mitigated the consideration that the College might be unable to continue as a going concern into future periods.

MANAGEMENT SUMMARY of May 31, 2015 Financial Information

(THIS INFORMATION IS NOT PART OF THE AUDIT REPORT)

An unqualified (clean) audit opinion of Welch College's financial statements as of May 31, 2015 has been issued by the audit firm of Hill, Harper, & Associates.

Statements of Financial Position (Balance Sheet)

We experienced slight growth in total assets to end the year at \$13,336,219 (an increase of \$546,273 over fiscal year ending 2014). No college properties were sold during the year ending May 31, 2015; however the college did close on the sale of its West End campus on June 19, 2015. This very exciting event and its impact on future fiscal years is disclosed in Note 14 of the audited financial statements.

Investments held for operational purposes decreased from \$467,646 to \$229,371. This decrease results from the college's decision to move warehoused scholarship earnings available to award from marketable securities to an interest-bearing account in order to mitigate market risk so future scholarships can be awarded. Investments held for endowments increased and ended at \$1,324,792 for the year. Of the total cash and investments of the college, 55%, or \$1,655,000 is held and managed by the Free Will Baptist Foundation, with the majority of the remaining funds being on deposit with the college's financial institution.

Total liabilities have increased slightly to \$5,952,486, from \$5,669,711. However, Note 7 of the audited financial statements shows a decrease in total college debt. The primary reason for the increase in total liabilities is the \$400,000 in earnest funds held for the sale of our West End campus, which were received prior to the May 31 fiscal year end.

Included in total liabilities are four internal classifications of debt payable, three of which relate to debt held by the Free Will Baptist Foundation. The first funded the renovation of the West End campus and land acquisition in 2008 for relocation. This amounts to \$1,983,501. Next, additional debt was incurred to terminate the defined benefit pension plan in 2013. Total debt remaining in this category is \$2,152,845. During the fiscal year, \$68,319 was added to fund capital and technology improvements. Combined, total long-term debt equaled \$4,204,665. Finally, Welch College has an operational line of credit totaling \$341,731, a decrease of \$84,546. Total debt owed to the Free Will Baptist Foundation is \$4,546,396, which is down by \$165,168 from the previous fiscal year. The fourth type relates to demand notes to individuals for student loans and unrestricted funds totaling \$127,265. Details and the accounting of these obligations are disclosed in Note 7 of the audited financial statements.

We are happy to report unrestricted net assets did increase by \$183,377 for the fiscal year.

Statements of Activities and Changes in Net Assets (Profit and Loss Statement)

Revenues total \$5,536,290 for the unrestricted fund (i.e. operations), which is an increase of \$460,991 for the year. The bulk of this increase is derived from student enrollment growth. Annual fund giving increased by 4% as well.

Expenses for the year increased by \$193,331 and ended the year at \$5,348,913. For the year ended, the financials reflect an operational surplus of \$187,377. This compares to a deficit of \$(80,283) in 2014, \$(225,475) for 2013, \$(318,214) for fiscal year 2012, and \$(154,809) for fiscal year 2011. May 31, 2015 is the first fiscal year-end close in the black since the 2009-2010 fiscal year surplus of \$426,863. Across all funds (i.e. unrestricted, temporarily restricted, and permanently restricted), Welch College ended the year with an increase in net assets of \$263,498.

Unrestricted Giving

Gifts to the unrestricted fund amounted to \$1,186,623. Of that amount, \$1,129,839 was annual fund unrestricted gifts; \$36,390 was received from the Free Will Baptist Foundation; finally, Welch received \$20,394 from estates. The previous fiscal year's unrestricted gifts totaled \$1,167,280.

Annual Fund Giving Subsidizes Average Full-Time Student \$4,320

Students enrolled during 2014-2015 were subsidized \$144 per semester hour due to annual fund donations. Therefore the generous giving of Free Will Baptists and Welch College friends meant the average full-time student paid \$4,320 less in tuition.

Institutional Scholarships

The college awarded \$1,204,657 in Institutional Scholarships. On average, the institutional scholarships provided a \$154 per semester hour discount to the many students who qualified for these Welch College-funded scholarships.

Statements of Cash Flows

The college has experienced a \$454,706 (page 4-5, Statements of Cash Flows) increase in net operating activities cash flows in unrestricted funds, with the primary driver being the cash collected from students due to the increase in on-campus enrollment. It is important to note this is from operating activities and, therefore, does not include earnest money received related to the campus sale.

Management's Plan

Please review the disclosure of management's plan for addressing operating deficits and liquidity, Note 15 to the audited financials. Over the previous two fiscal years, Welch College gained positive financial momentum resulting from the turn-around of college finances. We praise God for this encouraging development and for His faithful provision during a number of lean years from a recessionary economy and a once-in-a-lifetime pension crisis. The faithful support of our college family and friends has been very meaningful in contributing to this change in trajectory.

Sale of West End Avenue Campus and College Relocation

See Note 14 to the audited financials (page 15) and the President's Annual Report for information related to the June 19 closing of the sale of our West End Avenue campus. Being that this event did not occur in the 2014-2015 fiscal year, it had no impact to the current financial statements.

However, accounting standards require disclosure on this subsequent event as it will positively impact our financial statements beginning in the 2015-2016 fiscal year. We are very excited for this new opportunity for relocating and ask you to join us as we continue to *educate leaders to serve Christ, His Church, and His world through biblical thought and life.*

Employee Retirement Plan

The college terminated the defined benefit pension plan during 2013 by incurring additional debt from the Free Will Baptist Foundation, thus eliminating the uncertainty of market fluctuations and future governmental regulations. The termination of the plan saved the college approximately \$200,000 during this year. In order to promote retirement savings for college employees, a defined contribution plan has been established by partnering with the Free Will Baptist Board of Retirement. The college currently matches, up to a maximum amount, full-time employee contributions to their Board of Retirement account.

Institutional Loan Program for Students

For many years the college has offered short-term institutional loans for students who need additional time in finalizing payment of their student tuition and fees. During the 2013-2014 fiscal year-end closing, we extensively reviewed loan balances and found a large number of loans were considered uncollectible; therefore, approximately \$93,000 in loans were written off as bad debt and the allowance for doubtful loan collections was increased to \$60,000 at that time. Collections have improved, therefore, the allowance for doubtful loan collections has been decreased to \$20,000 as it is expected fewer loans will be expensed as bad debt in future years.

Business Office Improvements

Over the last several years, a number of significant measures have been taken to improve the Business Office function and operation of the college overall. While this has resulted in change, we are very happy with the outcomes, one of which is the continuing improvement of the financial health of Welch College.

2014-2015 Budget

Our proposed balanced budget for the upcoming year totals \$5,508,831. See the next page for additional detail.

WELCH COLLEGE
Budgets for the years ending May 2015-2017

	Budget May 31, 2015	Audit May 31, 2015	Proposed Budget May 31, 2016	Strategic Budget May 31, 2017
Revenues:				
Tuition & fees	2,368,764	2,657,124	2,715,815	2,766,399
Private Gifts:				
Together Way/Unrestricted (Annual Fund)	1,300,000	1,129,839	1,250,000	1,330,000
Estate, grant, & miscellaneous	183,216	132,389	130,000	132,600
Gifts-in-kind	-	-	-	
Investment and endowment	45,000	9,450	15,000	15,300
Sales & services of auxiliary enterprises	1,205,004	1,266,872	1,270,943	1,296,362
Other:				
Net assets released from restrictions	163,000	340,616	127,073	129,614
Total Revenues	5,264,984	5,536,290	5,508,831	5,670,276
Expenses:				
Educational & General:				
Instructional	1,464,316	1,518,809	1,535,766	1,580,764
Academic Support	412,523	395,801	382,627	393,838
Student Services	607,957	539,936	617,573	635,668
Institutional Support	1,794,478	1,898,108	1,961,549	2,019,058
Total educational & general	4,279,274	4,352,654	4,497,515	4,629,328
Auxiliary enterprises	985,710	996,259	1,011,316	1,040,948
Total Expenses	5,264,984	5,348,913	5,508,831	5,670,276
Operational Increase (Decrease) in net assets		187,377		

**STATISTICAL REPORT
Reporting Period 2014**

	Associations	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2013 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2014 Membership	Reported 2014 Membership		
	Alabama	13	13	127	124	61	66	48	42	164	10,619	297	193	104	10,723	9,953
	Arizona	1	1	6	6	5	1	4	2	16	172	14	15	-1	171	168
	Arkansas	16	16	194	177	91	103	77	89	485	16,080	1,763	323	1,440	17,520	15,706
	Assoc. of Mexico	9	9	42	0	28	14	7	35	0	0	0	0	0	0	0
	California	7	7	56	51	51	5	31	21	162	1,976	135	99	36	2,012	1,922
	Canada	1	1	9	5	2	7	2	3	7	428	0	7	-7	421	124
	Colorado	1	1	6	5	5	1	3	1	14	126	8	7	1	127	91
	David Marks Assoc.	1	1	5	5	5	0	3	2	19	48	0	0	0	48	41
	Florida	7	7	57	39	18	30	25	89	4,515	182	78	104	4,619	4,423	4,423
	Georgia	10	10	114	114	37	77	69	35	133	7,211	287	277	-10	7,201	7,263
	Hawaii	1	1	1	1	1	0	1	0	0	25	0	0	0	25	25
	Idaho	2	2	7	2	7	0	4	3	6	119	12	4	8	127	145
	Illinois	7	5	37	31	22	15	12	114	3,063	106	41	65	3,128	2,878	2,878
	Indiana	3	3	20	20	16	4	17	0	0	0	0	0	0	0	0
	Iowa	1	1	3	3	0	3	0	3	6	138	10	6	4	142	101
	Kansas	2	2	10	10	10	0	4	5	32	788	60	31	29	817	874
	Kentucky	11	11	128	128	44	84	50	78	525	12,528	529	453	76	12,604	13,286
	Mexico Assoc.	4	4	28	28	18	10	5	23	20	2,750	120	65	55	2,805	2,805
	Michigan	6	4	36	23	29	7	21	10	53	2,012	38	83	-45	1,967	1,282
	Mid-Atlantic Assoc.	1	1	7	3	4	3	5	2	0	0	0	0	0	0	0
	Mississippi	3	3	46	38	10	36	19	23	136	3,114	258	65	193	3,307	2,825
	Missouri	19	18	156	153	53	103	67	86	322	8,431	496	228	268	8,699	8,011
	New Mexico	1	1	2	2	1	1	1	0	0	51	6	2	4	55	61
	North Carolina	8	8	168	167	77	91	126	19	596	15,849	743	660	83	15,932	15,872
	Northeast Assoc.	0	0	3	0	2	1	2	1	0	235	0	0	0	235	0
	Northwest Assoc.	1	1	5	5	5	0	2	3	7	177	12	5	7	184	166
	Ohio	19	19	141	141	62	79	52	87	304	9,220	346	292	54	9,274	8,503
	Oklahoma	25	25	210	188	143	67	100	63	999	18,341	1,088	331	757	19,098	20,007
	South Carolina	6	6	110	110	53	57	88	22	37	4,034	47	30	17	4,051	4,050
	Tennessee	9	9	190	190	77	113	99	72	454	17,136	722	346	376	17,512	17,312
	Texas	5	5	44	44	31	13	17	25	67	1,410	98	70	28	1,438	1,922
	Virgin Islands	0	0	1	0	1	0	0	0	0	150	0	0	0	150	0
	Virginia	8	7	74	63	22	52	22	39	61	2,613	84	131	-47	2,566	2,613
	West Virginia	21	21	163	163	22	141	64	77	309	6,965	227	306	-79	6,886	6,386
	Wisconsin	0	0	1	1	1	0	1	0	1	24	0	0	0	24	23
	TOTALS	229	223	2,207	2,058	1,038	1,169	1,059	905	5,138	150,348	7,668	4,148	3,520	153,868	148,838

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	Combined Income of All Churches	Number of Churches with Budgets	Parsonages	Value of Church and Parsonage and Property	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Schools Christian Day	Bible Institutes	Colleges	Sunday School Enrollment	Value of Associational Property
Alabama	2,863,279	11	34	16,227,066	142	51	287	6	4	0	0	2,967	1,422,309
Arizona	490,996	5	2	3,334,000	10	0	3	0	0	0	0	77	0
Arkansas	10,402,908	41	53	86,749,661	242	38	333	3	2	0	0	7,565	3,550,000
Assoc. of Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0
California	2,031,307	21	16	23,000,000	74	23	49	1	5	2	1	1,251	0
Canada	146,924	2	1	855,000	3	1	2	0	0	0	0	55	294,350
Colorado	330,427	3	0	2,936,000	7	0	0	0	0	1	0	128	0
David Marks Assoc.	188,788	3	2	1,405,000	9	1	0	0	0	0	0	21	0
Florida	1,740,434	12	24	22,574,055	80	4	86	3	2	0	0	1,730	0
Georgia	6,861,876	37	54	46,375,561	130	49	263	2	1	1	0	3,451	184,000
Hawaii	63,000	0	1	1,000,000	1	0	0	0	0	0	0	26	0
Idaho	255,345	6	1	1,095,000	10	0	1	1	0	0	0	86	0
Illinois	2,485,359	11	8	20,828,000	43	3	77	1	1	0	0	1,294	1,200,000
Indiana	0	0	0	0	0	40	1	0	0	0	0	0	0
Iowa	0	3	1	2,400,000	3	0	5	0	0	0	0	69	0
Kansas	748,883	4	0	3,005,620	9	2	6	0	0	0	0	297	0
Kentucky	2,495,046	10	2	31,354,240	344	24	333	1	0	0	0	4,573	0
Mexico Assoc.	32,768	12	6	1,000,000	21	1	44	0	0	1	0	2,805	200,000
Michigan	1,011,011	10	5	16,865,731	46	4	37	1	1	0	0	743	0
Mid-Atlantic Assoc.	0	0	2	0	0	11	0	0	0	0	0	0	0
Mississippi	430,743	13	15	10,099,945	55	11	103	0	1	0	0	1,307	0
Missouri	9,064,677	54	21	67,909,677	218	38	277	2	0	0	0	5,508	6,350,000
New Mexico	49,564	1	0	920,000	4	0	2	0	0	0	0	23	0
North Carolina	24,638,562	75	33	78,210,992	240	50	603	6	8	3	1	9,504	225,000
Northeast Assoc.	0	0	0	0	0	0	0	0	0	0	0	0	0
Northwest Assoc.	199,064	1	1	3,400,210	7	3	5	0	0	0	0	100	0
Ohio	7,306,045	27	19	58,891,893	314	27	287	0	0	0	0	6,797	109,179
Oklahoma	16,140,706	35	41	114,157,963	344	43	360	3	4	0	1	6,271	20,500,000
South Carolina	1,250,000	25	24	29,000,000	189	4	148	3	1	1	0	1,250	1,900,000
Tennessee	9,641,424	57	90	90,347,945	338	58	433	1	1	1	1	9,213	0
Texas	1,699,184	16	11	11,648,110	48	8	47	0	0	0	0	594	0
Virgin Islands	0	1	1	1,000,000	1	1	2	1	1	0	0	75	0
Virginia	1,551,955	9	3	15,794,500	110	16	118	0	2	0	0	1,735	0
West Virginia	1,795,168	17	8	42,123,333	364	13	282	1	4	0	0	5,104	0
Wisconsin	61,615	1	0	500,000	2	0	0	0	0	0	0	15	0
TOTALS	105,977,058	523	479	805,009,502	3,459	474	4,193	35	38	10	4	74,634	35,934,838