

A blurred background image showing a person walking away on a path. The person is wearing a dark shirt and light-colored pants. The path is dirt or gravel, and there's some greenery in the distance.

# DIGEST OF REPORTS

2 TIMOTHY 1:9  
called

82ND NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
**LITTLE ROCK, ARKANSAS**  
July 22-25, 2018





# Let's Make History.

Before representatives from across the nation met at Cofer's Chapel in November 1935 to form the National Association, Free Will Baptists already had a rich heritage. From abolition and missions work to publishing, education, and standing strong against heresy, our movement had already been "making history" for centuries. Men and women who quietly lived out their faith influenced the future of the denomination.

Today, the future of Free Will Baptists still hasn't been written, and it is up to us to write the next chapter. At **Free Will Baptist Foundation** we are proud of our heritage, but we are also looking to the future. Let's "make history" together by investing in future generations through planned gifts, estate planning, and grant programs.

FREE WILL BAPTIST  
FOUNDATION 

[foundation@nafwb.org](mailto:foundation@nafwb.org) | **877-336-7575** | [www.fwbgifts.org](http://www.fwbgifts.org)



# **Digest of National Agency Reports**

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**National Association of Free Will Baptists  
82nd Annual Convention  
July 22-25, 2018  
Little Rock, Arkansas**



## **The Executive Secretary's Report 2017**

More and more frequently I receive requests from local churches for assistance in finding suitable candidates for the position of pastor. There seems to be a growing frustration because finding a pastor is becoming increasingly challenging. I would like to suggest some contributing factors.

First, this pastoral shortage is due to an aging clergy. It is not uncommon to find men in their 70s and 80s leading our churches. Increasing numbers from our ranks are being promoted to glory. Their passing creates a growing vacancy rate that's hard to fill.

Another factor contributing to a lack of shepherds is ministerial burnout. Pastoring a church is one of the most stressful tasks anyone can be called to do. The stress upon the parsonage family, coupled with pressure of unrealistic expectations, has pushed many out of the ministry. And this says nothing about those who walk away from the ministry because of some type of moral failure.

One other cause for the shortage of pastors is the simple fact that there appears to be fewer answering the call to ministry. Free Will Baptists believe ministers "must possess good, natural and acquired abilities, deep and ardent piety, (and) be especially called of God to the work" (*Treatise*). Consequently, our denomination does not attempt to recruit or call young men to be ministers of the gospel. God alone has that prerogative. Unfortunately, many of our brightest and best never give serious consideration to entering vocational ministry. I don't mean to be negative—just honest and realistic.

So, we have identified the problem. What, then, is the solution? While there may be many, let me mention two.

First, Free Will Baptists need to make this a matter of fervent, focused prayer. Apparently, this is not a new concern for the church. This was a challenge in Jesus' day as well. Notice what Christ had to say about this matter—"The harvest truly is great, but the laborers are few: pray ye therefore the Lord of the harvest, that he would send forth laborers into his harvest" (Luke 10:2). Could it be that our lack of prayer is partially responsible for the shortage of ministers? Perhaps James pinpointed the problem when he said, "Ye have not, because ye ask not" (James 4:2).

Another potential solution to this approaching crisis can be found in the pulpit. I'm not suggesting that our preachers attempt to "call" anyone into the ministry. Remember, Free Will Baptists believe ministers should "be especially called of God to the work." However, that does not preclude the importance of our pastors calling upon their hearers to consider the call of God upon their lives. During my early years my pastor did that quite regularly.

God is calling. It is my prayer that some will heed the call during this convention.

Keith Burden, CMP  
Executive Secretary



## Tracking The Together Way Totals

DESIGNATED			CO-OP		TOTAL	
<b>2008</b>						
4,083,286.89	-2.03%		892,767.28	2.08%	4,976,054.17	-1.32%
82%			18%			
<b>2009</b>						
3,970,587.35	-2.76%		877,543.24	-1.71%	4,848,130.59	-2.57%
82%			18%			
<b>2010</b>						
3,719,114.31	-6.33%		830,020.39	-5.42%	4,549,134.70	-6.17%
82%			18%			
<b>2011</b>						
3,557,541.45	-4.34%		839,056.49	1.09%	4,396,597.94	-3.35%
81%			19%			
<b>2012</b>						
3,805,921.98	6.98%		867,489.00	3.39%	4,673,410.98	6.30%
81%			19%			
<b>2013</b>						
3,384,687.36	-11.07%		899,627.83	3.70%	4,284,315.19	-8.33%
79%			21%			
<b>2014</b>						
3,376,818.07	-0.23%		840,505.88	-6.57%	4,217,323.95	-1.56%
80%			20%			
<b>2015</b>						
3,172,270.35	-6.06%		824,395.83	-1.92%	3,996,666.18	-5.23%
79%			21%			
<b>2016</b>						
3,517,079.10	10.87%		851,229.28	3.25%	4,368,308.38	9.30%
81%			19%			
<b>2017</b>						
3,236,515.99	-7.98%		830,153.64	-2.48%	4,066,669.63	-6.91%
80%			20%			

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### The Together Way Totals Increase from 2008-2017

Designated	-20.74%	CO-OP	-7.01%
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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, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Executive Office of the National Association of Free Will Baptist, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.

**Franklin, Tennessee**  
**April 5, 2018**

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

**Statements of Financial Position**

**December 31, 2017 and 2016**

	<u>Assets</u>	
	<u>2017</u>	<u>2016</u>
<b>Current assets:</b>		
Cash in bank		
Executive Office	\$ 181,664	156,759
Convention	327,332	334,379
Special Projects - Hymnal royalties	98,058	93,086
<b>Total cash in bank</b>	607,054	584,224
Funds held by Free Will Baptist Foundation	18,071	16,049
Receivables:		
Randall House royalties	11,801	7,185
Other departmental and agency charges	145	3,696
<b>Total receivables</b>	11,946	10,881
<b>Total current assets</b>	637,071	611,154
<b>Equipment:</b>		
Office equipment and furniture	37,956	37,956
Automobiles	34,469	15,000
	72,425	52,956
Less accumulated depreciation	54,903	52,851
<b>Equipment, net of depreciation</b>	17,522	105
<b>Other assets:</b>		
Deposits for future conventions	17,398	6,500
	<u>\$ 671,991</u>	<u>617,759</u>
	<u><b>Liabilities and Net Assets</b></u>	
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 58,946	61,208
Current portion of long term debt	3,618	-
Funds held for Church on the Ridge building improvements	18,071	16,049
<b>Total current liabilities</b>	80,635	77,257
<b>Long term debt</b>	13,823	-
<b>Total liabilities</b>	94,458	77,257
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Executive Office	316,298	304,012
Special Projects	88,586	70,173
Convention Fund	172,649	166,317
<b>Total net assets</b>	577,533	540,502
	<u>\$ 671,991</u>	<u>617,759</u>

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, 2017 and 2016**

	<b><u>Executive Office</u></b>	<b><u>Special Projects</u></b>	<b><u>Convention Fund</u></b>	<b><u>2017 Totals</u></b>	<b><u>2016 Totals</u></b>
<b>Revenues:</b>					
The Together Way Plan	\$ 4,066,670	-	-	4,066,670	4,368,308
Disbursed to agencies and departments	(3,668,971)	-	-	(3,668,971)	(3,967,145)
Executive Office portion of Together Way Plan	397,699	-	-	397,699	401,163
Hymnal royalties	-	7,255	-	7,255	7,393
Gifts and offerings	2,713	-	9,295	12,008	9,720
Convention revenues	-	-	428,948	428,948	376,077
Rekindle contributions (including \$20,000 grant from Free Will Baptist Foundation)	-	23,220	-	23,220	1,840
Other income	6,733	917	10,829	18,479	26,697
<b>Total revenues</b>	<b>407,145</b>	<b>31,392</b>	<b>449,072</b>	<b>887,609</b>	<b>822,890</b>
<b>Expenses of operations:</b>					
Executive Office	394,859	-	-	394,859	403,057
Special Projects	-	12,979	-	12,979	8,876
Convention	-	-	442,740	442,740	338,197
<b>Total expenses</b>	<b>394,859</b>	<b>12,979</b>	<b>442,740</b>	<b>850,578</b>	<b>750,130</b>
<b>Increase in net assets</b>	<b>12,286</b>	<b>18,413</b>	<b>6,332</b>	<b>37,031</b>	<b>72,760</b>
<b>Net assets:</b>					
<b>Beginning of year</b>	<b>304,012</b>	<b>70,173</b>	<b>166,317</b>	<b>540,502</b>	<b>467,742</b>
<b>End of year</b>	<b>\$ 316,298</b>	<b>88,586</b>	<b>172,649</b>	<b>577,533</b>	<b>540,502</b>

See accompanying notes to financial statements.

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

**Statements of Functional Expenses**

**For the years ended December 31, 2017 and 2016**

	<u>Executive Office</u>	<u>Special Projects</u>	<u>Convention Fund</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
<b>Expenses of operations:</b>					
<b>Employment costs:</b>					
Salaries	\$ 217,229	-	-	217,229	208,525
Housing allowance	20,000	-	-	20,000	20,000
Employee fringe benefits and health insurance	41,274	-	-	41,274	56,962
Payroll taxes	24,551	-	-	24,551	23,920
	303,054	-	-	303,054	309,407
Allocated to convention	(96,618)	-	96,618	-	-
<b>Total employment costs</b>	206,436	-	96,618	303,054	309,407
<b>Other operating costs:</b>					
Support to One Magazine	97,029	-	17,463	114,492	114,492
Office rental	35,871	-	-	35,871	35,571
Travel	27,737	-	42,187	69,924	70,077
Supplies, office expense	3,272	-	5,351	8,623	7,524
Copier lease	4,111	-	-	4,111	5,111
Car lease	1,740	-	-	1,740	4,177
Executive Committee and General Board	-	-	6,567	6,567	6,944
Depreciation	2,052	-	-	2,052	427
Interest expense	545	-	-	545	-
Legal and audit	4,196	-	3,897	8,093	8,102
Payroll service	392	-	-	392	-
Printing and promotion	1,790	-	4,074	5,864	6,284
Postage / mail services	422	500	77	999	1,071
Telephone	4,160	-	3,707	7,867	6,799
International Fellowship	240	-	-	240	240
Support to Women Nationally Active for Christ	4,834	-	-	4,834	4,682
Royalties and management fee	-	4,125	-	4,125	5,482
Church directory	-	81	-	81	564
Auditorium and other convention services	-	-	256,658	256,658	156,652
Rekindle	-	8,273	-	8,273	2,838
Church security video	32	-	-	32	371
Special Committee	-	-	-	-	-
Impact Project	-	-	1,048	1,048	249
Nominating Committee	-	-	3,693	3,693	1,866
Other	-	-	1,400	1,400	1,200
<b>Total expenses</b>	\$ 394,859	12,979	442,740	850,578	750,130

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, 2017 and 2016**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in net assets	\$ 37,031	72,760
Adjustments to reconcile change in net assets to net operating activities :		
Depreciation	2,052	427
Change in deposits for future conventions	(10,898)	39,670
(Increase) decrease in:		
Receivables	(1,065)	(8,018)
Increase (decrease) in:		
Funds held for Church on the Ridge building improvements	2,022	(45)
Accounts payable and accrued expenses	(2,262)	5,819
	<u>26,880</u>	<u>110,613</u>
Net operating activities		
<b><u>Cash Flows from Financing Activities</u></b>		
Repayment of installment debt	(2,028)	-
	<u>(2,028)</u>	<u>-</u>
Net financing activities		
	<u>(2,028)</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>	24,852	110,613
<b>Cash and cash equivalents:</b>		
Beginning of year	600,273	489,660
	<u>600,273</u>	<u>489,660</u>
<b>End of year</b>	<u>\$ 625,125</u>	<u>600,273</u>
<b>Cash and cash equivalents consist of:</b>		
Cash in bank	\$ 607,054	584,224
Funds held by Free Will Baptist Foundation	18,071	16,049
	<u>\$ 625,125</u>	<u>600,273</u>
<b>Supplemental Information:</b>		
Interest paid and charged to operations	\$ 545	-
	<u>545</u>	<u>-</u>
Automobile acquired through finance agreement		
Asset recorded	\$ 19,469	-
Debt recorded	\$ 19,469	-
	<u>19,469</u>	<u>-</u>

See accompanying notes to financial statements.



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

**Notes to Financial Statements**

**December 31, 2017 and 2016**

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, 2017 and 2016, 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 April 5, 2018, 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 2017 and 2016. 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.

(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 \$8,161 in 2017 and \$11,094 in 2016. 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 (purchased out of lease during 2017 - note 7) and copy machine. Total expenses amounted to \$5,851 in 2017 and \$9,288 in 2016. The minimum annual payment required is \$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 \$35,571 in 2017 and 2016.

(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 \$114,492 in 2017 and 2016.

(6) **Commitments for Future Conventions**

Contractual obligations for future conventions have been executed into future years. Deposits amounting to \$17,398 in 2017 and \$6,500 in 2016 are recorded as other assets. Additional costs for facilities only and estimated production costs for the next five years are paid in the respective year of the convention as follows:

	<b><u>Facilities</u></b>	<b><u>Production</u></b>
2018 - Little Rock, AR	48,000	86,356
2019 - Cincinnati, OH	64,500	87,656
2020 - Oklahoma City, OK	#	95,000
2021 - Memphis, TN	#	95,000
2022 - Birmingham, AL	#	95,000
# Space will be complimentary based on room nights		

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

**Notes to Financial Statements, continued**

<b>(7) <u>Installment Debt</u></b>	<b>2017</b>	<b>2016</b>
4.94% installment obligation, secured by vehicle, repayable monthly at \$368 (including principal and interest) through May 2022	\$ 17,441	-
Less current installments of debt	3,618	-
	<u>\$ 13,823</u>	<u>-</u>

Future maturities of debt are as follows: \$3,804 in 2019; \$3,999 in 2020; \$4,205 in 2021; and \$1,815 in 2022.

**(8) The Together Way Plan**

The Executive Office is responsible for receiving and disbursing funds received from The Together Way Plan program. Designated contributions are disbursed to the named Department or agency, and cooperative funds are disbursed based on the proportionate sharing arrangement. The following summarizes these transactions for the year ended December 31, 2017 as compared to 2016 totals.

	<b>2017</b>			<b>2016</b>
	<b><u>Designated</u></b>	<b><u>Cooperative</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
<b>Receipts:</b>				
Alabama	\$ 15,377	684	16,061	13,420
Arkansas	514,682	157,227	671,909	723,035
California	100	5,714	5,814	6,428
Florida	11,678	15,382	27,060	12,239
Georgia	424,793	31,633	456,426	443,918
Illinois	115,765	26,639	142,404	157,106
Indiana	10,828	877	11,705	13,459
Kentucky	300	11,501	11,801	11,186
Michigan	115,024	6,724	121,748	149,308
Mississippi	675	8,929	9,604	10,473
Missouri	436,075	235,851	671,926	719,056
New Mexico	2,000	6,510	8,510	3,780
North Carolina	38,662	47,844	86,506	76,021
Ohio	153,589	44,774	198,363	197,332
Oklahoma	561,099	171,037	732,136	756,215
South Carolina	632,916	367	633,283	713,263
Tennessee	47,857	47,128	94,985	164,978
Texas	140,626	1,802	142,428	174,773
Virginia	165	2,340	2,505	3,216
West Virginia	1,954	2,525	4,479	5,821
Canada	12,250	747	12,997	9,011
Contributions totaling \$2,500 or less	101	3,919	4,020	4,270
Total receipts	<u>\$ 3,236,516</u>	<u>830,154</u>	<u>4,066,670</u>	<u>4,368,308</u>
<b>Disbursements:</b>				
Executive Office	\$ 24,130	373,569	397,699	401,163
FWB Foundation	407	4,583	4,990	9,751
Home Missions	497,987	100,449	598,436	664,225
International Missions	2,344,953	100,449	2,445,402	2,622,318
Master's Men	30,465	-	30,465	2,668
Retirement & Insurance	1,882	54,790	56,672	57,568
Welch College	203,584	100,449	304,033	386,335
Women Nationally Active for Christ	11,486	77,601	89,087	76,021
Historical Commission	309	4,566	4,875	4,905
Media Commission	380	4,566	4,946	4,996
Music Commission	839	4,566	5,405	5,462
Theological Integrity Commission	550	4,566	5,116	5,197
Randall University	44,864	-	44,864	44,943
Other	74,680	-	74,680	82,756
Total disbursements	<u>\$ 3,236,516</u>	<u>830,154</u>	<u>4,066,670</u>	<u>4,368,308</u>



**2019  
EXECUTIVE OFFICE  
ADMINISTRATIVE BUDGET  
FINANCIAL REPORT**

<b>PROJECTED EXPENSES</b>	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>	<b>2019 Budget</b>
Salaries	\$143,224.00	\$127,793.87	\$128,412.55	\$131,380.79
Housing	20,000.00	20,000.04	20,000.00	20,000.00
Social Security	17,906.00	17,758.21	16,881.62	17,219.25
Retirement	8,161.00	8,161.08	8,324.41	7,569.04
Employees Insurance (Dental/Disability/Health/Life/Travel)	35,696.00	30,739.32	33,431.05	27,859.75
Convention Reimbursement	-19,077.00	0.00	0.00	0.00
Auditing/Legal	4,000.00	4,196.09	4,600.00	4,600.00
Books/Dues/Registrations	1,500.00	561.70	750.00	750.00
Car Lease/Purchase	4,175.00	2,285.47	4,176.72	4,411.32
Computer Supplies	2,000.00	1,450.71	2,000.00	1,750.00
Copier Lease	5,000.00	4,110.65	5,000.00	4,200.00
Equipment Maintenance	100.00	0.00	0.00	100.00
General Insurance	3,250.00	2,373.95	3,000.00	3,000.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Office Rental (\$1.25 per sq. ft. x 2,491)	35,870.00	35,870.40	36,169.32	37,365.00
Office Supplies/Expense	1,000.00	1,047.00	1,100.00	1,200.00
Postage	250.00	454.03	500.00	500.00
Printing	1,000.00	613.33	1,000.00	1,000.00
Promotion	1,300.00	1,176.78	1,300.00	1,300.00
Telephone	3,000.00	4,159.53	3,750.00	4,300.00
Travel	30,500.00	27,738.42	30,500.00	31,000.00
<i>One Magazine</i>	97,026.00	97,029.00	100,470.00	102,479.39
Contingency Fund	129.00	0.00	3,338.44	3,316.01
Women Nationally Active for Christ	4,500.00	4,834.11	4,500.00	4,500.00
<b>Totals</b>	<b>\$400,750.00</b>	<b>\$392,593.69</b>	<b>\$409,444.11</b>	<b>\$410,040.55</b>

**PROJECTED INCOME**

The Together Way Plan				
Cooperative Gifts	\$375,000.00	\$373,569.17	\$382,694.11	\$378,540.55
Designated Gifts	17,000.00	24,131.19	18,000.00	24,000.00
Travel Reimbursement	1,750.00	4,037.57	1,750.00	2,000.00
Other Income	7,000.00	5,406.65	7,000.00	5,500.00
<b>Totals</b>	<b>\$400,750.00</b>	<b>\$407,144.58</b>	<b>\$409,444.11</b>	<b>\$410,040.55</b>

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

**2019  
EXECUTIVE OFFICE  
ADMINISTRATIVE BUDGET  
SALARY BREAKDOWN**

	<b>2017</b>		<b>2018</b>		<b>2019</b>	
Executive Secretary						
Salary	\$50,845.30	2.00%	\$52,262.21	2.00%	\$53,707.45	2.00%
Housing and Utilities	20,000.00		20,000.00		20,000.00	
Social Security	10,839.33	15.30%	11,056.12	15.30%	11,277.24	15.30%
Retirement	3,542.27	5.00%	3,613.11	5.00%	3,685.37	5.00%
Insurance (Health/Dental/Life)	9,774.86		9,128.86		10,292.04	
Disability/Travel	467.99		476.35		484.87	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
NOTE: Office car furnished.						
	95,469.75		96,536.64		99,446.98	
Executive Accountant						
Salary	50,185.06	2.00%	51,188.76	2.00%	52,212.54	2.00%
Social Security	3,839.16	7.65%	3,915.94	7.65%	3,994.26	7.65%
Retirement	2,509.25	5.00%	2,559.44	5.00%	2,610.63	5.00%
Insurance	15,197.92		14,197.81		10,711.14	
Disability	296.09		302.01		308.05	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	72,027.48		72,163.96		69,836.62	
Yearbook Coordinator/ Registration Coordinator						
Salary	42,193.33	2.00%	24,961.58 *	2.00%	25,460.81	2.00%
Social Security	3,227.79	7.65%	1,909.56	7.65%	1,947.75	7.65%
Retirement	2,109.67	5.00%	2,151.86	5.00%	1,273.04	5.00%
Insurance	9,709.92		9,072.10		5,913.42	
Disability	248.94		253.92		150.22	
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	57,489.65		38,349.02		34,745.24	

\*The 2018 portion of the Registration Coordinator's Salary (\$18,075.62) appears in the Convention Budget.

**CONVENTION BUDGET**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 22-25, 2018**  
**Little Rock, Arkansas**

	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>
<b>PROJECTED REVENUE</b>			
Booth Fees	\$30,000.00	\$34,250.00	\$33,600.00
Host State (Arkansas)	30,000.00	30,000.00	40,000.00
Offerings	6,500.00	9,295.28	7,000.00
State Representation Fees (\$150 per church)	315,000.00	310,697.41	310,000.00
Other	8,600.00	10,829.15	8,600.00
Host CVB	<u>54,000.00</u>	<u>54,000.00</u>	<u>20,000.00</u>
<b>TOTALS</b>	<b><u>444,100.00</u></b>	<b><u>449,071.84</u></b>	<b><u>419,200.00</u></b>
<b>PROJECTED EXPENDITURES</b>			
Auditorium	215,350.73	244,450.56	215,946.57
Printing and Promotion	21,413.48	21,537.59	22,033.42
Convention Office	111,883.36	113,996.10	115,229.09
Convention Personnel			
Meals	5,104.00	4,908.00	5,104.00
Travel	3,278.10	2,620.42	3,560.88
Lodging	5,800.48	-872.68	7,522.92
Convention Officials	5,499.24	5,394.71	6,647.77
Volunteer Staff	6,424.14	5,789.56	9,081.62
Honorariums	1,400.00	1,400.00	1,200.00
Decorator Services	14,316.92	7,684.62	8,300.00
Meal Functions	1,615.72	1,428.62	1,999.18
Executive Committee	4,050.00	4,050.00	4,050.00
Pre-Convention Expenses	15,350.00	15,451.39	16,100.00
National Committee Expenses	<u>17,000.00</u>	<u>14,821.14</u>	<u>17,000.00</u>
<b>Sub-Totals</b>	<b>428,486.17</b>	<b>442,660.03</b>	<b>433,775.45</b>
Surplus Revenue (Operating Capital for Future Conventions)	<u>15,613.83</u>	<u>6,411.81</u>	<u>-14,575.45</u> **
<b>TOTALS</b>	<b><u>\$444,100.00</u></b>	<b><u>\$449,071.84</u></b>	<b><u>\$419,200.00</u></b>

\*Budget comparison does not include depreciation expense.

\*\*Deficit will be funded from reserves.

**CONVENTION BUDGET**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 22-25, 2018**  
**Little Rock, Arkansas**

	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>
<b>PROJECTED REVENUE</b>			
Booth Fees	\$30,000.00	\$34,250.00	\$33,600.00
Host State (Arkansas)	30,000.00	30,000.00	40,000.00
Offerings	6,500.00	9,295.28	7,000.00
State Representation Fees (\$150 per church)	315,000.00	310,697.41	310,000.00
Other	8,600.00	10,829.15	8,600.00
Host CVB	<u>54,000.00</u>	<u>54,000.00</u>	<u>20,000.00</u>
<b>TOTALS</b>	<b><u>444,100.00</u></b>	<b><u>449,071.84</u></b>	<b><u>419,200.00</u></b>
<b>PROJECTED EXPENDITURES</b>			
<b>AUDITORIUM</b>			
Rental/Arena/Meeting Space/Liability/Shuttle	55,000.00	94,618.55	104,790.40
Other			
First Aid Staff	3,360.00	2,430.00	3,400.00
ASCAP, BMI, CCLI Insurance	1,667.44	1,759.36	1,800.00
Music/Equipment	5,500.00	3,843.66	5,000.00
Signs	300.00	0.00	300.00
Sound System/AV Equipment	92,019.00	86,688.25	85,000.00
Boom/Rigging/Stage Hands	35,000.00	32,328.68	8,042.67
Usher Badges/Usher Room Table, Chairs	300.00	12.72	315.00
Police Security/Badge Checkers	19,204.29	20,171.34	6,722.50
Streaming Video Expense	1,000.00	1,510.00	276.00
General Board	<u>2,000.00</u>	<u>1,088.00</u>	<u>300.00</u>
<b>TOTALS</b>	<b>215,350.73</b>	<b>244,450.56</b>	<b>215,946.57</b>
<b>PRINTING AND PROMOTION</b>			
Convention Materials			
<i>Digest of Reports</i>	600.00	415.68	600.00
Programs	2,750.00	3,006.28	2,750.00
Pre-Convention Printing/Art	600.00	652.15	600.00
<i>ONE Magazine</i>	<u>17,463.48</u>	<u>17,463.48</u>	<u>18,083.42</u>
<b>TOTALS</b>	<b>21,413.48</b>	<b>21,537.59</b>	<b>22,033.42</b>

**CONVENTION BUDGET**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 22-25, 2018**  
**Little Rock, Arkansas**

	2017 Budget	2017 Actuals*	2018 Budget
<b>CONVENTION OFFICE</b>			
Convention Manager Salary	\$72,512.24	\$76,088.50	\$65,117.90
Payroll Taxes	0.00	0.00	4,981.52
Retirement	0.00	0.00	3,255.90
Insurance (Life/Disability/Travel/Worker's Comp)	0.00	0.00	1,067.62
	<b>72,512.24</b>	<b>76,088.50</b>	<b>74,422.94</b>
Registration Coordinator Salary	17,721.20	17,851.02	18,075.62
Payroll Taxes	1,355.67	1,365.64	1,382.78
	<b>19,076.87</b>	<b>19,216.66</b>	<b>19,458.40</b>
Pre-Registration Staff	2,000.00	1,223.65	1,500.00
Payroll Taxes	153.00	89.73	114.75
	<b>2,153.00</b>	<b>1,313.38</b>	<b>1,614.75</b>
Audit	4,386.25	3,896.89	4,250.00
Convention Manager Computer	50.00	0.00	2,038.00
Equipment Rentals			
Computers, Printers	335.00	248.94	300.00
Copiers (3)/Paper	1,500.00	1,205.82	1,250.00
Furniture/Radios, etc.	1,550.00	1,091.49	1,875.00
Information Tables	240.00	0.00	110.00
Media Room/Press Office	380.00	793.87	310.00
Office Expense/Supplies	1,500.00	2,011.01	2,000.00
Postage	200.00	76.88	100.00
Pre-Registration (Supplies, Postage)	1,500.00	1,004.66	1,500.00
Registration (Supplies)	1,800.00	1,844.26	1,200.00
Registration Computers/Printers	1,500.00	1,496.91	1,500.00
Telephone/Internet	3,200.00	3,706.83	3,300.00
<b>TOTALS</b>	<b>111,883.36</b>	<b>113,996.10</b>	<b>115,229.09</b>
<b>CONVENTION PERSONNEL</b>			
<b>MEALS</b>			
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
Anna Fox (24 meals @ \$14.00 each)	336.00	336.00	336.00
Melody Hood (24 meals @ \$14.00 each)	336.00	336.00	336.00
Ryan Lewis (33 meals @ \$14.00 each)	462.00	462.00	462.00
Eric Thomsen (24 meals @ \$14.00 each)	336.00	336.00	336.00
Charles Wise (24 meals @ \$14.00 each)	336.00	336.00	336.00
Convention Interns (8)	2,500.00	2,304.00	2,500.00
<b>TOTALS</b>	<b>5,104.00</b>	<b>4,908.00</b>	<b>5,104.00</b>
<b>TRAVEL</b>			
Debbie Burden	0.00	0.00	0.00
Keith Burden	60.00	99.00	200.00
Anna Fox	214.00	214.00	390.22
Melody Hood	214.00	214.00	390.22
Kevin Justice	383.10	383.10	0.00
Ryan Lewis	60.00	32.93	390.22
Steve Pate	319.00	214.00	0.00
Eric Thomsen	214.00	214.00	390.22
Charles Wise	214.00	214.00	200.00
Convention Truck (Fuel/Meals/Rooms/Trailer Rental)	800.00	801.53	800.00
Staff Expense Money	800.00	233.86	800.00
<b>TOTALS</b>	<b>3,278.10</b>	<b>2,620.42</b>	<b>3,560.88</b>
<b>LODGING/PARKING</b>			
Keith Burden	180.00	0.00	299.75
Anna Fox (7 nights @ \$155.76)	863.87	833.21	1,090.32
Melody Hood (7 nights @ \$155.76)	863.87	728.21	1,090.32
Ryan Lewis	165.00	63.42	299.75
Eric Thomsen (7 nights @ \$155.76)	863.87	833.21	1,090.32
Charles Wise (7 nights @ \$155.76)	863.87	833.21	1,090.32
Convention Interns (14 nights @ \$128.51)	2,000.00	1,666.42	2,562.14
Comp Rooms/Reimbursements	0.00	-5,830.36	0.00
<b>TOTALS (Includes applicable tax and parking)</b>	<b>5,800.48</b>	<b>-872.68</b>	<b>7,522.92</b>

**CONVENTION BUDGET**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 22-25, 2018**  
**Little Rock, Arkansas**

	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>
<b>CONVENTION OFFICIALS</b>			
<b>Moderator - Tim York</b>			
Travel	\$214.00	\$214.00	\$390.22
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$155.76)	740.46	624.18	934.56
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	<b>1,698.46</b>	<b>1,582.18</b>	<b>2,068.78</b>
<b>Clerk - Randy Bryant</b>			
Travel	247.40	303.63	443.31
Meals (21 meals @ \$14.00 each)	294.00	390.30	294.00
Lodging (6 nights @ \$155.76)	740.46	728.21	934.56
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	<b>1,731.86</b>	<b>1,872.14</b>	<b>2,121.87</b>
<b>Assistant Moderator - William Smith</b>			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$155.76)	<u>740.46</u>	<u>624.18</u>	<u>934.56</u>
	<b>1,034.46</b>	<b>918.18</b>	<b>1,228.56</b>
<b>Assistant Clerk - Ernie Lewis</b>			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$155.76)	<u>740.46</u>	<u>728.21</u>	<u>934.56</u>
	<b>1,034.46</b>	<b>1,022.21</b>	<b>1,228.56</b>
<b>TOTALS (Includes applicable tax and parking)</b>	<b>5,499.24</b>	<b>5,394.71</b>	<b>6,647.77</b>
<b>VOLUNTEER STAFF</b>			
<b>Convention Reporter</b>	0.00	0.00	1,090.32
Lodging (7 nights @ \$155.76)			
<b>Impact Coordinator - Ken Akers</b>	863.87	833.21	1,090.32
Lodging (7 nights @ \$155.76)			
<b>Media Commission</b>	617.05	595.15	934.56
Lodging (6 nights @ \$155.76)			
<b>Music Coordinator - Kevin Justice</b>	650.46	624.18	771.06
Lodging (6 nights @ \$128.51)			
<b>Musicians (4 Rooms)</b>	2,318.20	1,997.54	2,703.20
Lodging (20 nights)			
<b>Photographer - Rodney Yerby</b>	740.46	624.18	934.56
Lodging (6 nights @ \$155.76)			
<b>Translators (2 Rooms)</b>			
Lodging (5 nights @ \$155.76)	617.05	520.15	778.80
Lodging (5 nights @ \$155.76)	<u>617.05</u>	<u>595.15</u>	<u>778.80</u>
<b>TOTALS (Includes applicable tax and parking)</b>	<b>6,424.14</b>	<b>5,789.56</b>	<b>9,081.62</b>
<b>HONORARIUMS</b>			
Jeff Crabtree	200.00	200.00	200.00
Josh Baer	200.00	200.00	200.00
Ben Gibson	200.00	200.00	200.00
Lazaro Riesgo	200.00	200.00	200.00
Mike Cousineau	200.00	200.00	200.00
David Crowe	200.00	200.00	200.00
	<u>200.00</u>	<u>200.00</u>	<u>0.00</u>
<b>TOTALS</b>	<b>1,400.00</b>	<b>1,400.00</b>	<b>1,200.00</b>

**CONVENTION BUDGET**  
**Financial Report**  
**National Association of Free Will Baptists, Inc.**  
**July 22-25, 2018**  
**Little Rock, Arkansas**

	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>
<b>DECORATOR SERVICES</b>			
Booth Installation/Draped Tables	\$4,973.63	\$3,599.31	\$4,900.00
Exhibitor Badges	60.00	63.60	0.00
Registration			
Chairs, Counters, Skirted Tables	0.00	0.00	1,500.00
Electricity/Masking Drape	100.00	0.00	100.00
Stage			
Furnishings/Carpet	<u>9,183.29</u>	<u>4,021.71</u>	<u>1,800.00</u>
<b>TOTALS</b>	<b>14,316.92</b>	<b>7,684.62</b>	<b>8,300.00</b>
<b>MEAL FUNCTIONS</b>			
Executive Committee	1,473.12	1,288.32	1,806.48
Dinner (36 people @ \$50.18)			
Presidents' Breakfast			
(5 people @ \$38.54)	<u>142.60</u>	<u>140.30</u>	<u>192.70</u>
<b>TOTALS</b>	<b>1,615.72</b>	<b>1,428.62</b>	<b>1,999.18</b>
<b>EXECUTIVE COMMITTEE</b>			
<b>Per Diem</b>			
(For the Executive Committee Meeting prior to the 2018 National Convention)			
Stan Bunch	450.00	450.00	450.00
Daniel Edwards	450.00	450.00	450.00
Wayne Hale	450.00	450.00	450.00
Edwin Hayes	450.00	450.00	450.00
Glenn Poston	450.00	450.00	450.00
David Shores	450.00	450.00	450.00
David Taylor	450.00	450.00	450.00
Danny Williams	450.00	450.00	450.00
Mike Wade	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
<b>TOTALS</b>	<b>4,050.00</b>	<b>4,050.00</b>	<b>4,050.00</b>
<b>PRE-CONVENTION EXPENSES</b>			
Impact Little Rock	350.00	1,047.46	1,100.00
Pre-Convention Meetings/Site Inspections	<u>15,000.00</u>	<u>14,403.93</u>	<u>15,000.00</u>
<b>TOTALS</b>	<b>15,350.00</b>	<b>15,451.39</b>	<b>16,100.00</b>
<b>NATIONAL COMMITTEE EXPENSES</b>			
Executive Committee	13,000.00	11,127.94	13,000.00
Nominating Committee	<u>4,000.00</u>	<u>3,693.20</u>	<u>4,000.00</u>
<b>TOTALS</b>	<b>17,000.00</b>	<b>14,821.14</b>	<b>17,000.00</b>
<b>SUB-TOTALS</b>	<b>428,486.17</b>	<b>442,660.03</b>	<b>433,775.45</b>
<b>SURPLUS REVENUE</b>			
(Operating Capital for Future Conventions)	<u>15,613.83</u>	<u>6,411.81</u>	<u>-14,575.45</u> **
<b>GRAND TOTALS</b>	<b><u>\$444,100.00</u></b>	<b><u>\$449,071.84</u></b>	<b><u>\$419,200.00</u></b>

\*Budget comparison does not include depreciation expense.

\*\*Deficit will be funded from reserves.

**2017**  
**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	\$112.85	\$97.98	\$0.00	\$96.56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$307.39
Arizona	0.00	0.00	130.50	0.00	0.00	0.00	0.00	0.00	40.50	0.00	0.00	0.00	171.00
Arkansas	5,024.34	7,082.47	5,270.43	5,522.05	5,471.64	6,835.50	5,431.75	6,586.79	5,804.28	4,924.38	5,138.96	7,659.77	70,752.36
California	157.05	404.35	278.90	82.67	112.05	63.90	279.84	285.45	259.04	72.90	319.37	255.74	2,571.26
Canada	0.00	336.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	336.28
Florida	562.50	562.50	1,180.93	0.00	562.50	562.50	621.80	562.50	562.50	619.13	562.50	562.50	6,921.86
Georgia	1,637.54	1,247.04	1,002.56	1,603.21	1,460.01	677.62	1,085.66	1,188.54	843.89	1,018.72	813.93	1,656.32	14,235.04
Illinois	915.26	1,068.71	920.48	0.00	2,044.61	0.00	2,098.91	1,170.70	762.16	961.07	1,279.35	766.16	11,987.41
Indiana	72.46	0.00	194.03	40.60	0.00	0.00	11.25	0.00	0.00	60.75	15.75	0.00	394.84
Kansas	0.00	0.00	33.75	0.00	0.00	0.00	25.66	22.12	0.00	0.00	0.00	35.01	116.54
Kentucky	478.35	317.24	580.34	473.98	344.89	485.33	496.80	356.18	349.66	396.68	432.97	462.99	5,175.41
Maryland	0.00	0.00	0.00	0.00	0.00	139.32	0.00	0.00	0.00	55.62	0.00	0.00	194.94
Michigan	134.37	262.20	233.64	214.49	192.69	249.27	198.51	327.06	143.98	550.18	458.71	60.84	3,025.94
Mississippi	287.88	337.75	0.00	625.66	562.14	150.84	269.51	335.81	479.09	270.40	426.73	272.12	4,017.93
Missouri	9,333.09	9,018.55	9,645.62	7,873.26	9,815.27	8,663.39	9,418.90	9,514.79	7,919.48	8,636.21	9,014.91	7,279.65	106,133.12
New Mexico	304.34	252.72	235.89	298.22	200.54	226.35	0.00	465.89	221.13	0.00	241.34	483.21	2,929.63
North Carolina	1,415.95	1,643.51	240.45	2,924.67	1,359.78	1,435.48	1,585.89	2,034.87	1,878.64	1,514.01	3,776.59	1,720.11	21,529.95
Ohio	2,192.95	1,526.17	1,606.10	1,937.10	1,502.91	1,865.93	1,757.94	1,536.73	1,556.33	2,019.74	1,579.09	1,067.35	20,148.34
Oklahoma	5,434.01	6,752.75	5,853.93	6,905.10	8,603.26	6,990.54	5,980.81	5,799.19	7,805.98	4,088.18	7,384.82	5,387.94	76,966.51
Oregon	0.00	72.00	162.00	72.00	0.00	162.00	0.00	153.00	0.00	90.00	182.25	0.00	893.25
South Carolina	0.00	28.17	0.00	18.09	17.66	11.25	11.39	22.50	22.50	0.00	11.25	22.50	165.31
Tennessee	4,211.69	1,115.02	1,069.13	1,677.17	1,287.68	1,666.94	3,923.72	1,479.78	1,348.23	1,202.03	1,265.52	960.60	21,207.51
Texas	74.57	307.26	0.00	92.88	54.59	34.53	0.00	84.11	0.00	84.71	45.12	33.16	810.93
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
Virgin Islands	67.02	26.63	34.72	40.30	0.00	46.86	29.62	36.00	0.00	62.92	43.36	0.00	387.43
Virginia	61.02	55.00	82.38	72.08	74.22	70.52	102.21	93.78	85.58	132.68	89.74	133.63	1,052.84
West Virginia	104.18	97.53	60.78	122.36	79.92	88.30	97.06	89.46	99.76	86.14	117.85	92.81	1,136.15
<b>TOTALS</b>	<b>\$32,581.42</b>	<b>\$32,611.83</b>	<b>\$28,816.56</b>	<b>\$30,692.45</b>	<b>\$33,746.36</b>	<b>\$30,426.37</b>	<b>\$33,427.23</b>	<b>\$32,145.25</b>	<b>\$30,182.73</b>	<b>\$26,826.45</b>	<b>\$33,200.11</b>	<b>\$28,912.41</b>	<b>\$373,569.17</b>



**2017**  
**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	\$388.12	\$357.47	\$342.59	\$773.41	\$432.37	\$440.30	\$376.16	\$415.40	\$540.92	\$330.72	\$542.31	\$425.81	\$5,365.58
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	50.00	50.00	50.00	0.00	100.00	50.00	50.00	50.00	50.00	50.00	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	51.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.93
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	155.73	104.22	152.92	0.00	166.50	0.00	78.57	0.00	239.52	0.00	83.43	102.12	1,083.01
Kansas	0.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00
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
Maryland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michigan	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Mississippi	0.00	0.00	0.00	20.00	10.00	0.00	15.00	0.00	615.00	0.00	15.00	0.00	675.00
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	689.00	20.00	1,499.00	687.00	10.00	75.00	63.00	1,732.00	260.00	214.25	770.00	1,205.00	7,224.25
Ohio	290.00	310.00	10.00	10.00	310.00	10.00	110.00	310.00	10.00	10.00	310.00	10.00	1,700.00
Oklahoma	61.34	0.00	0.00	0.00	74.04	0.00	59.19	0.00	0.00	96.48	0.00	0.00	291.05
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	368.43	334.92	229.26	241.56	317.93	367.43	204.38	129.77	451.28	266.77	304.04	181.68	3,397.45
Tennessee	269.00	20.00	20.00	328.00	60.00	60.00	345.00	60.00	255.00	364.00	60.00	60.00	1,901.00
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
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
Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
West Virginia	43.58	38.43	47.42	0.00	32.20	46.87	42.11	43.93	47.82	95.68	0.00	43.88	481.92
<b>TOTALS</b>	<b>\$2,265.20</b>	<b>\$1,236.97</b>	<b>\$2,351.19</b>	<b>\$4,509.97</b>	<b>\$1,463.04</b>	<b>\$999.60</b>	<b>\$1,393.41</b>	<b>\$2,741.10</b>	<b>\$2,469.54</b>	<b>\$1,427.90</b>	<b>\$2,134.78</b>	<b>\$2,078.49</b>	<b>\$25,071.19</b>

# 2017 Gifts to National Ministries

States	Executive	FWB Foundation	Home Missions	International Missions	Retirement & Insurance	Welch College	WNAC	Commission for				Totals
								Theological Integrity	Historical Commission	Media Commission	Music Commission	
Alabama	\$5,796.23	\$399.18	\$411,824.40	\$354,838.67	\$134.13	\$68,145.36	\$1,150.00	\$103.09	\$102.63	\$102.62	\$102.57	\$842,898.88
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
Arizona	192.61	37.05	80,810.19	39,616.65	40.70	595.98	497.84	2.32	2.24	2.24	2.23	121,800.05
Arkansas	71,252.36	864.76	129,306.71	656,024.37	10,377.00	56,481.17	16,123.72	864.76	864.76	864.76	864.76	943,889.13
California	2,592.87	67.28	49,586.28	61,007.83	392.71	4,340.34	860.53	31.64	31.56	31.56	31.55	118,974.15
Canada	432.27	75.36	3,835.72	4,109.39	81.15	1,967.46	84.76	4.56	4.40	4.40	4.38	10,603.85
Colorado	0.00	0.00	35,407.41	4,135.00	0.00	805.00	0.00	0.00	0.00	0.00	0.00	40,347.41
Connecticut	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delaware	0.00	0.00	0.00	757.00	0.00	130.00	0.00	0.00	0.00	0.00	0.00	887.00
Florida	6,943.47	126.47	130,233.58	194,769.40	1,030.83	62,918.48	2,605.81	84.87	84.79	84.79	84.78	398,967.27
Georgia	14,628.58	810.36	193,547.83	370,560.03	2,372.10	105,929.95	5,634.36	178.03	176.57	176.57	176.41	694,190.79
Hawaii	0.00	0.00	2,817.85	2,140.00	0.00	1,020.00	0.00	0.00	0.00	0.00	0.00	5,977.85
Idaho	0.00	0.00	270.00	8,999.05	0.00	1,250.00	0.00	0.00	0.00	0.00	0.00	10,519.05
Illinois	12,013.35	188.46	85,257.86	272,367.28	1,776.88	31,377.13	3,616.09	146.79	146.69	146.69	146.68	407,183.90
Indiana	1,477.85	175.09	49,581.69	52,465.56	273.71	3,029.09	276.33	175.09	175.09	175.09	175.09	107,639.16
Iowa	0.00	0.00	1,955.00	2,430.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,385.00
Kansas	416.54	1.42	15,833.44	14,880.00	17.09	939.64	316.94	1.42	1.42	1.42	1.42	32,410.75
Kentucky	5,175.41	63.26	201,922.29	127,035.88	759.05	18,530.76	3,604.13	63.26	63.26	63.26	63.26	357,343.82
Louisiana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maine	0.00	0.00	2,045.00	76.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,121.53
Maryland	194.94	2.38	0.00	5,294.08	28.59	1,186.22	40.51	2.38	2.38	2.38	2.38	6,756.24
Massachusetts	0.00	0.00	0.00	1,200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,236.99
Michigan	3,125.94	36.99	36,595.22	145,424.00	443.80	4,587.97	1,256.12	36.99	36.99	36.99	36.99	191,581.01
Mid-Atlantic Association	0.00	0.00	10,793.08	0.00	0.00	52.42	0.00	0.00	0.00	0.00	0.00	10,845.50
Minnesota	0.00	0.00	0.00	1,770.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,770.00
Mississippi	4,692.93	49.11	106,321.32	63,670.23	589.31	26,477.41	998.28	49.11	49.11	49.11	49.11	202,995.03
Missouri	106,229.94	1,453.73	159,877.45	532,945.15	15,636.11	128,005.66	22,167.72	1,297.81	1,297.81	1,297.81	1,297.17	971,506.72
Montana	0.00	0.00	600.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	650.00
Nebraska	0.00	0.00	0.00	10,550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,550.00
Nevada	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00
New Hampshire	0.00	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00
New Jersey	0.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,100.00
New Mexico	4,929.63	35.81	995.98	10,202.90	429.69	2,024.58	537.30	35.81	35.81	35.81	35.81	19,299.13
New York	0.00	0.00	6,856.80	52,853.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	59,709.80
North Carolina	29,498.26	1,508.57	780,492.20	788,633.85	4,234.24	168,349.48	7,850.66	311.86	309.10	309.10	1,008.79	1,782,506.11
Northeast 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
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
Ohio	22,074.30	611.68	221,875.09	114,676.34	3,118.33	17,217.73	5,514.22	248.60	247.76	247.76	247.67	386,079.48
Oklahoma	77,442.32	1,239.49	205,592.02	680,577.85	11,541.92	72,173.23	25,971.32	942.62	941.93	941.93	941.85	1,078,306.48
Oregon	893.25	10.92	0.00	450.00	131.01	264.39	185.60	10.92	10.92	10.92	10.92	1,978.85
Pennsylvania	0.00	0.00	94,811.85	25,996.12	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	121,807.97
Rhode Island	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
South Carolina	3,745.13	296.95	132,911.74	418,729.80	226.06	114,638.13	1,357.80	3.92	3.25	3.25	3.17	671,919.20
South Dakota	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tennessee	23,480.43	870.08	385,084.62	883,578.55	4,094.14	239,562.29	10,002.49	263.05	5,326.67	261.67	261.51	1,552,785.50
Texas	1,021.77	350.87	78,472.27	217,667.80	271.25	5,919.56	651.95	12.11	11.32	11.32	11.24	304,401.46
Utah	0.00	0.00	1,173.30	3,775.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,948.30
Virginia	1,088.57	70.67	239,921.72	116,669.84	154.42	13,299.87	743.08	13.26	13.13	13.13	13.11	372,000.80
Washington	0.00	0.00	1,890.00	6,965.31	0.00	150.00	0.00	0.00	0.00	0.00	0.00	9,005.31
West Virginia	1,626.72	27.86	62,787.89	111,140.36	654.78	4,355.75	279.72	254.96	13.95	254.91	13.93	181,410.83
Wisconsin	0.00	0.00	0.00	275.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	275.00
Wyoming	0.00	0.00	260.00	390.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	650.00
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
Virgin Islands	387.43	5.08	51,403.16	3,593.95	82.64	1,580.14	80.13	4.73	4.73	4.73	4.73	57,151.45
Other	0.00	0.00	819,009.39	376,102.45	0.00	272.62	4,480.74	0.00	0.00	0.00	0.00	1,199,865.20
Foundation	0.00	0.00	41,791.67	119,849.11	0.00	44,146.57	0.00	0.00	0.00	0.00	0.00	205,841.33
WNAC	0.00	0.00	9,532.10	34,085.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,617.90
TOTALS	\$401,353.10	\$9,378.88	\$4,844,784.12	\$6,895,479.13	\$58,891.64	\$1,202,724.38	\$116,888.15	\$5,144.32	\$9,958.27	\$4,963.96	\$5,475.23	\$13,555,041.18

\*HM--Other includes interest, miscellaneous sources and states.

\*IM--Other includes Co-op, miscellaneous incomes and sources, investment gains or losses, and gifts in kind.

\*Retirement & Insurance--Total includes designated, undesignated, Co-op. Rest of the Family Offering and gifts.

\*WNAC--Total does not include 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 the Building Services Fund of the National Association of Free Will Baptists, Inc. (a nonprofit organization) as of December 31, 2017, and the related statements of activities and changes in net assets, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Building Services Fund of the National Association of Free Will Baptists, Inc. as of December 31, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Building Services Fund of the National Association of Free Will Baptists, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.

*Hill Harper & Associates*

**Franklin, Tennessee**  
**April 5, 2018**

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

**Statements of Financial Position**

**December 31, 2017 and 2016**

	<u><b>Assets</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Current assets:</b>			
Cash and cash equivalents:			
Cash in bank		\$ 382,728	385,418
Funds held by Free Will Baptist Foundation		146,649	113,729
		<u>529,377</u>	<u>499,147</u>
Accounts receivable		1,086	7,381
<b>Total current assets</b>		<u>530,463</u>	<u>506,528</u>
<b>Property, plant and equipment:</b>			
Land and land improvements		224,978	224,978
Building		1,654,396	1,631,536
Building services equipment		84,970	84,970
Departmental workstations		77,228	77,228
		<u>2,041,572</u>	<u>2,018,712</u>
Less accumulated depreciation		1,770,897	1,748,326
<b>Net property, plant and equipment</b>		<u>270,675</u>	<u>270,386</u>
<b>Deposit</b>		<u>6,100</u>	<u>4,100</u>
		<u>\$ 807,238</u>	<u>781,014</u>
	<u><b>Liabilities and Net Assets</b></u>		
<b>Current liabilities:</b>			
Accounts payable		\$ -	27,114
Deferred revenue		5,244	3,000
Employee benefits payable		99,389	66,368
<b>Total current liabilities</b>		<u>104,633</u>	<u>96,482</u>
<b>Net assets:</b>			
<b>Unrestricted net assets:</b>			
<b>Undesignated:</b>			
Operations		395,220	379,826
Net investment in property, plant and equipment		270,675	270,386
		<u>665,895</u>	<u>650,212</u>
<b>Designated:</b>			
Stewardship promotion		32,525	31,473
Reserve for building and equipment replacement		4,185	2,847
		<u>36,710</u>	<u>34,320</u>
<b>Total net assets</b>		<u>702,605</u>	<u>684,532</u>
		<u>\$ 807,238</u>	<u>781,014</u>

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, 2017 and 2016**

	<b>2017</b>				
	<b>Operations</b>	<b>Stewardship Office</b>	<b>Reserve for Building / Equipment Replacements</b>	<b>Totals</b>	<b>2016 Totals</b>
<b>Revenues:</b>					
Building rental	\$ 289,512	-	-	289,512	287,099
Reimbursement from departments	432,768	-	-	432,768	397,985
Interest income	2,273	869	338	3,480	2,098
Leadership Conference, net of expenses	1,988	-	-	1,988	2,235
Other	4,033	-	-	4,033	768
<b>Net revenues</b>	<b>730,574</b>	<b>869</b>	<b>338</b>	<b>731,781</b>	<b>690,185</b>
<b>Expenses:</b>					
<b>Expenses incurred for departments:</b>					
Employee benefits	310,446	-	-	310,446	295,819
Stewardship Office expense	4,501	-	-	4,501	4,258
Property and liability insurance	37,813	-	-	37,813	21,529
Telephone	28,577	-	-	28,577	25,693
Mailroom and other	50,143	-	-	50,143	52,413
	<b>431,480</b>	<b>-</b>	<b>-</b>	<b>431,480</b>	<b>399,712</b>
<b>Building operating expenses:</b>					
Salaries	76,932	-	-	76,932	76,293
Payroll taxes	5,885	-	-	5,885	5,836
Employee benefits	35,207	-	-	35,207	36,176
Janitorial services	29,248	-	-	29,248	27,173
Depreciation	22,570	-	-	22,570	50,744
Audit and legal	5,146	-	-	5,146	5,921
General insurance	24,887	-	-	24,887	23,748
Supplies and office expense	8,199	-	-	8,199	10,366
Utilities / telephone	33,902	-	-	33,902	34,078
Repairs and maintenance	29,029	-	-	29,029	11,055
Mailroom and other	11,223	-	-	11,223	16,553
	<b>282,228</b>	<b>-</b>	<b>-</b>	<b>282,228</b>	<b>297,943</b>
<b>Total expenses</b>	<b>713,708</b>	<b>-</b>	<b>-</b>	<b>713,708</b>	<b>697,655</b>
<b>Excess of expenses (over) under revenues</b>	<b>16,866</b>	<b>869</b>	<b>338</b>	<b>18,073</b>	<b>(7,470)</b>
<b>Transfers to Stewardship Office</b>	<b>(183)</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provision for replacements</b>	<b>(6,000)</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>-</b>
<b>Maintenance costs allocated</b>	<b>5,000</b>	<b>-</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>15,683</b>	<b>1,052</b>	<b>1,338</b>	<b>18,073</b>	<b>(7,470)</b>
<b>Net assets at beginning of year</b>	<b>650,212</b>	<b>31,473</b>	<b>2,847</b>	<b>684,532</b>	<b>692,002</b>
<b>Net assets at end of year</b>	<b>\$ 665,895</b>	<b>32,525</b>	<b>4,185</b>	<b>702,605</b>	<b>684,532</b>

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, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (decrease) in net assets	\$ 18,073	(7,470)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	22,570	50,744
(Increase) decrease in receivables	6,295	(1,566)
Increase in employee benefits payable	33,021	46,302
Increase in deferred revenue	2,244	3,000
Increase (decrease) in accounts payable	<u>(27,114)</u>	<u>27,114</u>
Net operating activities	<u>55,089</u>	<u>118,124</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Increase in postage deposit	(2,000)	-
Purchase of property and equipment	<u>(22,859)</u>	<u>(28,529)</u>
Net investing activities	<u>(24,859)</u>	<u>(28,529)</u>
<b>Increase in cash and cash equivalents</b>	30,230	89,595
<b>Cash and cash equivalents, at beginning of year</b>	<u>499,147</u>	<u>409,552</u>
<b>Cash and cash equivalents, at end of year</b>	\$ <u>529,377</u>	<u>499,147</u>
<b>Cash and cash equivalents consists of:</b>		
Cash in bank	\$ 382,728	385,418
Funds held by Free Will Baptist Foundation	<u>146,649</u>	<u>113,729</u>
	<u>\$ 529,377</u>	<u>499,147</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, 2017 and 2016**

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.

**Deferred Revenues**

Deferred revenues relates to annual billings totaling \$3,000, net of expenditures, to departments housed in the Free Will Baptist building for the purpose of security training and other related costs.

**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.

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

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

**Income Taxes**

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 2017 and 2016. Further, management believes that Building Services has no activities which will lead to income taxes being levied.

**Changes in Presentation**

Certain amounts in the prior period financial statements may have been reclassified to conform to current presentation. These changes, if any, had no effect on net assets as reported.

**Subsequent Events**

Subsequent events have been evaluated for potential recognition and disclosure through April 5, 2018, the date these financial statements were available to be issued.

**(2) 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 \$3,450 in 2017 and \$4,054 in 2016. 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**

Building Services has entered into noncancelable lease arrangements relating to mailing equipment. Total rent expense amounted to \$7,662 for 2017 and 2016. The minimum annual payments required are \$5,989 for 2018 through 2021.

**(4) 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 \$289,512 in 2017 and \$287,099 in 2016. Rental income for 2018 will approximate \$292,000.

**(5) 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, Inc. 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.

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

	<u>2017</u>	<u>2016</u>
<b><u>Stewardship Office</u></b>		
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, Inc.	\$ 32,525	31,473
<b><u>Reserve for Building and Equipment Replacements</u></b>		
Established to fund future building and equipment replacements	\$ 4,185	2,847



**2019  
BUILDING SERVICES  
BUDGET  
FINANCIAL REPORT**

<b>PROJECTED INCOME</b>	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>	<b>2019 Budget</b>
Square Footage (20,105 @ \$1.25 = \$25,131.25 mo.)	<u>\$289,512.00</u>	<u>\$289,512.00</u>	<u>\$291,924.60</u>	<u>\$301,575.00</u>
Total Income	<u>\$289,512.00</u>	<u>\$289,512.00</u>	<u>\$291,924.60</u>	<u>\$301,575.00</u>

**PROJECTED EXPENSES**

Audit & Legal	\$4,800.00	\$5,146.49	\$5,300.00	\$5,400.00
Replacement Reserve	6,000.00	6,000.00	9,000.00	16,237.80
Building Security	0.00	756.41	500.00	500.00
General Supplies	5,000.00	4,021.18	5,500.00	5,500.00
Insurance (Employee)	42,500.00	31,757.69	35,415.21	38,923.51
Insurance (Plant)	27,000.00	24,887.17	28,000.00	28,000.00
Janitorial Services	33,000.00	29,247.97	33,000.00	34,000.00
Janitorial Supplies	3,500.00	1,994.99	2,500.00	3,000.00
Mail Room	13,000.00	9,495.61	13,000.00	13,000.00
General Maintenance/Contingency Fund	22,782.00	29,029.30	27,540.41	24,413.33
Network Expense	3,500.00	1,718.08	3,500.00	3,000.00
Payroll Taxes (Employer's S.S.)	6,000.00	5,885.38	6,100.00	6,122.93
Postage Meter/UPS	500.00	462.91	500.00	600.00
Retirement	3,500.00	3,449.64	3,600.00	3,589.07
Salaries	76,930.00	76,931.52	78,468.98	80,038.36
Telephone	2,500.00	237.50	1,000.00	750.00
Utilities	37,000.00	33,664.57	37,000.00	37,000.00
Other	<u>2,000.00</u>	<u>971.15</u>	<u>2,000.00</u>	<u>1,500.00</u>
Total Expenses	<u>\$289,512.00</u>	<u>\$265,657.56</u>	<u>\$291,924.60</u>	<u>\$301,575.00</u>

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

**2019  
BUILDING SERVICES  
BUDGET  
SALARY BREAKDOWN**

	2017		2018		2019	
Maintenance Superintendent/ Mail Room Supervisor						
Salary	\$36,231.34	2%	\$36,955.97	2%	\$37,695.09	2%
Social Security	2,771.70	7.65%	2,827.13	7.65%	2,883.67	7.65%
Insurance (Dental/Health/Life)	31,370.34		25,000.00		27,500.00	
Disability	213.76		218.04		222.40	
Retirement	1,811.57	5%	1,847.80	5%	1,884.75	5%
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	72,398.71		66,848.94		70,185.92	
Receptionist/Phone System Administrator/Assistant Bookkeeper						
Salary	\$32,762.64	2%	33,417.89	2%	34,086.25	2%
Social Security	2,506.34	7.65%	2,556.47	7.65%	2,607.60	7.65%
Insurance (Dental/Health/Life)	10,660.87		10,000.00		11,000.00	
Disability	193.30		197.17		201.11	
Retirement	1,638.13	5%	1,670.89	5%	1,704.31	5%
Christmas Bonus	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	
	47,761.28		47,842.42		49,599.27	
Part-time Worker		75 days		75 days		75 days
Salary	7,936.39	(13.22 hr.)	8,095.12	(13.48 hr.)	8,257.02	(13.76 hr.)
Social Security	<u>607.13</u>	7.65%	<u>619.28</u>	7.65%	<u>631.66</u>	7.65%
	8,543.52		8,714.39		8,888.68	



**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, 2017, and the related statements of activities and changes in net assets, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited One Magazine of the National Association of Free Will Baptists, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.

**Franklin, Tennessee  
April 5, 2018**

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

**Statements of Financial Position**

**December 31, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<u><b>Assets</b></u>		
<b>Current assets:</b>		
Cash and interest bearing deposits	\$ 317,019	317,376
Accounts receivable	8,453	-
<b>Total current assets</b>	<u>325,472</u>	<u>317,376</u>
<b>Other assets:</b>		
Funds held by Free Will Baptist Foundation for endowment fund purposes	<u>22,190</u>	<u>20,749</u>
<b>Fixed assets:</b>		
Furniture and equipment	12,224	10,400
Less accumulated depreciation	<u>(10,060)</u>	<u>(8,717)</u>
<b>Net fixed assets</b>	<u>2,164</u>	<u>1,683</u>
	<u><u>\$ 349,826</u></u>	<u><u>339,808</u></u>
<u><b>Liabilities and Net Assets</b></u>		
<b>Liabilities:</b>		
Accounts payable	\$ -	130
<b>Total liabilities</b>	<u>-</u>	<u>130</u>
<b>Net assets:</b>		
Unrestricted - operations	327,385	318,678
Temporarily restricted - endowment earnings	1,441	-
Permanently restricted - endowment funds	<u>21,000</u>	<u>21,000</u>
<b>Total net assets</b>	<u>349,826</u>	<u>339,678</u>
	<u><u>\$ 349,826</u></u>	<u><u>339,808</u></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, 2017 and 2016**

	<b>2017</b>				
	<b>Unrestricted Operations</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Funds</b>	<b>Total</b>	<b>2016 Total</b>
<b>Revenues:</b>					
Assessments to publish One Magazine from Free Will Baptist departments and agencies	\$ 416,181	-	-	416,181	416,178
Net results from endowments held by Free Will Baptist Foundation	1,085	1,441	-	2,526	(54)
Grant from Free Will Baptist Foundation	7,000	-	-	7,000	-
Other	881	-	-	881	727
<b>Total revenues</b>	<b>425,147</b>	<b>1,441</b>	<b>-</b>	<b>426,588</b>	<b>416,851</b>
<b>Expenses:</b>					
<b>Direct cost of publication:</b>					
Printing	151,495	-	-	151,495	148,397
Postage and mailing services	94,868	-	-	94,868	100,478
Design	42,689	-	-	42,689	35,849
Graphics expense	4,778	-	-	4,778	5,405
Writer's fees	1,855	-	-	1,855	1,866
<b>Total direct cost of publication</b>	<b>295,685</b>	<b>-</b>	<b>-</b>	<b>295,685</b>	<b>291,995</b>
<b>Employee compensation:</b>					
Salary	71,572	-	-	71,572	69,634
Payroll Taxes	5,458	-	-	5,458	5,327
Retirement	3,205	-	-	3,205	4,341
Other employee benefits	10,252	-	-	10,252	9,467
<b>Total employee compensation</b>	<b>90,487</b>	<b>-</b>	<b>-</b>	<b>90,487</b>	<b>88,769</b>
<b>Operating expenses:</b>					
Supplies and other office expense	17,417	-	-	17,417	17,953
Travel	6,936	-	-	6,936	5,771
Purchase of web name	-	-	-	-	4,250
Graduate school tuition	4,572	-	-	4,572	5,881
Depreciation	1,343	-	-	1,343	1,039
<b>Total operating expenses</b>	<b>30,268</b>	<b>-</b>	<b>-</b>	<b>30,268</b>	<b>34,894</b>
<b>Total expenses</b>	<b>416,440</b>	<b>-</b>	<b>-</b>	<b>416,440</b>	<b>415,658</b>
<b>Increase in net assets</b>	<b>8,707</b>	<b>1,441</b>	<b>-</b>	<b>10,148</b>	<b>1,193</b>
<b>Net assets at beginning of year</b>	<b>318,678</b>	<b>-</b>	<b>21,000</b>	<b>339,678</b>	<b>338,485</b>
<b>Net assets at end of year</b>	<b>\$ 327,385</b>	<b>1,441</b>	<b>21,000</b>	<b>349,826</b>	<b>339,678</b>

See accompanying notes to financial statements.

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

**Statements of Cash Flows**

**For the years ended December 31, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 10,148	1,193
Adjustments to reconcile increase in net assets to net operating activities:		
Depreciation	1,343	1,039
(Gain) loss in endowment funds held by Free Will Baptist Foundation	(2,526)	54
Distributions from endowment funds held by Free Will Baptist Foundation	1,085	1,134
Increase in accounts receivable	(8,453)	-
Increase (decrease) in accounts payable	(130)	130
<b>Net operating activities</b>	<u>1,467</u>	<u>3,550</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of equipment	(1,824)	-
<b>Net Investing activities</b>	<u>(1,824)</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(357)	3,550
<b>Cash and cash equivalents, at beginning of year</b>	<u>317,376</u>	<u>313,826</u>
<b>Cash and cash equivalents, at end of year</b>	<u>\$ 317,019</u>	<u>317,376</u>

See accompanying notes to financial statements.

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

**Notes to Financial Statements**

**December 31, 2017 and 2016**

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, Inc. 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, 2017 and 2016, 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>2017</u>	<u>2016</u>
<b>Permanently restricted net asset:</b>		
Original donor investment (corpus)	\$ 21,000	21,000
<b>Temporarily restricted net assets:</b>		
Balance at beginning of year	\$ -	937
Investment earnings, including investment gains and losses	2,526	(54)
Distributions of earnings to unrestricted net assets	(1,085)	(1,134)
Net losses applied to operations	-	251
	<u>\$ 1,441</u>	<u>-</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 2017 and 2016. Further, management believes that One Magazine has no activities which will lead to income taxes being levied.

**Changes in Presentation**

Certain amounts in the prior period financial statements may have been reclassified to conform to current presentation. These changes, if any, had no effect on net assets as reported.

**Subsequent Events**

Subsequent events have been evaluated for potential recognition and disclosure through April 5, 2018 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, Inc.:

Executive Office:

Administrative budget	\$ 97,029	97,026
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	50,939
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>\$ 416,181</u>	<u>416,178</u>

Revenues are expected to approximate \$431,000 in 2018.

(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.

Further, the Foundation provided a grant of \$7,000 for production costs of the pulpit special issue.

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$205,270 in 2017 and \$202,924 in 2016.

(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 \$3,205 in 2017 and \$4,341 in 2016. 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.

**2019  
ONE MAGAZINE  
BUDGET  
FINANCIAL REPORT**

<b>REVENUE</b>	<b>2017 Budget</b>	<b>2017 Actuals*</b>	<b>2018 Budget</b>	<b>2019 Budget</b>
Convention	\$17,463.47	\$17,463.48	\$18,083.42	\$18,445.09
Executive Office	97,025.58	97,029.00	100,469.99	102,479.39
Free Will Baptist Foundation	46,575.15	46,575.12	48,228.57	49,193.14
Home Missions	71,022.23	71,022.24	73,543.52	75,014.39
International Missions	50,938.81	50,938.80	52,747.14	53,802.08
Master's Men	8,382.11	8,382.12	8,679.67	8,853.26
Randall House Publications	46,575.15	46,575.12	48,228.57	49,193.14
Retirement & Insurance	23,287.57	23,287.56	24,114.28	24,596.57
Welch College	46,526.04	46,526.04	48,177.71	49,141.26
WNAC	8,382.11	8,382.12	8,679.67	8,853.26
Endowment	0.00	2,525.57	0.00	0.00
Foundation Grant	0.00	7,000.00	0.00	0.00
Reimbursements	500.00	175.00	500.00	500.00
Subscription Revenue	<u>100.00</u>	<u>705.00</u>	<u>130.48</u>	<u>0.00</u>
<b>Total Revenue</b>	<b><u>\$416,778.22</u></b>	<b><u>\$426,587.17</u></b>	<b><u>\$431,583.02</u></b>	<b><u>\$440,071.58</u></b>
<b>EXPENSES</b>				
Salary & Benefits	\$84,470.00	\$84,586.50	\$84,363.92	\$92,786.58
Auto/Cell Phone Allowance	5,901.00	5,900.96	6,019.11	6,139.49
Audit & Legal	4,900.00	5,046.49	5,200.00	5,350.00
Books, Dues & Registrations	2,000.00	1,156.75	1,500.00	1,500.00
Computer Software/Services	5,000.00	1,799.22	5,000.00	5,000.00
Design	42,000.00	42,688.50	40,000.00	42,000.00
Graduate School	0.00	4,572.43	0.00	0.00
Graphics	5,000.00	4,777.69	5,000.00	6,000.00
Mail Services	5,000.00	3,129.16	5,000.00	4,500.00
Postage	95,000.00	90,096.73	95,000.00	95,000.00
Postal Returns	1,500.00	1,642.50	2,000.00	2,000.00
Printing	165,000.00	144,816.68	160,000.00	160,000.00
Promotion	2,500.00	1,763.96	2,000.00	2,000.00
Pulpit Issue	0.00	6,678.20	0.00	0.00
Supplies	5,000.00	4,229.50	5,000.00	5,000.00
Travel	7,000.00	6,935.95	7,000.00	7,000.00
Website	1,000.00	750.95	1,000.00	1,200.00
Writer's Fees	2,500.00	1,854.73	2,500.00	2,500.00
Other	<u>6,020.00</u>	<u>2,669.65</u>	<u>5,000.00</u>	<u>2,095.51</u>
<b>Total Expenses</b>	<b><u>\$439,791.00</u></b>	<b><u>\$415,096.55</u></b>	<b><u>\$431,583.03</u></b>	<b><u>\$440,071.58</u></b>

\*Budget comparison does not include depreciation expense.

**2019  
ONE MAGAZINE  
BUDGET  
SALARY BREAKDOWN**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
Salary	\$64,103.74 2.00%	\$65,385.81 2.00%	\$66,693.53 2.00%
Auto Allowance	5,630.81	5,743.43	5,858.29
Cell Phone (Office Use)	270.28	275.69	281.20
Social Security	5,355.37 7.65%	5,462.48 7.65%	5,571.73 7.65%
Retirement	3,205.19 5.00%	3,269.29 5.00%	3,334.68 5.00%
Insurance			
Medical/Dental/Life	11,254.33	9,684.42	16,620.38
Disability	378.21	385.78	393.49
Worker's Compensation	126.01	128.53	131.10
UNUM Travel	<u>47.62</u>	<u>47.62</u>	<u>41.67</u>
	\$90,371.56	\$90,383.04	\$98,926.07

# FREE WILL BAPTIST FOUNDATION

## Director's Report

### Financial Review

The theme for our booth this year is "Let's Make History". We have an enlarged photo of those who assembled in November of 1935 to organize the National Association of Free Will Baptist and we invite everyone to come by and see it.

We have made some history last year. Our financials report an \$8.4 million increase in assets. This is the largest increase in assets we have ever had, breaking the record of a \$7.7 million increase in 2004. I was expecting it to be over \$9 million. We were working on planned gifts at the end of the year that would have pushed our assets to that level but those did not materialize until early this year. Our net loss for the year was (\$100,028). The direct reason for most of the loss is around \$104,000 in lingering estate planning cancelations that we expensed in 2017. However, to be fair, the loss would have been much larger without the large unintended capital gains of almost \$300,000. Therefore, we have an issue that needs to be addressed.

Starting in 2017, we changed the way we recognize income on estate plans. After much analysis, we realized that even though over 400 families a year were signing up for the program only about 300 were actually following through. In many cases, those who signed up were de facto cancelations in that they never got back with the attorney to complete their plan. I think in most of those cases, they had second thoughts, because of the price, or other reasons, and decided not to follow through. Therefore, we are now only counting estate plans that are delivered. When plans are delivered they have to either pay in full or set up a draft to pay it over 12 months. When plans are delivered, it is rare that a family refuses to pay. The income from these delivered plans is considerably less than the income we were recording before. There still may be an additional \$100,000 in cancelations that will be written off in 2018. Hopefully, using our new revenue recognition will make this number much smaller in the future.

We are addressing this issue and will roll out a price increase from \$2,300 to \$2,995 as soon as possible this year. This should eventually generate around \$219,000 in income. We will also reduce expenses by \$94,000. Hopefully, these two changes will right the ship. Even though we will still experience a loss in the estate planning area of our ministry, we should be able to offset that loss in operations. **It is not our intent to use realized capital gains to cover these losses in the future.** We will inadvertently have additional capital gains from time to time but these gains will generally be below \$50,000.

I hope you like the three column layout of our financials so that you can more accurately see how we did in the three areas where we minister. Our operating income was \$425,822; estate planning was a loss of (\$525,850) and we broke even on the grant ministry netting out to (\$100,028). Switching our recognition of revenue from the time individuals sign up to when the trusts are actually delivered we now have a more accurate picture of our sales.

## Estate Plans

Since our revenue is now based on delivered plans, I will report that we had 291 estate plans delivered in 2017. We would like to push this number up in the future. Initial sign-ups are averaging over 400, but the reality is that some of those sign-ups are not following through to delivery. We are now collecting a down payment at the point of sale. We hope this will prompt more participants to follow all the way through, since the down payment is nonrefundable. We have been reporting the theoretical impact this ministry is having based on the fact that around 35% do leave a gift for ministry which is generally a tithe and the average estate is around \$300,000. Based on this the theoretical amount left to ministry is around \$14.5 million, but anecdotally we believe it is even higher because several have left their entire estate to ministry. However, we are now beginning to see real instead of theoretical money. We have helped several families settle estates and have seen actual gifts to ministry. We believe the seminars we are conducting in our churches are having residual effect on other parts of our ministry. Every time we are at a church, it makes our advertising and solicitation for endowments and planned gifts more effective. Our presence in churches is also raising awareness of our MMT program. We have found this to be true to all attendees of the seminar whether they show interest in the estate plan or not.

## Grants

You will receive a four page booklet with photos of some of the projects that were completed with grants in 2017. The back page of the booklet lists the 2018 grants. We had 39 requests this year but were only able to make 27 grants. The total amount asked for in 2018 was around \$1.9 million. The 2018 grants are also listed at the end of this report.

## Budget

We are proposing a consolidated budget of \$2,523,800 which is slightly less than our 2017 actual income of \$2,541,305. We are projecting operation net income to be \$419,489 and estate planning net loss to be (\$419,455) for a net consolidated income of \$34 as the grants will break even. We have proposed a 3% raise across the board for all employees.

## Office

We have hired a new part-time (20 hours a week) employee to assist with the follow up calls. Her hours will rise as demand increases and we are anticipating she will likely go to 30 hours sometime in 2019. All of our ladies work in the area of follow up calls to some extent and we are beginning to see an increase in MMT requests because of these calls.

## Making History

Free Will Baptists have a glorious past both in the Randall movement of the North and the Palmer movement in the South.

The Randall line was more organized and established several colleges that are still functioning today. Bates College in Maine, Rio Grande in Ohio, and Hillsdale College in Michigan are survivors of those efforts. They established both International and North American Mission agencies. They were one of the leading voices opposing slavery and established Storer College in Harper's Ferry, West Virginia to educate freed slaves.

The Palmer line sought to establish Free Will Baptist churches in North Carolina. They had severe opposition and even persecution from Calvinist groups who tried to stop our doctrine from spreading. Around 1740, a group of Free Will Baptists sought to build a meeting house in New Bern, NC and the Calvinists that controlled the city government attempted to stop even the construction of a Free Will Baptist church. Free Will Baptists persevered and spread from North Carolina throughout the South.

Our future history hasn't been written yet. Let's make it a good one! Ladies and Gentlemen Let's Make History!

#### **Grant Recipients 2018**

1. **Camp Beaverfork Youth Camp**  
Purchase three AEDs ..... \$4,000
2. **Camp Hope**  
Girl's dorm and caretakers home ..... \$28,000
3. **Camp Jacob**  
Rebuild two-story cabin .....\$15,000
4. **Committee on Denominational Research**  
Cover expenses incurred to conduct research ..... \$5,000
5. **Cumberland Youth Camp**  
Build two additional housing units .....\$30,000
6. **Earlywine Little Learners**  
Update a playground ..... \$10,000
7. **Emmanuel Christian School Guidance Center**  
Reconstruction of a double room and create a computer lab ..... \$6,000
8. **FWB Board of Retirement**  
Fund the "Building for your Future" ..... \$25,000
9. **FWB Historical Commission**  
Purchase overhead scanning kiosk ..... \$6,000

- 10. FWB International Missions**  
Purchase and distribute 1,000 – 1,700 MP3 players ..... \$30,000
- 11. FWB International Missions**  
Translate 80-100 primary OT stories in audio form ..... \$30,000
- 12. FWB Music Commission**  
Create and launch a website ..... \$2,500
- 13. Grace Mission**  
Outreach software development ..... \$25,000
- 14. Hilltop Church**  
Assist Southeastern FWB College in covering costs of accreditation and  
help with the development of student aid.....\$25,000
- 15. Hope Center**  
Capital campaign for maternity home renovations .....\$12,500
- 16. Master's Men**  
Purchase an all-terrain vehicle ..... \$10,000
- 17. Morganwood Camp**  
Upgrades and refurbish the rooms and woodwork .....\$10,000
- 18. Northpoint FWB**  
Produce and archive a video podcast of sermons and Bible teaching in  
American sign language ..... \$17,000
- 19. OK FWB Missions**  
Expand and include more people in the "Pioneering Change  
Conference" ..... \$5,000
- 20. One Magazine**  
Underwrite expenses for *Pulpit Magazine* ..... \$14,500
- 21. Pleasant View Christian School**  
Renovate unused stage space ..... \$10,000
- 22. Randall House**  
Implementation of an Enterprise Resource Planning Software ..... \$30,000
- 23. Randall University**  
Earn accreditation through the HLC of the North Central Association ..... \$30,500

**24. Rekindle**

Research, travel, training, implementation, scholarships and promotion  
in the denomination ..... \$15,000

**25. Welch College**

Partial funding of "Building on the Legacy Campaign" ..... \$50,000

**26. Women of Good News**

Construction of a conference facility for the Women's Union ..... \$50,000

**27. WNAC**

Shine Conference ..... \$4,000

Summary of Minutes

April 17, 2017

All members present except Melvin Worthington, Donnie Miles and Rick Locklear (deceased)

The Director's, Financial and Audit reports were presented and approved.

A motion to increase the cap on loans to 20% of assets was approved.

A motion to increase the Welch College operational Line of Credit from \$1 million to \$1.3 million was approved.

A motion to increase the Welch College construction Line of Credit from \$10 million to \$11 million was approved.

The Field Director's, Director Evaluation Committee, and Budget Committee reports were approved.

2017 grants were approved by the grant committee, which consists of the nine elected members of the board.

A Special Called Electronic Communication Meeting

A special called electronic communication meeting was held on June 1 through June 12, 2017

A resolution was passed defining the loan portfolio that is subject to the 20% limit to be loans secured by noncash assets.



A resolution was passed to temporarily suspend the 20% limit on loans temporarily till the next scheduled board meeting on December 4, 2017.

A motion was made and approved to extend the Welch construction line of credit from \$11 million to \$14 million.

It should be noted that Matt Pinson abstained and did not vote on any resolution during this special called meeting.

December 4, 2017

The Director's, Financial and Field Director's report were presented and approved.

A motion was approved to appoint a special committee to review the Amended and Restated By-laws and Rules of Decorum of the Free Will Baptist Foundation, Inc. and report recommended changes to the board at the April, 2018 board meeting.

A motion was approved reinstating the 20% of total assets limit on loans that had previously been suspended in June, 2017.



Joel D. Collum, Jr.  
Certified Public Accountant

**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, 2017 and 2016, 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, 2017 and 2016, 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 20, 2018

**FREE WILL BAPTIST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

	<u><b>ASSETS</b></u>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,299,590	\$ 2,846,438
Accrued earnings receivable	57,346	147,168
Other receivables	982,872	1,076,560
Office equipment and automobiles, net of accumulated depreciation	217,553	179,694
	<u>2,557,361</u>	<u>4,249,860</u>
Investments, at fair market value		
U.S. Government instruments	2,362,516	1,583,818
Common stocks	26,598,351	28,061,108
Master limited partnerships	1,578,327	1,834,956
FWB Ministries Partnership	836,000	800,000
Real estate investments	3,512,643	3,629,816
Mutual funds	16,834,338	16,116,134
Corporate bonds	202,339	582,413
Municipal bonds	4,337,686	4,436,761
Trusts	240,000	240,403
Total investments	<u>56,502,200</u>	<u>57,285,409</u>
Notes receivable		
Notes receivable Welch College	15,777,830	4,706,926
Notes receivable other	1,902,524	2,096,405
Total notes receivable	<u>17,680,354</u>	<u>6,803,331</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 76,739,915</u></u>	<u><u>\$ 68,338,600</u></u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>LIABILITIES</b>		
Operating liabilities:		
Accrued expense	\$ 136	\$ 409
Liabilities to beneficial owners		
Interest bearing revocable trusts	59,405,223	54,289,539
Future gifts interest payable	2,958,858	2,508,472
Funds held in trust	8,961,159	8,369,085
Unrealized gains and losses - unallocated	4,544,906	2,201,434
Total liabilities	<u>75,870,282</u>	<u>67,368,939</u>
<b>NET ASSETS</b>		
Unrestricted		
Operating	657,537	258,214
Board designated	212,096	711,447
Total net assets	<u>869,633</u>	<u>969,661</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 76,739,915</u></u>	<u><u>\$ 68,338,600</u></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, 2017 AND 2016**

	2017			2016				
	Operating	Grants	Estate Planning	Total	Operating	Grants	Estate Planning	Total
<b>REVENUE AND SUPPORT</b>								
Investment income:								
Interest and dividends, net of investment fees	\$2,246,746	\$ -	\$ -	\$2,246,746	\$2,557,081	\$ -	\$ -	\$2,557,081
Realized gains (losses) on sale of investments	266,702	500,000	-	766,702	(257,868)	-	-	(257,868)
Unrealized gains (losses) from investments	3,695,982	-	-	3,695,982	2,773,511	-	-	2,773,511
Total investment income	6,209,430	500,000	-	6,709,430	5,072,724	-	-	5,072,724
Support through "The Together Way"								
Plan and other contributions	13,246	-	1,815	15,061	16,079	-	16,000	32,079
Gain (loss) on sale of property and equipment	(8,345)	-	-	(8,345)	513	-	-	513
Estate planning fees	-	-	668,413	668,413	-	-	899,425	899,425
Interest income - note receivable	642,173	-	-	642,173	128,646	-	-	128,646
Total Support and Revenue	6,856,504	500,000	670,228	8,026,732	5,217,962	-	915,425	6,133,387
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(3,241,983)	-	-	(3,241,983)	(1,650,182)	-	-	(1,650,182)
Allocation to unrealized gains and losses - unallocated	(2,343,472)	-	-	(2,343,472)	(2,187,873)	-	-	(2,187,873)
Revenue and support after allocations	1,271,049	500,000	670,228	2,441,277	1,379,907	-	915,425	2,295,332

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

**FREE WILL BAPTIST FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES - CONTINUED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016				
	Operating	Grants	Estate Planning	Total	Operating	Grants	Estate Planning	Total
<b>EXPENSES</b>								
Salaries and benefits	\$ 372,863	\$ -	\$ 362,137	\$ 735,000	\$ 451,367	\$ -	\$ 203,531	\$ 654,898
Equipment expense	19,274	-	-	19,274	13,962	-	-	13,962
Travel	89,589	-	163,291	252,880	130,901	-	78,414	209,315
Promotion	77,466	-	22,399	99,865	41,606	-	30,490	72,096
Board expense	19,543	-	-	19,543	14,798	-	-	14,798
Office expense	70,027	-	-	70,027	47,343	-	-	47,343
Rent expense	45,212	-	-	45,212	44,339	-	-	44,339
Printing and publications	7,076	-	-	7,076	2,367	-	-	2,367
One magazine	50,849	-	-	50,849	48,703	-	-	48,703
Training and education	23,503	-	-	23,503	18,218	-	-	18,218
Legal and accounting	21,911	-	-	21,911	24,491	-	-	24,491
Depreciation	47,471	-	-	47,471	51,237	-	-	51,237
Grants	-	500,000	-	500,000	-	-	-	-
Fees	-	-	544,060	544,060	-	-	648,440	648,440
Cancellations	-	-	104,191	104,191	-	-	328,724	328,724
Miscellaneous	443	-	-	443	1,782	-	-	1,782
Total expenses	845,227	500,000	1,196,078	2,541,305	891,114	-	1,289,599	2,180,713
Increase (decrease) in operating net assets	425,822	-	(525,850)	(100,028)	488,793	-	(374,174)	114,619
Net assets - beginning of year				969,661				855,042
Net assets - end of year				\$ 869,633				\$ 969,661

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for:		
Contributions	\$ 15,061	\$ 32,079
Interest and dividends	2,430,256	2,307,451
Other income	1,273,683	1,028,071
Cash paid to suppliers and employees	(2,457,204)	(2,132,058)
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(3,241,983)	(1,650,182)
Allocation to unrealized gains and losses - unallocated	(2,343,472)	(2,187,873)
Net Cash Provided (Used) By Operating Activities	<u>(4,323,659)</u>	<u>(2,602,512)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of office equipment and automobiles	(136,575)	(131,537)
Proceeds from the sale of office equipment and automobiles	42,900	21,900
New loans made	(11,274,848)	(4,750,599)
Principal payments received on notes receivable	397,825	427,035
Proceeds from sale or call of investment securities	14,132,855	12,345,790
Purchase of investment securities	(8,886,962)	(15,427,846)
Net Cash Provided (Used) By Investing Activities	<u>(5,724,805)</u>	<u>(7,515,257)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from additions, net of withdrawals, to future gift interest and revocable trusts	(4,903,990)	(11,748,637)
Contributions to funds held in trust	13,405,606	16,919,809
Proceeds from line of credit	2,200,000	-
Repayment of line of credit	(2,200,000)	-
Net Cash Provided (Used) by Financing Activities	<u>8,501,616</u>	<u>5,171,172</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,546,848)</b>	<b>(4,946,597)</b>
Cash and cash equivalents at beginning of years	<u>2,846,438</u>	<u>7,793,035</u>
Cash and cash equivalents at end of years	<u><u>\$ 1,299,590</u></u>	<u><u>\$ 2,846,438</u></u>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (100,028)	\$ 114,619
Depreciation	47,471	51,237
Loss (gain) on sale of property and equipment	8,345	(513)
Realized and unrealized (gains) losses on investment transactions	(4,462,684)	(2,515,643)
Decrease (increase) in accrued investment income	89,822	(100,090)
Decrease (increase) in other accounts receivable	93,688	(149,540)
Increase (decrease) in operating liabilities	(273)	(2,582)
Net Cash Provided (Used) By Operating Activities	<u><u>\$(4,323,659)</u></u>	<u><u>\$ (2,602,512)</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, 2017 AND 2016**

**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, 2017 and 2016.

**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 2017 and 2016.

**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, 2017 AND 2016**

**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:

	2017		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 2,362,516	\$ 2,379,821	\$ (17,305)
Common stocks	26,598,351	18,735,403	7,862,948
Master limited partnerships	1,578,327	2,155,486	(577,159)
FWB Ministries Partnership	836,000	836,000	-
Mutual Funds	16,834,338	16,738,386	95,952
Corporate bonds	202,339	203,540	(1,201)
Municipal bonds	4,337,686	4,165,729	171,957
Trusts	240,000	240,000	-
Real estate held for resale	385,717	385,717	-
Real estate investment trust	3,126,926	2,663,307	463,619
Total Investments	<u>\$ 56,502,200</u>	<u>\$ 48,503,389</u>	<u>\$ 7,998,811</u>



**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**2. INVESTMENTS - CONTINUED**

	2016		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 1,583,818	\$ 1,613,375	\$ (29,557)
Common stocks	28,061,108	22,596,266	5,464,842
Master limited partnerships	1,834,956	2,529,631	(694,675)
FWB Ministries Partnership	800,000	800,000	-
Mutual Funds	16,116,134	16,964,602	(848,468)
Corporate bonds	582,413	588,993	(6,580)
Municipal bonds	4,436,761	4,215,537	221,224
Trusts	240,403	240,403	-
Real estate held for resale	635,717	635,717	-
Real estate investment trust	2,994,099	2,790,779	203,320
Total Investments	<u>\$ 57,285,409</u>	<u>\$ 52,975,303</u>	<u>\$ 4,310,106</u>

Total investment income (loss) amounted to \$6,709,430 for 2017, consisting of investment gains (losses) of \$4,462,684 and interest and dividends of \$2,246,746 (net of investment fees of \$94,580). This investment income (loss) represents yields of 11.79% and 13.22% based on the average market value and average cost of such investments for 2017.

Total investment income (loss) amounted to \$5,072,724 for 2016, consisting of investment gains (losses) of \$2,515,643 and interest and dividends of \$2,557,081 (net of investment fees of \$95,356). This investment income (loss) represents yields of 9.31% and 9.84% based on the average market value and average cost of such investments for 2016.

**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, 2017 no amounts were past due on any of the loans.

**4. INTEREST BEARING REVOCABLE TRUSTS**

The Foundation maintains revocable trusts which totaled \$59,405,223 and \$54,289,539 at December 31, 2017 and 2016, 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, 2017 AND 2016**

**5. FUTURE GIFTS PAYABLE**

The Foundation maintains charitable trusts amounting to \$2,004,281 and \$1,903,366 and gift annuities amounting to \$954,577 and \$605,106 as of December 31, 2017 and 2016, 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, 2017 and 2016, the permanently restricted endowment funds totaled \$8,961,159 and \$8,369,085, 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, 2017 and 2016:

	2017		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 23,386	\$ 23,386	\$ -
Short term liquid investments	1,276,204	1,263,807	12,397
U.S. Government instruments	2,362,516	2,362,516	-
Master limited partnerships	1,578,327	-	1,578,327
Common Stocks	26,598,351	-	26,598,351
FWB Ministries Partnership	836,000	836,000	-
Mutual funds	16,834,338	-	16,834,338
Corporate bonds	202,339	-	202,339
Municipal bonds	4,337,686	-	4,337,686
Real estate held for resale	385,717	385,717	-
Real estate investment trust	3,126,926	-	3,126,926
Trusts	240,000	-	240,000
Investment in Welch College loan	15,777,830	15,777,830	-
Receivables	1,902,524	1,902,524	-
Total Investments	<u>\$ 75,482,144</u>	<u>\$ 22,551,780</u>	<u>\$ 52,930,364</u>

**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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

	2016		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 30,027	\$ 30,027	\$ -
Short term liquid investments	2,816,411	1,532,947	1,283,464
U.S. Government instruments	1,583,818	1,583,818	-
Master limited partnerships	1,834,956	-	1,834,956
Common Stocks	28,061,108	-	28,061,108
FWB Ministries Partnership	800,000	800,000	-
Mutual funds	16,116,134	-	16,116,134
Corporate bonds	582,413	-	582,413
Municipal bonds	4,436,761	-	4,436,761
Real estate held for resale	635,717	635,717	-
Real estate investment trust	2,994,099	-	2,994,099
Trusts	240,403	-	240,403
Investment in Welch College loan	4,706,926	4,706,926	-
Receivables	2,096,405	2,096,405	-
Total Investments	<u>\$ 66,935,178</u>	<u>\$ 11,385,840</u>	<u>\$ 55,549,338</u>

**8. OFFICE EQUIPMENT AND AUTOMOBILES**

A summary of office equipment and automobiles is as follows:

	2017	2016
Automobiles - seven	\$ 211,263	\$ 225,629
Office equipment	57,087	26,441
Furnishings	19,463	19,463
Software	29,581	29,581
	<u>317,394</u>	<u>301,114</u>
Accumulated Depreciation	<u>(99,841)</u>	<u>(121,420)</u>
	<u>\$ 217,553</u>	<u>\$ 179,694</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 \$1.16 (\$1.16 in 2016) 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 \$45,212 and \$44,339 for the years ended December 31, 2017 and 2016, respectively.

**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**10. COMMITMENTS**

The Foundation has a \$20,000,000 line of credit with a local financial institution. The line is secured by the investments of the Foundation and carries an interest rate of the 30 day LIBOR plus 1.75%. This line of credit is open ended and the advances payable were \$-0- and \$-0- at December 31, 2017 and 2016 respectively. During 2017 the Foundation paid \$14,900 in interest payments related to borrowings on the line of credit (\$-0- in 2016).

**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 \$40,753 (\$20,950 in 2016). 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, 2017 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	\$ 2,362,516	\$ 2,362,516	\$ -	\$ -
Common stocks	26,598,351	26,598,351	-	-
Master limited partnerships	1,578,327	-	1,578,327	-
FWB Ministries Partnership	836,000	-	836,000	-
Real estate investments	3,512,643	771,155	-	2,741,488
Mutual funds	16,834,338	16,834,338	-	-
Corporate bonds	202,339	-	202,339	-
Municipal bonds	4,337,686	-	4,337,686	-
Trusts	240,000	-	240,000	-
	<u>\$56,502,200</u>	<u>\$46,566,360</u>	<u>\$ 7,194,352</u>	<u>\$ 2,741,488</u>

**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**12. FAIR VALUE MEASUREMENTS - CONTINUED**

Fair Value Measurements at December 31, 2016 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	\$ 1,583,818	\$ 1,583,818	\$ -	\$ -
Common stocks	28,061,108	28,061,108	-	-
Master limited partnerships	1,834,956	-	1,834,956	-
FWB Ministries Partnership	800,000	-	800,000	-
Real estate investments	3,629,816	638,368	-	2,991,448
Mutual funds	16,116,134	16,116,134	-	-
Corporate bonds	582,413	-	582,413	-
Municipal bonds	4,436,761	-	4,436,761	-
Trusts	240,403	-	240,403	-
	<u>\$57,285,409</u>	<u>\$46,399,428</u>	<u>\$ 7,894,533</u>	<u>\$ 2,991,448</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, 2017 AND 2016**

**12. FAIR VALUE MEASUREMENTS - CONTINUED**

Level 3 Reconciliation:

	<u>2017</u>	<u>2016</u>
Real estate investments:		
Beginning balance	\$ 2,991,488	\$ 2,556,488
Purchases	-	435,000
Transfer to Level 1	-	-
Gains (losses) on value	-	-
Sales	(250,000)	-
Ending balance	<u>\$ 2,741,488</u>	<u>\$ 2,991,488</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**

The Foundation has entered in to two loan agreements with Welch College. The information related to these loans are as follows:

Non-revolving line of credit note of \$14,000,000 from Welch College dated September 22, 2016. This line of credit was amended and increased to the current amount on December 19, 2017. Interest accrues at a fixed rate of 4.5% and is paid monthly beginning January 1, 2018. Beginning September 1, 2018 the monthly payments will include both principal and interest. All remaining principal and interest will become due and payable on August 1, 2023. This note is secured by property owned by Welch College. The balance receivable on this note, including accrued interest, at December 31, 2017 and 2016 was \$14,448,340 and \$4,374,553.

Line of credit note in the amount of \$1,300,000 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 began to accrue monthly beginning June 1, 2011. This note was amended and increased to the current amount on July 13, 2017. Interest on the note shall become due on March 30 of each year, beginning on March 30, 2018. All principal and interest will become due and payable on March 30, 2022. This note is secured by an endowment that Welch College has in the Foundation. The balance receivable on this note, including accrued interest, at December 31, 2017 and 2016 was \$1,329,490 and \$332,373.

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.

The interest earned by the Foundation on these notes in 2017 amounted to \$507,251 (\$24,553 for 2016) net of interest paid on its line of credit of \$45,579 (\$13,595 for 2016).

**FREE WILL BAPTIST FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**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, 2017, 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 2013 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, 2017 the balance in the board designated account was \$212,096 (\$711,447 for 2016).

**16. OTHER RECEIVABLES**

The Foundation records receivables from individuals who have enrolled in their estate planning program. The allowance for doubtful accounts on these balances was \$21,950 at December 31, 2017 (\$-0- at December 31, 2016).

**17. RELATED PARTY TRANSACTIONS**

During the year the Foundation sold three of its automobiles that were being replaced to employees. The total amount of these sales was \$30,900.

**18. CONCENTRATION**

The notes receivable from Welch College represent 19.79% of the assets of the Foundation.

**19. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through April 20, 2018 which is the date the financial statements were available to be issued.

At the date of this report Welch College had not made the loan payment that was due January 1, 2018.

**FREE WILL BAPTIST FOUNDATION**  
**Proposed 2019 Department Budget**

	<u>Operations</u>	<u>Estate Planning</u>	<u>Grants</u>	<u>Total Budget</u>
<b>INCOME</b>				
Together Way	\$ 5,000	\$ -	\$ -	\$ 5,000
Rest of the Family Offering	\$ 4,000	-	-	4,000
Gifts & Other	\$ 5,000	-	-	5,000
Capital Gains	50,000	-	500,000	550,000
Management Fees	1,109,800	-	-	1,109,800
Estate Planning Reimbursements	-	850,000	-	850,000
<b>Total Income</b>	<b>1,173,800</b>	<b>850,000</b>	<b>500,000</b>	<b>2,523,800</b>
<b>EXPENSES</b>				
Salaries & benefits	298,811	477,955	-	776,766
Travel	96,000	188,000	-	284,000
Promotion	84,000	26,000	-	110,000
ONE Magazine	52,000	-	-	52,000
Office expense	60,000	5,000	-	65,000
Rent	45,000	-	-	45,000
Subscriptions & publications	5,000	-	-	5,000
Training & education	26,000	-	-	26,000
Legal & accounting	22,000	-	-	22,000
Estate Planning Fees	-	450,000	-	450,000
Estate plan cancelations	-	100,000	-	100,000
Grants	-	-	500,000	500,000
Board expense	18,000	-	-	18,000
Equipment & Maintenance	25,000	-	-	25,000
Depreciation	22,500	22,500	-	45,000
<b>Total Expense</b>	<b>754,311</b>	<b>1,269,455</b>	<b>500,000</b>	<b>2,523,766</b>
<b>Surplus / (Deficit)</b>	<b>\$ 419,489</b>	<b>\$ (419,455)</b>	<b>\$ -</b>	<b>\$ 34</b>



**FREE WILL BAPTIST FOUNDATION**  
**Consolidated Proposed Budget and Actual**

	<b>Proposed 2019 Budget</b>	<b>Proposed 2018 Budget</b>	<b>Approved 2017 Budget</b>	<b>2017 Actual</b>
<b>INCOME</b>				
Together Way	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,330
Rest of the Family Offering	4,000	3,500	2,400	4,137
Gifts & other income	5,000	5,000	200	5,594
Capital gains	550,000	500,000	550,000	805,794
Management fees	1,109,800	875,000	891,000	952,009
Estate planning fees	850,000	1,100,000	900,000	668,413
<b>Total Income</b>	<b>2,523,800</b>	<b>2,488,500</b>	<b>2,348,600</b>	<b>2,441,277</b>
<b>EXPENSES</b>				
Salaries & benefits	776,766	700,615	667,575	735,001
Travel	284,000	230,000	255,200	252,880
Promotion	110,000	89,000	73,000	106,941
ONE Magazine	52,000	54,000	52,000	50,849
Office expense	65,000	52,000	60,000	65,114
Rent	45,000	45,000	45,000	45,212
Subscriptions & publications	5,000	5,500	5,000	5,355
Training & education	26,000	26,000	15,000	23,503
Legal & accounting	22,000	25,000	17,000	21,911
Estate planning fees	450,000	680,000	575,000	544,060
Estate plan cancelations	100,000	-	-	104,192
Grants	500,000	500,000	500,000	500,000
Board expense	18,000	16,000	25,000	19,543
Equipment & maintenance	25,000	15,000	14,000	19,274
Depreciation	45,000	50,000	42,500	47,471
<b>Total Expense</b>	<b>2,523,766</b>	<b>2,488,115</b>	<b>2,346,275</b>	<b>2,541,306</b>
<b>Surplus / (Deficit)</b>	<b>\$ 34</b>	<b>\$ 385</b>	<b>\$ 2,325</b>	<b>\$ (100,029)</b>

**FREE WILL BAPTIST FOUNDATION**  
**Compensation Package Detail - 2019 Proposed**

	<u>2019</u>			<u>2018</u>			<u>2017</u>			<u>2016</u>		
<b>Director/CEO</b>												
Salary	\$	99,202	3%	\$	94,946	3%	\$	90,813	4%	\$	85,926	3%
Insurance replacement		8,030			9,163			10,263			11,263	
FICA/Medicare		8,203			7,964			7,732			7,435	
Retirement		8,579			5,205			5,054			4,859	
Life insurance		175			175			170			164	
Disability		633			573			573			567	
Note: Office car furnished												
Total	\$	124,822		\$	118,027		\$	114,606		\$	110,214	
<b>Chief Financial Officer</b>												
Salary	\$	72,158	3%	\$	69,108	3%	\$	66,147	4%	\$	62,664	3%
FICA/Medicare		5,520			5,287			5,060			5,443	
Retirement		7,216			4,838			4,630			3,133	
Health Insurance		13,808			14,354			14,884			15,444	
Dental Insurance		980			980			980			1,725	
Life Insurance		170			170			165			159	
Disability		475			419			419			354	
Note: Office car furnished												
Total	\$	100,326		\$	95,155		\$	92,286		\$	88,922	
<b>Field Coordinator</b>												
Salary	\$	46,821	3%	\$	45,457	3%	\$	44,133	4%	\$	42,436	3%
Housing		23,391			22,729			22,067			21,218	
FICA/Medicare		5,371			5,216			5,064			4,870	
Retirement		3,511			3,409			3,310			3,183	
Health Insurance		8,400			8,210			8,049			6,964	
Dental Insurance		980			980			980			323	
Life Insurance		175			175			170			164	
Disability		475			415			415			386	
Note: Office car furnished												
Total	\$	89,123		\$	86,592		\$	84,188		\$	79,543	



### **North American Ministries 2017**

Dear Friends of North American Ministries,

During the years since North American Ministries 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 Baptist friends across North America have given consistently. We are all encouraged by their generosity and love for the cause of North American Ministries.

Total gifts for 2017 were over 4 million. Thank you for your faithful support. Listed below are the top ten states that have excelled.

North Carolina	\$780,492.20
Alabama	\$411,824.40
Tennessee	\$385,084.62
Virginia	\$239,921.72
Ohio	\$221,875.09
Oklahoma	\$205,592.02
Kentucky	\$201,922.29
Georgia	\$193,547.83
Missouri	\$159,877.45
South Carolina	\$132,911.74

### **Faithful Missionaries**

All across North America our Church Planters 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 multi-functional 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**

North American Ministries 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 LT Amir Ashoori, U.S. Army Reserves, Fresno, CA  
CH (COL) Terry W. Austin, Fort McNair, Washington, DC  
CH (CPT) W. Lee Frye, Jr. Schofield Barracks, HI  
CH (MAJ) Tracy Kerr, Hunter Army Airfield, Savannah, GA  
CH (MAJ) Kevin Trimble, Fort Leavenworth, Kansas  
CH (MAJ) Roy Swisher, Fort Campbell, Kentucky  
CH (MAJ) Brad Hanna, Oklahoma National Guard State Headquarters, Oklahoma City, OK  
CH (LT) Mark McCraney, Naval Station Rota, Spain  
CH (LT) Hal Jones IV, Naval Base Okinawa, Japan  
CH (CPT) David Dodson, Ft. Jackson, South Carolina (Chaplains School)  
Kerry Steedley, US Army (Retired) Director of Chaplain Support  
(If you need information, please call the North American Ministries office)

### **Faithful Missions Staff**

I must express my profound appreciation to our faithful staff members, Brad Ransom, Director of Church Planting; Jim McComas, Director of Revitalization; Ken Akers, Director of Men's Ministries; Kerry Steedley, Director of Chaplain Support; Rick Bowling, Director of Hispanic Ministries, Kathy Brown, Sue Hayes, Lori Ransom and Teresa Womack . I appreciate their servant spirit, commitment and excellent work.

Members of our North American Ministries Board have served with strength and wisdom.

Dr. H David Crowe,  
Executive Director  
North American Ministries

**April 25, 2017**

Motion, seconded and carried to approve Joint Project with Georgia Free Will Baptists and North American Ministries - Josh Bennett will be church planter at Tifton, GA.

**June 14, 2017**

Motion, seconded and carried to give approve a Joint Project with the Alabama State Mission Board and hire Joel Franks and BJ Eaton as church planters to Athens, AL.

A Motion was made by Frank Wiley and seconded by Bob Thebeau to redirect Rufo Gomez as a National Home Church Planter (instead of joint project with Kentucky) to allow for additional support to be raised from other states. Carried.

**December 6, 2017**

Scripture, Prayer and Devotional from Philippians 1:21 was given by Josh Baer (newest Board member.)

Motion, seconded and carried to enter into contract and hire Steve and Amanda Schmidt as church planters to Albuquerque, NM. Prayer of consecration offered by Tim Stout.

Motion, seconded and carried to give "Build My Church Endowment" gifts to Jason Weaver (VA) and Marc Neppl (VA).



**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. and Subsidiary

I have audited the accompanying consolidated financial statements of the Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. and Subsidiary, (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities 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 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 consolidated 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 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 auditor's 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 entity'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 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 consolidated 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 consolidated 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. and Subsidiary, as of December 31, 2017 and 2016, 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. and Subsidiary  
Page 2

***Report on Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of functional expenses on page 17 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 my opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Handwritten signature of Joel D. Collum, Jr., CPA in cursive script.

Nashville, Tennessee  
April 28, 2018

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash	\$ 330,439	\$ 322,927
Investments	5,304	12,584
Investments in Church Extension Fund	307,915	407,059
Investments in Free Will Baptist Foundation	31,535	43,073
Endowments	107,001	97,318
Accounts receivable	2,500	-
Inventory	31,411	30,599
Property & equipment, at cost less accumulated less accumulated depreciation of \$130,288 (\$129,629 in 2016)	<u>234,055</u>	<u>232,615</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,050,160</u></u>	<u><u>\$ 1,146,175</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 15,227	\$ 5,432
Capital lease payable	<u>7,640</u>	<u>12,148</u>
<b>Total liabilities</b>	<u>22,867</u>	<u>17,580</u>
<b>COMMITMENTS</b>		
<b><u>NET ASSETS</u></b>		
<b>NET ASSETS</b>		
Unrestricted		
Operating	101,787	198,962
Board designated	<u>343,255</u>	<u>343,255</u>
<b>Total Unrestricted</b>	<u>445,042</u>	<u>542,217</u>
Temporarily Restricted	481,001	485,128
Permanently restricted	<u>101,250</u>	<u>101,250</u>
<b>Total net assets</b>	<u><u>1,027,293</u></u>	<u><u>1,128,595</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,050,160</u></u>	<u><u>\$ 1,146,175</u></u>



**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>UNRESTRICTED</b>		
<b>REVENUES</b>		
Cooperative program	\$ 234,922	\$ 254,865
Designated contributions	625,595	587,207
Dues	4,666	9,300
Fund-raising special events	29,686	20,633
Build a House Program income	-	330
Management fees - Note 4	780,000	528,000
Investment income	28,706	13,925
Gain (loss) on sale of property & equipment	(1,695)	15,070
Realized gain (loss) on sale of investment	(963)	-
Unrealized gain (loss) on value of investment	(381)	1,844
Net assets released from restrictions:		
Restrictions satisfied by payments	3,415,611	3,388,631
Total revenue	5,116,147	4,819,805
<b>EXPENSES</b>		
Administrative expenses	1,720,438	1,456,567
Missionary expenses	3,177,451	3,210,495
Missionary land & building	159,821	162,750
Master's Men expenses	155,612	85,043
Total expenses	5,213,322	4,914,855
Increase (decrease) in unrestricted net assets	(97,175)	(95,050)
<b>TEMPORARILY RESTRICTED</b>		
<b>REVENUES</b>		
Cooperative program	363,514	409,360
Designated contributions	3,047,970	3,345,494
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,177,451)	(3,210,495)
Missionary land & building	(159,821)	(162,750)
Master's Men disaster relief fund	(78,339)	(15,386)
Increase (decrease) in temporarily restricted net assets	(4,127)	366,223
<b>PERMANENTLY RESTRICTED</b>	-	-
Total increase (decrease) in net assets	(101,302)	271,173
Net assets - beginning of year	1,128,595	857,422
Net assets - end of year	\$ 1,027,293	\$ 1,128,595

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (101,302)	\$ 271,173
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	44,149	40,537
(Gain) loss on sale of property & equipment	1,695	(70)
(Gain) loss on sale of investment	963	-
(Gain) loss on value of investment	(13,269)	(1,844)
Changes in operating assets and liabilities:		
(Increase) decrease in inventories	(812)	1,615
Increase (decrease) in accounts payable and accrued expenses	9,795	(8,256)
Net Cash Provided (Used) By Operating Activities	<u>(58,781)</u>	<u>303,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Redemption of investments	141,045	83,813
Acquisition of investments	(20,460)	(124,223)
Proceeds from the sale of property and equipment	-	1,500
Purchases of property and equipment	<u>(49,784)</u>	<u>(67,296)</u>
Net Cash Provided (Used) By Investing Activities	<u>70,801</u>	<u>(106,206)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital lease payments made	<u>(4,508)</u>	<u>(4,091)</u>
Net Cash Provided (Used) by Financing Activities	<u>(4,508)</u>	<u>(4,091)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,512</b>	<b>192,858</b>
Cash and cash equivalents at beginning of years	<u>322,927</u>	<u>130,069</u>
Cash and cash equivalents at end of years	<u><u>\$ 330,439</u></u>	<u><u>\$ 322,927</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u><u>\$ 988</u></u>	<u><u>\$ 1,405</u></u>
Non-cash investing and financing activity:		
Statement of Activities (Gain) loss on sale of property & equipment	\$ -	\$ (15,070)
Trade-in value of automobile	<u>-</u>	<u>15,000</u>
(Gain) loss on sale of property & equipment	<u><u>\$ -</u></u>	<u><u>\$ (70)</u></u>

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**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 2017 or 2016.

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:**

The organization had investments in the Church Extension Loan Fund. These investments are stated at cost, which approximates market value at December 31, 2017 and 2016.

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

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

**Contributions:**

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

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

**Property and Equipment and Depreciation:**

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500 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 - 10 years
Equipment and trailers	5 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.

**Principles of Consolidation:**

The accompanying consolidated financial statements include the accounts of the Board of Home Missions of the National Association of Free Will Baptists and its subsidiary. All significant intercompany balances and transactions have been eliminated in the consolidation.

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**2. PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	<b>2017</b>	<b>2016</b>
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	136,640	129,927
Computer equipment	1,228	1,228
Equipment	2,980	2,980
Trailers	1,950	1,950
Office furniture & equipment	116,545	121,159
	<u>364,343</u>	<u>362,244</u>
Less: Accumulated depreciation	(130,288)	(129,629)
	<u>\$ 234,055</u>	<u>\$ 232,615</u>
 Depreciation for the year	 <u>\$ 44,149</u>	 <u>\$ 40,537</u>

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<b>2017</b>	<b>2016</b>
Missionaries	\$ 306,587	\$ 409,932
Build a House program	50,181	50,181
Disaster Relief Program	121,237	22,019
Haiti	146	146
Ridge Church	2,850	2,850
	<u>\$ 481,001</u>	<u>\$ 485,128</u>

Temporarily restricted net assets are available for the following purposes:

Life Member endowment	<u>\$ 101,250</u>	<u>\$ 101,250</u>
-----------------------	-------------------	-------------------

These net assets are restricted due to donor restrictions. They are released when the donor restriction is satisfied.

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**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 \$780,000 (\$528,000 in 2016) 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 December 31, 2017 and 2016 was \$307,915 and \$407,059 respectively. 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.

**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 years December 31, 2017 and 2016 amounted to \$64,029 and \$64,015.

**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, 2017 and 2016, the excess amount over the federally insured limit was \$-0- and \$69,041. 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 \$307,915 and \$407,059 invested in a demand note of the Church Extension Loan Fund at December 31, 2017 and 2016 respectively. This note is uninsured.

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**8. 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, 2017 and 2016, 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.

**9. FUNDRAISING EXPENSES**

Fundraising expenses amounted to \$25,283 and \$18,098 for the years ended December 31, 2017 and 2016.

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through April 28, 2018 which is the date the financial statements were available to be issued.

**11. INVESTMENTS**

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

	December 31, 2017		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 5,685</u>	<u>\$ 5,304</u>	<u>\$ (381)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ (381)</u>
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	December 31, 2016		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 144,684</u>	<u>\$ 12,584</u>	<u>\$ (132,100)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 446</u>
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**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**12. INVESTMENT THE FREE WILL BAPTIST FOUNDATION**

The Organization is invested in five trusts and one endowment established and maintained by the Free Will Baptist Foundation. The Foundation invests these type of trusts in debt and equity securities and values the trusts at fair market value.

A summary of investments in the Foundation are as follows:

	<b>2017</b>	<b>2016</b>
Build A House	\$ 6,191	\$ 5,497
Disaster Relief Trust	16,413	22,972
Ridge Trust	7,778	13,469
Build A House reserve	656	646
Master's Men	497	489
Life Member Endowment	107,001	97,318
	<u>\$ 138,536</u>	<u>\$ 140,391</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 13,650</u>	<u>\$ 1,398</u>
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**13. FAIR VALUE MEASUREMENTS**

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

Fair Value Measurements at December 31, 2017

	Fair Value	(Level 1)	(Level 2)
Equity securities	\$ 5,304	\$ 5,304	\$ -
Investment in the FWB Foundation	138,536	-	138,536
	<u>\$ 143,840</u>	<u>\$ 5,304</u>	<u>\$ 138,536</u>

Fair Value Measurements at December 31, 2016

	Fair Value	(Level 1)	(Level 2)
Equity securities	\$ 12,584	\$ 12,584	\$ -
Investment in the FWB Foundation	140,391	-	140,391
	<u>\$ 152,975</u>	<u>\$ 12,584</u>	<u>\$ 140,391</u>



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**13. FAIR VALUE MEASUREMENTS - CONTINUED**

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Fund 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. The Board has no Level 3 investments.

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.

**14. 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 \$60,398 (\$51,536 in 2016). 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.

**15. 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, 2017, 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:

2018	\$ 5,496
2019	2,748
	<hr/> 8,244
Less amount representing interest	(604)
Present value of net minimum lease payments	<hr/> <hr/> \$ 7,640

The depreciation expense related to this office equipment amounted to \$4,335.

**BOARD OF HOME MISSIONS OF THE  
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**16. ENDOWMENT**

The Organization has an endowment with the Free Will Baptist Foundation. The endowment was established by the Organization for the benefit of the Organization. The Organization has no control over the type of investments in the endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Free Will Baptist Foundation pools its assets for investment purposes. Investment activity is allocated to funds based on the fund's percentage share of the total portfolio. The Organization is invested in the Free Will Baptist Foundation's Endowment Pool.

The Organization 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 Organization 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) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

The Organization has no control over the investments in the endowment. Accordingly, the Organization has not adopted an investment policy related to the endowment.

The income earned on the endowment is distributed to the Organization every six months. The money is spent for the operations of the Organization.

**BOARD OF HOME MISSIONS OF THE  
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**16. ENDOWMENT - CONTINUED**

The Endowment net asset composition by type of fund is as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Net Assets
	December 31, 2017		
Board designated endowment funds	\$ 5,751	\$ -	\$ 5,751
Donor-restricted endowment funds	-	101,250	101,250
	<u>\$ 5,751</u>	<u>\$ 101,250</u>	<u>\$ 107,001</u>
	December 31, 2016		
Board designated endowment funds	(\$ 3,932)	\$ -	(\$ 3,932)
Donor-restricted endowment funds	-	101,250	101,250
	<u>(\$ 3,932)</u>	<u>\$ 101,250</u>	<u>\$ 97,318</u>

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

	Unrestricted	Permanently Restricted	Total Net Endowment Net Assets
	December 31, 2017		
Beginning balance	(\$ 3,932)	\$ 101,250	\$ 97,318
Total gains or losses (realized and unrealized) included in the Statement of Activities	12,162	-	12,162
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	( 2,479)	-	( 2,479)
Ending balance	<u>\$ 5,751</u>	<u>\$ 101,250</u>	<u>\$ 107,001</u>

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**16. ENDOWMENT - CONTINUED**

	December 31, 2016		
Beginning balance	(\$ 4,284)	\$ 101,250	\$ 96,966
Total gains or losses (realized and unrealized) included in the Statement of Activities	352	-	352
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	-	-	-
Ending balance	<u>(\$ 3,932)</u>	<u>\$ 101,250</u>	<u>\$ 97,318</u>

**17. 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.

	2017	2016
Total assets	<u>\$ 66,627,313</u>	<u>\$ 62,069,359</u>
Total liabilities	<u>\$ 65,299,093</u>	<u>\$ 60,590,119</u>
Net assets	<u>\$ 1,328,220</u>	<u>\$ 1,479,240</u>
Revenue	<u>\$ 3,606,344</u>	<u>\$ 3,010,973</u>
Expenses	<u>\$ 3,757,364</u>	<u>\$ 3,173,580</u>

**BOARD OF HOME MISSIONS OF THE  
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OF THE UNITED STATES OF AMERICA, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**18. FUNCTIONAL CATEGORIZATION OF EXPENSES**

The Board elects to report its expenses by natural category rather than by functional category on its Statement of Activities. The functional category of the expenses is as follows:

	<u>2017</u>	<u>2016</u>
Program services:		
Missionary expenses	\$ 3,337,272	\$ 3,373,245
Disaster relief expenses	78,339	15,386
Build a House Program expense	-	1,940
Project expense	4,293	10,200
	<u>3,419,904</u>	<u>3,400,771</u>
Management and general	1,768,135	1,495,986
Fundraising	25,283	18,098
	<u>\$ 5,213,322</u>	<u>\$ 4,914,855</u>

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b><i>ADMINISTRATIVE EXPENSES</i></b>		
Salaries and wages	\$ 487,431	\$ 431,459
Payroll taxes	12,315	12,459
Housing allowance and employee benefits	110,400	110,400
Retirement	12,760	6,508
Cost of literature	17,913	9,385
Promotion expense	80,411	142,828
Utilities	22,292	26,742
Office expense	46,148	37,296
Printing and postage	27,682	30,121
Rent expense	61,205	61,216
Professional fees	8,500	8,500
Auto and travel expense	330,010	251,507
Board meeting expense	17,854	24,847
Power Conference expense	77,764	-
Insurance expense	87,642	80,253
Telephone	6,498	5,740
Scholarships	13,500	7,832
Flowers and gifts	178,759	91,541
Miscellaneous	6,427	6,200
One magazine	71,022	71,022
Interest expense	988	1,405
Depreciation	42,917	39,306
Total administrative expenses	<u>1,720,438</u>	<u>1,456,567</u>
<b><i>MISSIONARY EXPENSES</i></b>		
Salary and wages	2,477,641	2,537,241
Retirement	47,638	45,028
Promotion expense	43,566	11,105
Printing and postage	104,434	116,541
Literature	166,313	208,334
Auto and travel expense	142,353	128,402
Insurance expense	54,867	42,142
Miscellaneous other expense	140,639	121,702
Total missionary expenses	<u>3,177,451</u>	<u>3,210,495</u>
<b><i>MISSIONARY LAND &amp; BUILDINGS</i></b>	<u>159,821</u>	<u>162,750</u>

**BOARD OF HOME MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
OF THE UNITED STATES OF AMERICA, INC.  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><i>MASTER'S MEN</i></b>		
Director's insurance	3,203	1,200
Office expense	7,515	7,469
Computer and internet	903	-
Rent expense	2,824	2,799
Professional fees	2,000	2,000
Automobile expense	307	573
Travel expense	20,529	14,300
Convention expense	712	1,416
Resource development	65	15
Fund-raising special events expense	25,283	18,098
Disaster relief expenses	78,339	15,386
Build a House Program expense	-	1,940
Project expense	4,293	10,200
One Magazine	8,407	8,416
Depreciation	1,232	1,231
Total Master's Men expenses	<u>155,612</u>	<u>85,043</u>
 Total Expenses	 <u><u>\$ 5,213,322</u></u>	 <u><u>\$ 4,914,855</u></u>

	2017	2018	2019
Executive Director: David Crowe			
Salary	\$67,764.76	\$67,764.76	\$70,337.70
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$4,600.00	\$4,600.00	\$4,700.00
Retirement	\$8,230.56	\$8,230.56	\$8,400.00
Insurance*	\$15,443.48	\$16,000.00	\$16,500.00
TOTALS	\$114,038.80	\$114,595.32	\$117,937.70
Office car furnished			

Director of Church Planting: Brad Ransom			
Salary	\$53,792.64	\$55,946.42	\$58,164.81
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$4,800.00	\$4,900.00	\$5,000.00
Retirement	\$1,435.80	\$1,478.93	\$3,808.24
Insurance*	\$15,443.48	\$16,000.00	\$16,500.00
TOTALS	\$93,471.92	\$96,325.35	\$101,473.05
Office car furnished			

Director of Church Revitalization: Jim McComas			
Salary	\$50,192.64	\$52,346.42	\$54,564.81
Housing	\$21,600.00	\$21,600.00	\$21,600.00
Utilities	\$3,500.00	\$3,600.00	\$3,700.00
Retirement	\$1,435.80	\$1,478.93	\$1,523.30
Insurance*	\$7,826.60	\$8,000.00	\$8,500.00
TOTALS	\$84,555.04	\$87,025.35	\$89,888.11
Office car furnished			

Master's Men Director: Ken Akers			
Salary	\$ 47,792.64	\$ 49,946.42	\$ 52,164.81
Housing	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
Utilities	\$ 3,200.00	\$ 3,300.00	\$ 3,500.00
Retirement	\$ 3,589.68	\$ 3,697.32	\$ 3,808.24
Insurance*	\$ 15,443.48	\$ 16,000.00	\$ 16,500.00
TOTALS	\$ 94,025.80	\$ 96,943.74	\$ 99,973.05
Office car furnished			

Insurance: Travel, Life, Health, Dental



Year 2017	Adm. Budget	Actual Expenses	Missionary Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$500,000.00	\$569,031.37	\$3,000,000.00	\$2,477,641.01	\$3,500,000.00	\$3,046,672.38
Retirement	\$4,500.00	\$12,759.52	\$45,000.00	\$47,637.70	\$49,500.00	\$60,397.22
Insurance	\$85,000.00	\$87,642.02	\$45,000.00	\$54,866.82	\$130,000.00	\$142,508.84
Auto and Travel	\$275,000.00	\$330,009.46	\$150,000.00	\$142,353.45	\$425,000.00	\$472,362.91
Postage	\$20,000.00	\$13,272.74	\$30,000.00	\$21,610.85	\$50,000.00	\$34,883.59
Printing	\$20,000.00	\$14,409.59	\$75,000.00	\$82,823.64	\$95,000.00	\$97,233.23
Promotion/Advertising	\$100,000.00	\$80,411.33	\$5,000.00	\$43,565.53	\$105,000.00	\$123,976.86
Office Supplies/Maintenance	\$40,000.00	\$47,135.34			\$40,000.00	\$47,135.34
ONE Magazine	\$72,000.00	\$71,022.24			\$72,000.00	\$71,022.24
Utilities	\$25,000.00	\$22,291.97			\$25,000.00	\$22,291.97
Board Expense	\$15,000.00	\$17,854.23			\$15,000.00	\$17,854.23
Literature	\$6,000.00	\$17,912.74	\$225,000.00	\$166,313.14	\$231,000.00	\$184,225.88
Rent	\$60,000.00	\$61,204.56			\$60,000.00	\$61,204.56
Phone and FAX	\$5,000.00	\$6,498.46			\$5,000.00	\$6,498.46
Depreciation	\$30,000.00	\$42,916.69			\$30,000.00	\$42,916.69
Payroll Taxes	\$10,000.00	\$9,980.83			\$10,000.00	\$9,980.83
Medicare Taxes	\$2,500.00	\$2,334.23			\$2,500.00	\$2,334.23
Legal and Audit	\$8,000.00	\$8,500.00			\$8,000.00	\$8,500.00
Misc.	\$4,000.00	\$6,427.23	\$75,000.00	\$87,327.02	\$79,000.00	\$93,754.25
Scholarships	\$3,000.00	\$13,500.00			\$3,000.00	\$13,500.00
Flowers/Gifts	\$2,500.00	\$178,759.11			\$2,500.00	\$178,759.11
Misc. Receipts			\$7,500.00	\$20,361.99	\$7,500.00	\$20,361.99
Land/Building			\$50,000.00	\$159,820.95	\$50,000.00	\$159,820.95
Foreign Missions Exchange			\$5,000.00	\$32,949.81	\$5,000.00	\$32,949.81
TOTALS	\$1,287,500.00	\$1,613,873.66	\$3,712,500.00	\$3,337,271.91	\$5,000,000.00	\$4,951,145.57

## 2019 State Quotas

Alabama	\$525,000.00
Arizona	\$70,000.00
Arkansas	\$170,000.00
California	\$125,000.00
Canada	\$5,000.00
Colorado	\$50,000.00
Florida	\$125,000.00
FWB Foundation	\$50,000.00
Georgia	\$175,000.00
Hawaii	\$3,500.00
Idaho	\$1,000.00
Illinois	\$150,000.00
Indiana	\$60,000.00
Iowa	\$2,500.00
Kansas	\$10,000.00
Kentucky	\$130,000.00
Maine	\$2,500.00
Michigan	\$85,000.00
Mid-Atlantic	\$20,000.00
Mississippi	\$190,000.00
Missouri	\$225,000.00
Montana	\$1,000.00
New Hampshire	\$2,000.00
New Mexico	\$2,000.00
New York	\$10,000.00
North Carolina	\$750,000.00
Ohio	\$200,000.00
Oklahoma	\$250,000.00
Other Income	\$350,000.00
Other States	\$30,000.00
Pennsylvania	\$50,000.00
Rhode Island	\$5,000.00
South Carolina	\$150,000.00
Tennessee	\$500,000.00
Texas	\$110,000.00
Utah	\$3,000.00
Virgin Islands	\$60,000.00
Virginia	\$200,000.00
Washington	\$5,000.00
West Virginia	\$125,000.00
WNAC	\$20,000.00
Wyoming	\$2,500.00
 TOTAL	 \$5,000,000.00

## 2019 Budget

	Administrative	Missionary	Total
Salaries/Housing	\$550,000.00	\$2,650,000.00	\$3,200,000.00
Retirement	\$12,000.00	\$50,000.00	\$62,000.00
Insurance	\$90,000.00	\$55,000.00	\$145,000.00
Auto and Travel	\$300,000.00	\$150,000.00	\$450,000.00
Postage	\$15,000.00	\$25,000.00	\$40,000.00
Printing	\$15,000.00	\$85,000.00	\$100,000.00
Promotion/Adv.	\$125,000.00	\$10,000.00	\$135,000.00
Off. Supplies/Maint.	\$45,000.00		\$45,000.00
ONE Magazine	\$75,000.00		\$75,000.00
Utilities	\$25,000.00		\$25,000.00
Board Expense	\$20,000.00		\$20,000.00
Literature	\$10,000.00	\$200,000.00	\$210,000.00
Rent	\$65,000.00		\$65,000.00
Phone/Fax	\$7,000.00		\$7,000.00
Depreciation	\$45,000.00		\$45,000.00
Payroll Taxes	\$10,000.00		\$10,000.00
Medicare Taxes	\$2,500.00		\$2,500.00
Legal/Audit	\$8,500.00		\$8,500.00
Misc.	\$5,000.00	\$75,000.00	\$80,000.00
Scholarships	\$10,000.00		\$10,000.00
Flowers/Gifts	\$5,000.00		\$5,000.00
Power Conference	\$80,000.00		\$80,000.00
Misc. Receipts		\$15,000.00	\$15,000.00
Land/Building		\$150,000.00	\$150,000.00
FM Exchange		\$15,000.00	\$15,000.00
<b>TOTALS</b>	<b>\$1,520,000.00</b>	<b>\$3,480,000.00</b>	<b>\$5,000,000.00</b>



Joel D. Collum, Jr.  
Certified Public Accountant

**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 statements of financial position as of December 31, 2017 and 2016, 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, 2017 and 2016, 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 27, 2018

**CHURCH EXTENSION LOAN FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>ASSETS</b>		
Cash	\$ 3,079,846	\$ 88,129
Investment in the Free Will Baptist Foundation	2,057,827	1,308,169
Investment in the Free Will Baptist Ministries Partnership	750,000	750,000
Notes receivable, net of allowance for doubtful accounts of \$937,038 (\$1,003,450 in 2016)	60,441,856	59,636,196
Accrued interest receivable	297,784	286,865
Property & equipment, at cost less accumulated depreciation of \$55,130 (\$55,130 in 2016)	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 66,627,313</u></b>	<b><u>\$ 62,069,359</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accrued interest	\$ 668	\$ 601
Revocable and irrevocable trusts	1,337,228	1,334,867
Notes payable	63,955,512	59,208,966
Other accrued liabilities	5,685	45,685
<b>Total liabilities</b>	<b><u>65,299,093</u></b>	<b><u>60,590,119</u></b>
<b>NET ASSETS</b>		
Unrestricted	1,315,015	1,466,035
Board designated	13,205	13,205
<b>Total net assets</b>	<b><u>1,328,220</u></b>	<b><u>1,479,240</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 66,627,313</u></b>	<b><u>\$ 62,069,359</u></b>

**CHURCH EXTENSION LOAN FUND, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING</b>		
<b>REVENUES</b>		
Investment income	\$ 58,247	\$ 131,298
Interest income on notes receivable	3,548,097	2,885,038
Gain (loss) on sale of property and equipment	<u>-</u>	<u>(5,363)</u>
Total revenue	<u>3,606,344</u>	<u>3,010,973</u>
<b>EXPENSES</b>		
Interest expense	2,505,563	2,192,425
Office expense	77,392	12,557
Management fee - Note 4	780,000	528,000
Auto and travel	-	1,233
Promotion	106,866	79,660
Professional fees	26,004	17,424
Depreciation	-	2,429
Build My Church Project expense	40,000	40,000
Bad debt expense	<u>221,539</u>	<u>299,852</u>
Total expenses	<u>3,757,364</u>	<u>3,173,580</u>
Increase (decrease) in operating net assets	(151,020)	(162,607)
Net assets - beginning of year	<u>1,479,240</u>	<u>1,641,847</u>
Net assets - end of year	<u><u>\$ 1,328,220</u></u>	<u><u>\$ 1,479,240</u></u>

**CHURCH EXTENSION LOAN FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (151,020)	\$ (162,607)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	2,429
Bad debt expense	221,539	299,852
(Gain) loss on sale of property and equipment	-	5,363
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(10,919)	(56,899)
Increase (decrease) in other accrued liabilities	(40,000)	40,000
Increase (decrease) in accrued interest payable	67	63
Net Cash Provided (Used) By Operating Activities	<u>19,667</u>	<u>128,201</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to notes and bonds receivable	(6,507,067)	(33,040,493)
Collection on notes receivable	5,479,868	23,462,976
Redemption of certificates of deposit	-	244,517
Purchase of Free Will Baptist Foundation investment	(791,580)	(2,901,703)
Redemption of Free Will Baptist Foundation investment	41,922	3,818,147
Purchase of Free Will Baptist Ministries Partnership investment	-	(750,000)
Net Cash Provided (Used) By Investing Activities	<u>(1,776,857)</u>	<u>(9,166,556)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Additions to trust	92,615	86,175
Terminations of trust	(90,254)	(82,122)
Additions to notes payable	8,698,443	8,606,521
Repayment of notes payable	(3,951,897)	(2,855,429)
Net Cash Provided (Used) by Financing Activities	<u>4,748,907</u>	<u>5,755,145</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>2,991,717</u>	<u>(3,283,210)</u>
Cash and cash equivalents at beginning of years	<u>88,129</u>	<u>3,371,339</u>
Cash and cash equivalents at end of years	<u><u>\$ 3,079,846</u></u>	<u><u>\$ 88,129</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest received	<u><u>\$ 3,537,178</u></u>	<u><u>\$ 2,828,169</u></u>
Interest paid	<u><u>\$ 2,505,496</u></u>	<u><u>\$ 2,192,362</u></u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Loans written off	<u><u>\$ 287,951</u></u>	<u><u>\$ 75,452</u></u>

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**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 \$178,341 unrelated business income for 2017 (\$0- for 2016).

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, 2017 AND 2016**

**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:

	<b>2017</b>	<b>2016</b>
Office equipment	\$ 55,130	\$ 55,130
Less: Accumulated depreciation	(55,130)	(55,130)
	<u>\$ -</u>	<u>\$ -</u>

**3. NOTES PAYABLE**

Notes payable consist of 2.5 - 4% (2.5 - 4% in 2016) 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, 2017 AND 2016**

**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 \$780,000 (\$528,000 at December 31, 2016) 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- (\$-0- at December 31, 2016).

Several directors and trustees were invested in the Church Extension Loan Fund's notes payable described in Note 3 at December 31, 2017. 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 \$40,000 (\$40,000 at December 31, 2016) 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, 2017 was \$187,750 (\$187,750 at December 31, 2016).

**6. CONCENTRATION OF CREDIT RISK**

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2017, the excess amount over the federally insured limit was \$2,829,846 (\$-0- in 2016). 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 \$2,057,827 (\$1,308,169 at December 31, 2016) invested with the Free Will Baptist Foundation, Inc. at December 31, 2017.

**7. CONCENTRATION**

Included in notes receivable at December 31, 2017 are seventeen loans which total \$32,346,737 (sixteen which total \$29,807,621 in 2016). This balance represents 52.45% (49.09% in 2016) of total notes receivable.

Notes payable include twenty-one notes which total \$20,030,140 or 31.32% (nineteen notes which total \$18,423,729 or 31.12% in 2016) of total notes payable.

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**8. REVOCABLE AND IRREVOCABLE TRUSTS**

Seven irrevocable 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, 2017 amounted to \$99,483 (\$73,061 at December 31, 2016).

**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, 2017, 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 only the return filed prior to the year ended December 31, 2017 is subject to examination.

**10. DESIGNATION OF UNRESTRICTED NET ASSETS**

In prior years 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 (\$13,205 at December 31, 2016).

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through April 27, 2018 which is the date the financial statements were available to be issued.

**12. INVESTMENT THE FREE WILL BAPTIST FOUNDATION**

The Fund is invested in a trust established and maintained by the Free Will Baptist Foundation. The Foundation invests these type of trusts in debt and equity securities and values the trusts at fair market value.

A summary of investments in the Foundation are as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Investment in the Free Will Baptist Foundation	\$ 2,057,827	\$ 1,308,169
Income earned on the trust	\$ 56,580	\$ 126,316

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**13. INVESTMENT THE FREE WILL MINISTRIES PARTNERSHIP**

The Fund is invested in the Free Will Baptist Ministries Partnership. The partnership owns land adjacent to Welch College.

A summary of investments in the Foundation are as follows:

	<b>2017</b>	<b>2016</b>
Investment in the FWB Ministries Partnership	\$ 750,000	\$ 750,000
Income earned on the partnership	\$ -	\$ -

**14. FAIR VALUE MEASUREMENTS**

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

Fair Value Measurements at December 31, 2017			
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 2,057,827	\$ 1,022,315	\$ 1,035,512
Invest. in the FWB Ministries Partnership	750,000	-	750,000
	<u>\$ 2,807,827</u>	<u>\$ 1,022,315</u>	<u>\$ 1,785,512</u>
Fair Value Measurements at December 31, 2016			
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 1,308,169	\$ -	\$ 1,308,169
Invest. in the FWB Ministries Partnership	750,000	-	750,000
	<u>\$ 2,058,169</u>	<u>\$ -</u>	<u>\$ 2,058,169</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 Fund 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. There were no Level 3 investments.

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**15. 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% (6.5% in 2016) 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 \$937,038 (\$1,003,450 in 2016) 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:

	<b>2017</b>	<b>2016</b>
Beginning balance	\$ 1,003,450	\$ 779,050
Loan written off	-	-
Current year provision	(66,412)	224,400
Ending balance	<u>\$ 937,038</u>	<u>\$ 1,003,450</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:

	<b>2017</b>	<b>2016</b>
Loans evaluated individually	<u>\$ 937,038</u>	<u>\$ 1,003,450</u>

The ending balance of notes evaluated individually as follows:

Loans evaluated individually	<u>\$ 15,158,735</u>	<u>\$ 10,432,352</u>
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**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**16. 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, 2017 was \$-0- (\$-0- for 2016).

The following tables provide informative data at December 31, 2017 and 2016 and for the years then ended on whether or not management had recognized an allowance for a doubtful account with respect to the impaired loan.

	December 31, 2017			For the Year Ended December 31, 2017		
	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	
Impaired loan for which an allowance for doubtful accounts has been recognized Notes receivable	\$ 7,483,355	\$ 7,483,355	\$ 937,038	\$ 935,419	\$ -	

	December 31, 2016			For the Year Ended December 31, 2016		
	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	
Impaired loan for which an allowance for doubtful accounts has been recognized Notes receivable	\$ 8,870,919	\$ 8,870,919	\$ 1,003,450	\$ 806,447	\$ -	

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**17. 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, 2017. 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 Past Due	Total Financing Receivables	Financing Receivables Past Due 90 Days or Greater and Still Accruing Interest
Notes receivable	\$46,220,158	\$ 1,277,507	\$ 1,918,025	\$ 11,963,203	\$15,158,735	\$61,378,893	\$ 7,483,355
							\$ 7,675,380

There is one note in the nonaccrual status column where 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 these agreements. Accordingly, they are included in the past due amounts.

**CHURCH EXTENSION LOAN FUND, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**18. FUNCTIONAL CATEGORIZATION OF EXPENSES**

The Organization elects to report its expenses by natural category rather than by functional category on its Statement of Activities. The functional category of the expenses is as follows:

	<u>2017</u>	<u>2016</u>
Program services:		
Interest expense	\$ 2,505,563	\$ 2,192,425
Build My Church Project expense	40,000	40,000
Bad debt expense	221,539	299,852
	<u>2,767,102</u>	<u>2,532,277</u>
Management and general	990,262	641,303
Fundraising	-	-
	<u>\$ 3,757,364</u>	<u>\$ 3,173,580</u>





## Master's Men

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

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### North American Ministries/Master's Men Department Ken Akers, Director of Men's Ministries

2017 was an exceptionally busy year for Master's Men.

We started the year heading to Albany, GA to assist the local churches with disaster response following a strong windstorm there.

We continued our sports fellowship events with the Deep South Golf Tournament in Albany, GA in March and our two days of National Golf Tournament in September. Due to lack of interest, the National Softball Tournament was cancelled.

We assisted with the Power Conference in May.

In June, we partnered with IM to help coordinate ETEAM Haiti.

In July, we coordinated IMPACT Louisville and coordinated ushering for our National Convention.

In September, we were actively involved in Disaster Response. We worked with local churches in Texas by funneling money to assist in relief. We worked with different volunteers in Florida, St. Croix, U.S.V.I, and Puerto Rico. Somewhere around \$175,000 has been donated through Master's Men for Disaster Response for these areas.

We are excited to announce the release of two new Direction Bible Studies. *Simon Says* and *Lessons from Noah*.

Master's Men continues to offer training and opportunities for our men to be involved in the Lord's work. We look forward to partnering with more of our churches to help them help their men.

Kenneth W. Akers  
Director of Men's Ministries

2019 Proposed Budget		2019 Projected Income	
<b>Office Operations</b>		<b>Dues</b>	<b>\$ 9,200.00</b>
Rent	\$ 3,000.00	<b>Softball</b>	<b>\$ 3,000.00</b>
Equipment & Supplies	\$ 3,000.00	<b>Golf</b>	<b>\$ 7,000.00</b>
Telephone	\$ 400.00	<b>Gifts</b>	<b>\$ 7,000.00</b>
Misc.	\$ 1,320.00	<b>Sales</b>	<b>\$ 1,420.00</b>
Postage	\$ 2,500.00	<b>Endowment Income</b>	<b>\$ 5,000.00</b>
<b>Total</b>	<b>\$ 10,220.00</b>		
<b>Accounting</b>		<b>TOTAL</b>	<b>\$ 32,620.00</b>
Audit	\$ 2,000.00		
<b>Resource Development</b>			
ONE Magazine	\$ 8,400.00		
Printed Materials	\$ 1,000.00		
<b>Total</b>	<b>\$ 9,400.00</b>		
<b>Department Travel</b>	<b>\$ 10,000.00</b>		
<b>National Association</b>	<b>\$ 1,000.00</b>		
<b>TOTAL</b>	<b>\$ 32,620.00</b>		



Joel D. Collum, Jr.  
Certified Public Accountant

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
Free Will Baptist Master's Men  
Antioch, Tennessee

I have audited the accompanying financial statements of the Free Will Baptist Master's Men, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statement 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 Master's Men, as of December 31, 2017 and 2016, 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 27, 2018

**FREE WILL BAPTIST MASTER'S MEN**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

**ASSETS**

<b>ASSETS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash	\$ 110,705	\$ 3,886
Investment in Free Will Baptist Foundation	31,535	43,073
Investment in Church Extension Loan Fund	51,717	51,870
Endowments	107,001	97,318
Property and equipment, at cost, net of accumulated depreciation of \$3,239 (\$2,007 in 2016)	<u>2,919</u>	<u>4,151</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 303,877</u></b>	<b><u>\$ 200,298</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 129</u>
Total Liabilities	<u>-</u>	<u>129</u>
<b>NET ASSETS</b>		
Unrestricted	28,213	23,723
Temporarily restricted	174,414	75,196
Permanently restricted	<u>101,250</u>	<u>101,250</u>
Total Net Assets	<u>303,877</u>	<u>200,169</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 303,877</u></b>	<b><u>\$ 200,298</u></b>

**FREE WILL BAPTIST MASTER'S MEN**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><i>UNRESTRICTED</i></b>		
<b>REVENUES</b>		
Donations	\$ 31,995	\$ 30,235
Dues	4,666	9,300
Fund-raising special events income	29,686	20,633
Build a House Program income	-	330
Interest income	15,416	1,769
Investment gains (losses)	-	1,398
Contributed services received	76,049	68,095
Net assets released from restrictions:		
Restrictions satisfied by payments:	<u>78,339</u>	<u>15,386</u>
 Total revenue	 <u>236,151</u>	 <u>147,146</u>
 <b>EXPENSES</b>		
Salaries and wages	76,049	68,095
Director's insurance	3,203	1,200
Office expense	7,515	7,469
Computer and internet	903	-
Rent expense	2,824	2,799
Professional fees	2,000	2,000
Automobile expense	307	573
Travel expense	20,529	14,300
Convention expense	712	1,416
Resource development	65	15
Fund-raising special events expense	25,283	18,098
Disaster relief expenses	78,339	15,386
Build a House Program expense	-	1,940
Project expense	4,293	10,200
One Magazine	8,407	8,416
Depreciation	<u>1,232</u>	<u>1,231</u>
 Total expenses	 <u>231,661</u>	 <u>153,138</u>
 Increase (decrease) in unrestricted net assets	 <u>4,490</u>	 <u>(5,992)</u>
 <b><i>TEMPORARILY RESTRICTED</i></b>		
<b>REVENUES</b>		
Donations	177,557	7,810
Net assets released from restrictions:		
Restrictions satisfied by payments:	<u>(78,339)</u>	<u>(15,386)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>99,218</u>	 <u>(7,576)</u>

**FREE WILL BAPTIST MASTER'S MEN**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><i>PERMANENTLY RESTRICTED</i></b>		
<b>REVENUES</b>		
Donations	<u>-</u>	<u>-</u>
Increase (decrease) in permanently restricted net assets	<u>-</u>	<u>-</u>
Total increase (decrease) in net assets	103,708	(13,568)
Net assets - beginning of the year	<u>200,169</u>	<u>213,737</u>
Net assets - end of the year	<u><u>\$ 303,877</u></u>	<u><u>\$ 200,169</u></u>

**FREE WILL BAPTIST MASTER'S MEN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 103,708	\$ (13,568)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,232	1,231
Investment (gains) losses	(13,650)	(1,398)
Increase (decrease) in:		
Accounts payable	<u>(129)</u>	<u>(1,347)</u>
Net Cash Used by Operating Activities	<u>91,161</u>	<u>(15,082)</u>
<b>Cash Flows From Investing Activities:</b>		
Redemption of investment	17,424	5,780
Acquisition of investment	<u>(1,766)</u>	<u>(1,769)</u>
Net Cash Used by Investing Activities	<u>15,658</u>	<u>4,011</u>
<b>Cash Flows From Financing Activities:</b>	<u>-</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	106,819	(11,071)
Cash - Beginning of Year	<u>3,886</u>	<u>14,957</u>
Cash - End of Year	<u><u>\$ 110,705</u></u>	<u><u>\$ 3,886</u></u>

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose:**

The Free Will Baptist Master's Men is a nonprofit organization affiliated with the National Association of Free Will Baptists located in Antioch, Tennessee.

The Organization exists to accomplish five purposes: fellowship, discipleship, stewardship, soul winning and edification. The Organization mobilizes men out of spiritual passivity to influence their families, communities and workplaces with the life-changing message of Jesus Christ.

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 2017 or 2016.

**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.

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 Organization and/or the passage of time.

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



**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**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.

**Cash Equivalents:**

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

**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, 2017 and 2016.

**Contributions:**

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

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

**Property and Equipment:**

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment with 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.

Computer equipment	5 years
Equipment	5 years
Trailers	5 years

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**2. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<b>2017</b>	<b>2016</b>
Computer equipment	\$ 1,228	\$ 1,228
Equipment	2,980	2,980
Trailers	1,950	1,950
	<u>6,158</u>	<u>6,158</u>
Less: Accumulated depreciation	( 3,239)	( 2,007)
	<u><u>\$ 2,919</u></u>	<u><u>\$ 4,151</u></u>

Depreciation for the year ended December 31, 2017 was \$1,232 (\$1,231 for December 31, 2016).

**3. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<b>2017</b>	<b>2016</b>
Build a House Program	\$ 50,181	\$ 50,181
Disaster Relief Fund	121,237	22,019
Haiti	146	146
Ridge Church	2,850	2,850
	<u><u>\$ 174,414</u></u>	<u><u>\$ 75,196</u></u>

Permanently restricted net assets are available for the following purposes:

	<b>2017</b>	<b>2016</b>
Lifetime Members endowment	<u><u>\$ 101,250</u></u>	<u><u>\$ 101,250</u></u>

**4. NET ASSETS RELEASED FROM RESTRICTIONS**

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors are as follows:

	<b>2017</b>	<b>2016</b>
Disaster Relief Fund	<u><u>\$ 78,339</u></u>	<u><u>\$ 15,386</u></u>

**5. RELATED PARTY TRANSACTIONS**

Free Will Baptist Home Missions provides personnel services to the Organization without charge. The Organization recognized revenue and related expenses of \$76,049 and \$68,095 for these services for the years ending December 31, 2017 and 2016 respectively.

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**6. CONCENTRATION OF CREDIT RISK**

The Organization maintains an account at a local financial institution. The Federal Deposit Insurance Corporation (FDIC) secures bank accounts up to \$250,000. At December 31, 2017 and 2016 the Organization had uninsured amounts in the amount of \$-0- and \$-0- respectively.

**7. COMMITMENTS**

The Organization's is renting storage space from the National Association of Free Will Baptists on a month to month lease. The rent expense for the year amounted to \$2,824 and \$2,799 for 2017 and 2016 respectively.

**8. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through April 27, 2018 which is the date the financial statements were available to be issued.

**9. FUNDRAISING EXPENSES**

Fundraising expenses amounted to \$25,283 and \$18,098 for the years ended December 31, 2017 and 2016 respectively.

**10. ENDOWMENT**

The Organization has an endowment with the Free Will Baptist Foundation. The endowment was established by the Organization for the benefit of the Organization. The Organization has no control over the type of investments in the endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Free Will Baptist Foundation pools its assets for investment purposes. Investment activity is allocated to funds based on the fund's percentage share of the total portfolio. The Organization is invested in the Free Will Baptist Foundation's Endowment Pool.

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**10. ENDOWMENT - CONTINUED**

The Organization 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 Organization 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) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization, and (7) the Organization's investment policies.

The Organization has no control over the investments in the endowment. Accordingly, the Organization has not adopted an investment policy related to the endowment.

The income earned on the endowment is distributed to the Organization every six months. The money is spent for the operations of the Organization.

The Endowment net asset composition by type of fund is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Net Assets</u>
	<u>December 31, 2017</u>		
Board designated endowment funds	\$ 5,751	\$ -	\$ 5,751
Donor-restricted endowment funds	-	101,250	101,250
	<u>\$ 5,751</u>	<u>\$ 101,250</u>	<u>\$ 107,001</u>

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**10. ENDOWMENT - CONTINUED**

	December 31, 2016		
Board designated endowment funds	(\$ 3,932)	\$ -	(\$ 3,932)
Donor-restricted endowment funds	-	101,250	101,250
	<u>(\$ 3,932)</u>	<u>\$ 101,250</u>	<u>\$ 97,318</u>

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

	Unrestricted	Permanently Restricted	Total Net Endowment Net Assets
	December 31, 2017		
Beginning balance	(\$ 3,932)	\$ 101,250	\$ 97,318
Total gains or losses (realized and unrealized) included in the Statement of Activities	12,162	-	12,162
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	( 2,479)	-	( 2,479)
Ending balance	<u>\$ 5,751</u>	<u>\$ 101,250</u>	<u>\$ 107,001</u>
	December 31, 2016		
Beginning balance	(\$ 4,284)	\$ 101,250	\$ 96,966
Total gains or losses (realized and unrealized) included in the Statement of Activities	352	-	352
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	-	-	-
Ending balance	<u>(\$ 3,932)</u>	<u>\$ 101,250</u>	<u>\$ 97,318</u>

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**11. INVESTMENT THE FREE WILL BAPTIST FOUNDATION**

The Organization is invested in five trusts and one endowment established and maintained by the Free Will Baptist Foundation. The Foundation invests these type of trusts in debt and equity securities and values the trusts at fair market value.

A summary of investments in the Foundation are as follows:

	<b>2017</b>	<b>2016</b>
Build A House	\$ 6,191	\$ 5,497
Disaster Relief Trust	16,413	22,972
Ridge Trust	7,778	13,469
Build A House reserve	656	646
Master's Men	497	489
Life Member Endowment	107,001	97,318
	<u>\$ 138,536</u>	<u>\$ 140,391</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 13,650</u>	<u>\$ 1,398</u>
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**12. FAIR VALUE MEASUREMENTS**

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

	Fair Value Measurements at December 31, 2017	
	Fair Value	(Level 2)
Investment in the FWB Foundation	<u>\$ 138,536</u>	<u>\$ 138,536</u>

	Fair Value Measurements at December 31, 2016	
	Fair Value	(Level 2)
Investment in the FWB Foundation	<u>\$ 140,391</u>	<u>\$ 140,391</u>

**FREE WILL BAPTIST MASTER'S MEN**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2017 AND 2016**

**12. FAIR VALUE MEASUREMENTS - CONTINUED**

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Fund 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. The Board has no Level 1 or Level 3 investments.

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.

**13. FUNCTIONAL CATEGORIZATION OF EXPENSES**

The Organization elects to report its expenses by natural category rather than by functional category on its Statement of Activities. The functional category of the expenses is as follows:

	<u>2017</u>	<u>2016</u>
Program services:		
Disaster relief expenses	\$ 78,339	\$ 15,386
Build a House Program expense	-	1,940
Project expense	4,293	10,200
	<u>82,632</u>	<u>27,526</u>
Management and general	123,746	107,514
Fundraising	25,283	18,098
	<u>\$ 231,661</u>	<u>\$ 153,138</u>



PREPARING FOR FUTURE MINISTRY

# BOARD OF RETIREMENT

JOHN BRUMMITT, PRESIDENT AND CEO





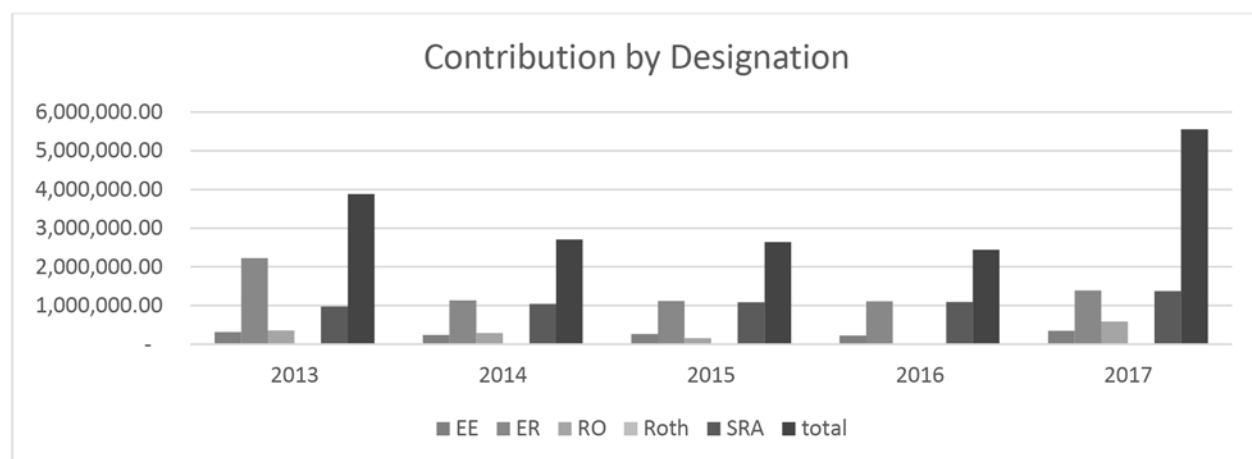
## YEAR IN REVIEW

It seems unreal as to how fast these last two years have gone by. I am amazed and overwhelmed with the amount of change that has gone on at the Board of Retirement. For the last two years, we have set record enrollment back to back with 2016 enrolling 124 and 2017 enrolling 125. We have also seen an increase of 52% in participant contributions in 2017, not including the Board of Retirement's new institutional investments. Institutional investments got off to a good start in 2017 with new accounts, adding \$1.83M to our assets in the first 6 months of rolling out the program.

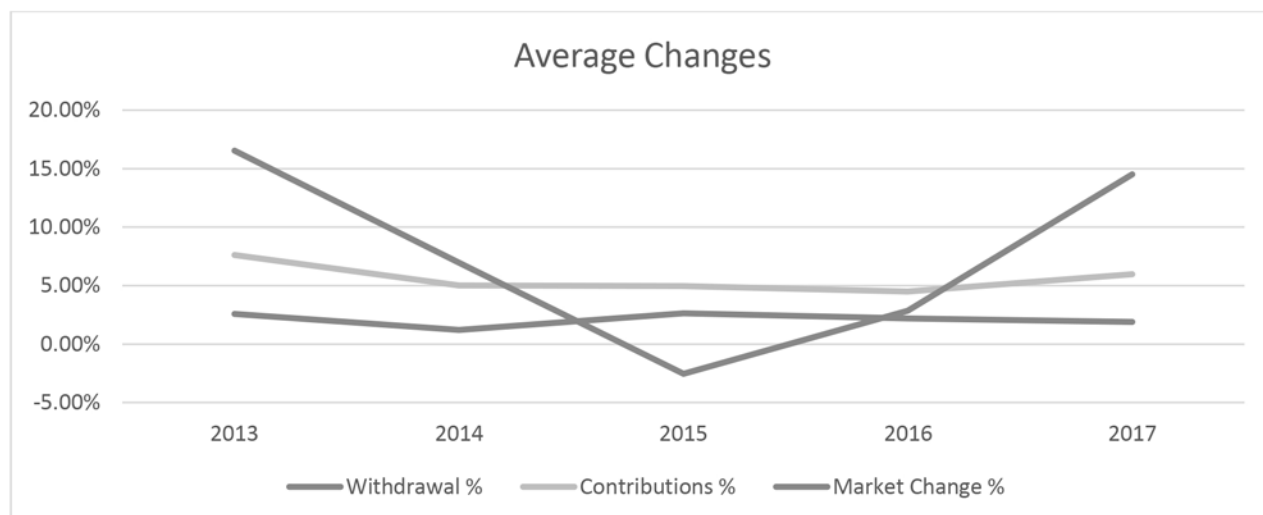
	2016	2017
<b>ENROLLMENTS</b>	124	125
<b>CONTRIBUTIONS</b>	\$2,441,646.47	\$3,716,839.10
<b>INSTITUTIONAL</b>	N/A	\$1,835,000.00
<b>TOTAL</b>	\$2,441,646.47	\$5,551,839.10

This is a \$3.11M increase in new moneys coming into our plan for 2017.

*"Coming together is a beginning; keeping together is progress; working together is success." – Henry Ford*



2017 was the largest one year increase we have had in new funds coming into the plan in our 48-year history. We saw an increase in new contributions by \$1.27M last year, excluding institutional investing, which put participant contributions at an all-time high of \$3.71M, excluding 2013 when we took in the assets from Welch College's retirement program.



Withdrawals, lump sum and rollover withdrawals, from the plan decreased last year by 1%. These are accounts that close out completely out of our program. This is viewed as a positive since on average it is only small accounts that choose this type of settlement option. Total settlements for 2017 were \$2.9M, but \$1.73M of these settlements remained with us in our Annuity and Self-Directed Programs. We also saw a \$7.47M gain from our investments last year and a net increase to our plan of \$9.27M for 2017.

## INSTITUTIONAL INVESTING

2017 was a good year for us in new fund growth. We saw record numbers in new contributions into the plan, while we remained steady on out flows from the plan. One of the contributing factors of this growth in new contributions to the plan was through the expansion of services to our Institutional Investing Program. We opened this program for any church or church agency that was in search of a greater rate of return on their church or organizational assets than they would be able to get through their local bank; all with the added benefit of being invested through our proven investment strategies. We are still expanding this program and adding new investment options to meet the needs of our institutions. Board of Retirement is here to serve our denomination employers as well as employees.

*“Wealth consists not in having great possessions, but in having few wants.” – Epictetus*

Institutional investing has been steady over the last year with our investments returning over 11.1% over the last 6 months of 2017. We look to expand this service in the future to allow churches and church organizations the opportunity to generate additional income for Kingdom work. If we can help serve your organization, please contact our office or visit our website.

## Investment Returns 2016 – 17

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	12/31/2016	12/31/2017	Equity Range
<i>Default</i>	1.144%	13.734%	35 – 70%
<i>Conservative</i>	1.858%	5.632%	5 – 35%
<i>Moderate</i>	2.005%	7.900%	30 – 60%
<i>Maximum</i>	2.496%	24.773%	80 – 99%
<i>Discipline Value*</i>	N/A	10.158%	95 – 100%

\*Discipline Value started on June 30, 2017, actual rate for time period.

While we cannot control the outcome of the market, we try very hard to be competitive to what the overall market is doing. 2017 had a good run in the market with the 9-year bull market extending further. Our investments were able to capture a very competitive return even though most are blended funds with equities and bond in the portfolios.

### FINANCIAL EDUCATION/GRANT

In 2017, Free Will Baptist Foundation offered the opportunity to apply for grants to help benefit our denomination. Board of Retirement was awarded a grant to provide educational resources to our denomination on financial matters. Over the past year, we have developed seminars and resources as building blocks to help develop a financial base for our denomination. We are planning to continue this financial education as a part of Board of Retirement's ministry to the denomination. If we can be of service to your church or association, please contact our office.

### GET STARTED

The majority of Americans don't start saving for their future until later in life, causing us to have a retirement crisis here in the U.S. Many people sacrifice their future needs for their present wants. This is not the model that we have been instructed to follow. In Proverbs 6:6-8, we are instructed to look to the ant and consider her ways and be wise. She prepares herself for all seasons by putting back a little from her labor. We are told this is wise. Board of Retirement was created 49 years ago to give Free Will

Baptists a vehicle in which we could accomplish this preparation. The longer you put off preparing for the future, the harder it becomes to be prepared. Our vision is that every Free Will Baptist employee, church, and church agency be prepared for the future ministry God has for them. It doesn't happen overnight and it will not happen without work, but starting as soon as possible and being consistent in your contributions will make all the difference. We are here to help. Contact our office or stop by our booth and get started today.

## Synopsis of Board Meetings 2017 Board of Retirement

### **March 20-21, 2017**

All board members were present with the exception of James Beasley and Larry Clyatt. A number of reports were presented and approved including: Director's report, Financial overview, Proposed Budget, Communications Officer's report, Money Manager's report, and Audit.

Several motions were made and carried:

1. Budget recommendations presented by the Budget Committee Chairman
2. Continue allowing retired ministers to designate 100% of annuity and monthly retirement benefit payments as "housing"
3. Retain annuity payments at the same level for 2017
4. Begin developing financial education materials for the denomination
5. Election of the following officers: Chairman – Rick Cason, Vice Chairman – Ron Barber, Secretary – Rick Dement, and Assistant Secretary – Danny Baer
6. Appointment of members of the Audit Committee and Budget Committee

Board held discussion about the ministry of the Board of Retirement and discussed developing new board member orientation and education.

### **December 5, 2017**

All board members and staff were present except for Ron Barber.

Both the Director's report and financial report were presented and approved.

Institutional investment option and its positive response and growth was discussed, as well as the record number of enrollees in 2017.

Discussion held about reaching the whole denomination in ministry with different options like financial seminars, articles, blog posts, etc.



**Joel D. Collum, Jr.**  
Certified Public Accountant

**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, 2017 and 2016, 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, 2017 and 2016, 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 12, 2018

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>OPERATING ASSETS</b>		
Cash and cash equivalents	\$ 10,222	\$ 3,357
Funds invested with Free Will Baptist Foundation	146,279	124,232
Endowment	67,566	70,531
Total Operating Assets	<u>224,067</u>	<u>198,120</u>
<b>RETIREMENT ASSETS</b>		
Cash and cash equivalents	1,881,538	930,541
Investment in marketable securities and instruments, at fair market value	62,628,412	54,316,232
Prepaid annuitant benefits	(50)	(50)
Notes receivable, net of allowance for doubtful accounts	2,828	2,379
Total Retirement Assets	<u>64,512,728</u>	<u>55,249,102</u>
<b>OFFICE FURNITURE, EQUIPMENT AND AUTOMOBILES</b>		
at cost, net of accumulated depreciation	<u>87,049</u>	<u>105,107</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 64,823,844</u></u>	<u><u>\$ 55,552,329</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable - annuitants	\$ 10,992,841	\$ 10,482,612
Accounts payable - self-directed	3,034,614	-
Accounts payable, accrued expenses and other liabilities	4,634	11,320
Capital lease payable	-	4,373
Total liabilities	<u>14,032,089</u>	<u>10,498,305</u>
<b>NET ASSETS</b>		
Unrestricted		
Operations:		
Operating funds (deficit)	6,338	(18,294)
Designated for future assets purchases	80,383	61,890
Designated for future payments to annuitants	133,462	139,488
Net invested in equipment	87,049	105,107
Total Operating Net Assets	<u>307,232</u>	<u>288,191</u>
Retirement Accounts:		
Net assets available for participants	49,845,852	44,773,650
Designated as reserve funds	638,671	(7,817)
Total Retirement Net Assets	<u>50,484,523</u>	<u>44,765,833</u>
Total net assets	<u>50,791,755</u>	<u>45,054,024</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 64,823,844</u></u>	<u><u>\$ 55,552,329</u></u>

**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, 2017 AND 2016**

	2017			2016		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
<b>SUPPORT, REVENUE AND OTHER ADDITIONS</b>						
Contributions from participants						
Contributions to participant accounts	\$ 5,203,469	\$ -	\$ 5,203,469	\$ 2,571,331	\$ -	\$ 2,571,331
Repayment of participant loans	348,370	-	348,370	348,343	-	348,343
	<u>5,551,839</u>	<u>-</u>	<u>5,551,839</u>	<u>2,919,674</u>	<u>-</u>	<u>2,919,674</u>
Investment income:						
Gains of investment portfolio:						
Net realized gains (losses)	3,121,401	-	3,121,401	(146,823)	-	(146,823)
Net unrealized gains (losses)	3,711,324	-	3,711,324	1,168,745	-	1,168,745
	<u>6,832,725</u>	<u>-</u>	<u>6,832,725</u>	<u>1,021,922</u>	<u>-</u>	<u>1,021,922</u>
Interest and dividends from investments (net investment fees)	645,615	-	645,615	448,342	-	448,342
Total investment income	<u>7,478,340</u>	<u>-</u>	<u>7,478,340</u>	<u>1,470,264</u>	<u>-</u>	<u>1,470,264</u>
Income earned from interest bearing notes:						
Interest income	21,424	13,647	35,071	23,825	4,044	27,869
Gain (loss) on sale of property and equipment	-	-	-	-	-	-
Total income earned from interest and sale of property	<u>21,424</u>	<u>13,647</u>	<u>35,071</u>	<u>23,825</u>	<u>4,044</u>	<u>27,869</u>
Gifts	-	59,690	59,690	-	64,000	64,000
Grant income	-	22,650	22,650	-	-	-
Miscellaneous income	-	3,425	3,425	-	4,216	4,216
Total other income	<u>-</u>	<u>85,765</u>	<u>85,765</u>	<u>-</u>	<u>68,216</u>	<u>68,216</u>
Total additions	13,051,603	99,412	13,151,015	4,413,763	72,260	4,486,023
Allocation for Operations	(487,510)	487,510	-	(494,006)	494,006	-
Net additions after allocation for operations	<u>\$12,564,093</u>	<u>\$ 586,922</u>	<u>\$13,151,015</u>	<u>\$ 3,919,757</u>	<u>\$ 566,266</u>	<u>\$ 4,486,023</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 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
Net additions after allocation for operations	\$12,564,093	\$ 586,922	\$13,151,015	\$ 3,919,757	\$ 566,266	\$ 4,486,023
<b>EXPENSES AND OTHER DEDUCTIONS</b>						
Withdrawals from participants	1,228,836	-	1,228,836	2,438,217	-	2,438,217
Participant loans	350,100	-	350,100	227,750	-	227,750
Transfers to annuities by participants	930,801	-	930,801	892,359	-	892,359
Transfers to self-directed by participants	388,576	-	388,576	-	-	-
Insurance deductions from participants accounts	24,154	-	24,154	25,755	-	25,755
Income allocated to annuitant obligations	527,524	-	527,524	375,040	-	375,040
Income allocated to self-directed accounts	156,252	-	156,252	-	-	-
Salaries	-	194,485	194,485	-	181,232	181,232
Housing	-	26,428	26,428	-	23,571	23,571
Fringe Benefits	-	103,740	103,740	-	120,739	120,739
Travel and promotional	-	33,582	33,582	-	43,578	43,578
Auto maintenance and expense	-	6,394	6,394	-	5,324	5,324
Office supplies and expense	2,876	81,984	84,860	2,743	81,876	84,619
Occupancy	-	33,604	33,604	-	33,325	33,325
Board members expense	-	17,632	17,632	-	15,388	15,388
Legal and accounting	-	17,454	17,454	-	23,466	23,466
Grant expense	-	28	28	-	-	-
Depreciation	-	28,518	28,518	-	24,482	24,482
Annuitant benefit payments	-	17,325	17,325	-	20,294	20,294
Miscellaneous	159	6,707	6,866	442	1,292	1,734
Total deductions	3,609,278	567,881	4,177,159	3,962,306	574,567	4,536,873
Increase (decrease) in net assets	8,954,815	19,041	8,973,856	(42,549)	(8,301)	(50,850)
NET ASSETS - beginning of year	44,765,833	288,191	45,054,024	44,808,382	296,492	45,104,874
Transfers to establish self-directed liability	(3,236,125)	-	(3,236,125)	-	-	-
NET ASSETS - beginning of year - as restated	41,529,708	288,191	41,817,899	44,808,382	296,492	45,104,874
NET ASSETS - end of year	\$50,484,523	\$ 307,232	\$50,791,755	\$44,765,833	\$ 288,191	\$45,054,024

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

	2017			2016		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from:						
Contributions from participants and employers	\$ 5,551,839	\$ -	\$ 5,551,839	\$ 2,919,674	\$ -	\$ 2,919,674
Gifts	-	59,690	59,690	-	64,000	64,000
Income earned from interest and sale of loan property	21,424	-	21,424	23,825	-	23,825
Investment income	645,615	13,647	659,262	448,342	4,044	452,386
Grant income	-	22,650	22,650	-	-	-
Miscellaneous income	-	3,425	3,425	-	4,216	4,216
Cash paid for:						
Supplies and employees	(27,096)	(546,142)	(573,238)	(29,375)	(549,361)	(578,736)
Withdrawal of funds by participants	(2,898,313)	-	(2,898,313)	(3,558,326)	-	(3,558,326)
Income allocated to self-directed accounts	(156,252)	-	(156,252)	-	-	-
Income allocated to annuitant obligations	(527,524)	-	(527,524)	(375,040)	-	(375,040)
Net Cash Provided (Used)						
By Operating Activities	2,609,693	(446,730)	2,162,963	(570,900)	(477,101)	(1,048,001)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of office furniture, equipment and automobiles	-	(10,460)	(10,460)	-	(68,698)	(68,698)
Investments:						
Purchases of investment securities	(45,621,448)	-	(45,621,448)	(45,132,416)	-	(45,132,416)
Funds invested with Free Will Baptist Foundation	-	(19,082)	(19,082)	-	48,130	48,130
Proceeds from sale of investment securities	44,141,993	-	44,141,993	44,959,093	-	44,959,093
Notes receivable:						
New loans made	(350,100)	-	(350,100)	(227,750)	-	(227,750)
Collection of notes receivable	349,651	-	349,651	226,960	-	226,960
Net Cash Provided (Used)						
By Investing Activities	(1,479,904)	(29,542)	(1,509,446)	(174,113)	(20,568)	(194,681)

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 CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016		
	Retirement Accounts	Operations	Total	Retirement Accounts	Operations	Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Allocation for operations	\$ (487,510)	\$ 487,510	\$ -	\$ (494,006)	\$ 494,006	\$ -
Net to additions to (withdrawals from):						
Annuities payable	510,229	-	510,229	837,271	-	837,271
self-directed accounts	(201,511)	-	(201,511)	-	-	-
Repayments on capital lease	-	(4,373)	(4,373)	-	(4,400)	(4,400)
Net Cash Provided (Used) By Financing Activities	(178,792)	483,137	304,345	343,265	489,606	832,871
<b>INCREASE (DECREASE) IN CASH</b>	950,997	6,865	957,862	(401,748)	(8,063)	(409,811)
Cash and cash equivalents at beginning of years	930,541	3,357	933,898	1,332,289	11,420	1,343,709
Cash and cash equivalents at end of years	\$ 1,881,538	\$ 10,222	\$ 1,891,760	\$ 930,541	\$ 3,357	\$ 933,898
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Increase (decrease) in net assets	\$ 8,954,815	\$ 19,041	\$ 8,973,856	\$ (42,549)	\$ (8,301)	\$ (50,850)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:						
Depreciation and amortization	-	28,518	28,518	-	24,482	24,482
Allocation for operations	487,510	(487,510)	-	494,006	(494,006)	-
Loss (gains) on investment transactions	(6,832,725)		(6,832,725)	(1,021,922)		(1,021,922)
Decrease (increase) in prepaid expenses	-	-	-	1,050	-	1,050
Increase (decrease) in accounts payable, accrued expenses and other	93	(6,779)	(6,686)	(1,485)	724	(761)
Total adjustments	(6,345,122)	(465,771)	(6,810,893)	(528,351)	(468,800)	(997,151)
Net Cash Provided (Used) By Operating Activities	\$ 2,609,693	\$ (446,730)	\$ 2,162,963	\$ (570,900)	\$ (477,101)	\$ (1,048,001)

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, 2017 AND 2016**

**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, 2015 to allow Roth contributions to the plan. Additionally, the amounts in the plan were updated to reflect the latest Internal Revenue Service amounts.

**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, 2017 AND 2016**

**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

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, 2017 and 2016.

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, 2017 AND 2016**

**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 2017 amounted to \$15,255 (\$14,003 for 2016).

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

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

	<b>2017</b>	<b>2016</b>
Office furniture and fixtures	\$ 54,326	\$ 50,607
Computer hardware and software	163,810	176,298
Automobiles	88,318	88,318
	<u>306,454</u>	<u>315,223</u>
Less: Accumulated depreciation	(219,405)	(210,116)
	<u><u>\$ 87,049</u></u>	<u><u>\$ 105,107</u></u>

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**3. NOTES RECEIVABLE**

Following is a summary of notes receivable:

	<u>2017</u>	<u>2016</u>
Participant notes (net) secured by retirement account balances	\$ 2,828	\$ 2,379

The notes bear interest at 3.0% and mature at various dates from 2018 through 2022.

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

	<u>2017</u>		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Common Stocks	\$ 30,855,599	\$ 24,351,600	\$ 6,503,999
U.S. Government Issues	19,557,068	19,650,551	(93,483)
Corporate Bonds	11,285,462	11,326,175	(40,713)
Asset Back Securities	902,428	907,378	(4,950)
Real Estate Investment Trusts	27,855	25,813	2,042
Total Investments	<u>\$ 62,628,412</u>	<u>\$ 56,261,517</u>	<u>\$ 6,366,895</u>

For 2017, total investment gain (loss) relating to marketable securities and instruments amounted to \$7,478,340 and consisted of investment gains (losses) of \$6,832,725 and interest and dividends of \$645,615 (net of investment fees of \$478,115). Investment income (loss) represented yields of 12.79% and 13.86% based on the average market value and average cost of such investments.

	<u>2016</u>		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Common Stocks	\$ 27,674,996	\$ 24,471,298	\$ 3,203,698
U.S. Government Issues	18,287,621	18,722,131	(434,510)
Corporate Bonds	7,789,982	7,900,301	(110,319)
Asset Back Securities	563,633	565,089	(1,456)
Total Investments	<u>\$ 54,316,232</u>	<u>\$ 51,658,819</u>	<u>\$ 2,657,413</u>

For 2016, total investment gain (loss) relating to marketable securities and instruments amounted to \$1,470,264 and consisted of investment gains (losses) of \$1,021,922 and interest and dividends of \$448,342 (net of investment fees of \$443,300). Investment income (loss) represented yields of 2.74% and 2.85% based on the average market value and average cost of such investments.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
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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 \$1.16 (\$1.16 in 2016) per square foot per month. The Board shares a portion of the space with the Free Will Baptist Foundation. Total lease payments were \$33,604 and \$33,325 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, the recorded liability amounted to \$10,992,841 and \$10,482,612 respectively. At the recommendation of the actuary the Board changed from using the Mortality Table 1983 to using the Mortality Table 2012 IAM. Using this new mortality table the actuary has determined that the reserve account exceeded the current periodic benefit at December 31, 2017 by \$502,675 (by \$99,819 at December 31, 2016). Management will not request a pension benefit increase for 2017.

**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, 2017 and 2016:

	2017		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 2,828	\$ 2,828	\$ -
Cash and cash equivalents	481,548	250,000	231,548
Funds invested with the Free Will Baptist Foundation	146,279	146,279	-
Short-term liquid investments	1,410,212	1,000,000	410,212
Endowment	67,566	67,566	-
Corporate bonds	11,285,462	-	11,285,462
Common stocks	30,855,599	-	30,855,599
U.S. Treasury notes and bills	19,557,068	19,557,068	-
Asset backed securities	902,428	902,428	-
Real estate investment Trusts	27,855	-	27,855
	<u>\$ 64,736,845</u>	<u>\$ 21,926,169</u>	<u>\$ 42,810,676</u>



**BOARD OF RETIREMENT AND INSURANCE OF  
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**7. INFORMATION REGARDING FINANCIAL INSTRUMENTS - CONTINUED**

		2016	
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Notes receivable, net of allowance for doubtful collections	\$ 2,379	\$ 2,379	\$ -
Cash and cash equivalents	237,392	237,392	-
Funds invested with the Free Will Baptist Foundation	124,232	124,232	-
Short-term liquid investments	696,506	696,506	-
Endowment	70,531	70,531	-
Corporate bonds	7,789,982	-	7,789,982
Common stocks	27,674,996	-	27,674,996
U.S. Treasury notes and bills	18,287,621	18,287,621	-
Asset backed securities	563,633	563,633	-
	<u>\$55,447,272</u>	<u>\$19,982,294</u>	<u>\$35,464,978</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, 2017 Using				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Common Stocks	\$30,855,599	\$30,855,599	\$ -	\$ -
U.S. Government Issues	19,557,068	6,556,194	13,000,874	-
Corporate Bonds	11,285,462	2,487,668	8,797,794	-
Asset backed securities	902,428	902,428	-	-
Real estate investment Trusts	27,855	-	27,855	-
Foundation investments	146,279	146,279	-	-
Endowment	67,566	67,566	-	-
	<u>\$62,842,257</u>	<u>\$41,015,734</u>	<u>\$21,826,523</u>	<u>\$ -</u>

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
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**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, 2016 Using				
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Common Stocks	\$27,674,996	\$27,674,996	\$ -	\$ -
U.S. Government Issues	18,287,621	4,711,964	13,575,657	-
Corporate Bonds	7,789,982	1,234,879	6,555,103	-
Asset Backed Securities	563,633	563,633	-	-
Foundation investments	124,232	124,232	-	-
Endowment	70,531	70,531	-	-
	<u>\$54,510,995</u>	<u>\$34,380,235</u>	<u>\$20,130,760</u>	<u>\$ -</u>

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

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

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

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

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
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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. This lease was paid in full in November 2017.

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

The imputed interest included in the payments for this equipment amounted to \$188.

**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. 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, 2017, 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.

**12. SELF-DIRECTED LIABILITY**

Retirees who do not elect to participate in the annuity program can elect to participate in a self-directed plan where they can choose to receive benefits over a certain period of time or receive a certain amount each month. In order to comply with IRS regulations the Organization transferred money to a specific investment account for this program and transferred \$3,236,125 from net assets available for participants to the self-directed liability to establish the liability for retirees already participating and transferred \$388,576 during the year for current year retirees.

**13. INSTITUTIONAL INVESTING PROGRAM**

The Organization provides Free Will Baptist churches and church organizations with the opportunity to manage their assets for growth and development of their ministries by investing in the Organization's institutional investing program. The funds are invested in the Organization's investment account based on the investment strategy selected by the investing church or church organization.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**14. ENDOWMENT**

The Board has an endowment with the Free Will Baptist Foundation. The endowment was established by the Board for the benefit of the Board. The Board has no control over the type of investments in the endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Free Will Baptist Foundation pools its assets for investment purposes. Investment activity is allocated to funds based on the fund's percentage share of the total portfolio. The Board is invested in the Free Will Baptist Foundation's Endowment Pool.

The Board 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 Board 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) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Board, and (7) the Board's investment policies.

The Board has no control over the investments in the endowment. Accordingly, the Board has not adopted an investment policy related to the endowment.

The income earned on the endowment is distributed to the Board every six months. The money is spent to provide extra benefits for Board annuitants.

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**14. ENDOWMENT - CONTINUED**

The Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Total Net Endowment Net Assets</u>
Board designated endowment funds	\$ 67,566	\$ 67,566
	<u>\$ 67,566</u>	<u>\$ 67,566</u>

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

	<u>Unrestricted</u>	<u>Total Net Endowment Net Assets</u>
Beginning balance	\$ 70,531	\$ 70,531
Total gains or losses (realized and unrealized) included in the Statement of Activities	9,400	9,400
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	( 12,365)	( 12,365)
Ending balance	<u>\$ 67,566</u>	<u>\$ 67,566</u>

The Endowment net asset composition by type of fund as of December 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Total Net Endowment Net Assets</u>
Board designated endowment funds	\$ 70,531	\$ 70,531
	<u>\$ 70,531</u>	<u>\$ 70,531</u>

**BOARD OF RETIREMENT AND INSURANCE OF  
THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**14. ENDOWMENT - CONTINUED**

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

	<u>Unrestricted</u>	<u>Total Net Endowment Net Assets</u>
Beginning balance	\$ 94,326	\$ 94,326
Total gains or losses (realized and unrealized) included in the Statement of Activities	405	405
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	( 24,200)	( 24,200)
Ending balance	<u>\$ 70,531</u>	<u>\$ 70,531</u>

**15. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by Management through March 12, 2018 which is the date the financial statements were available to be issued.

Board of Retirement Insurance  
Proposed Budget for 2019

	<u>2017 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>2019 Proposed</u>
Revenue				
Service Fees From Retirement	487,510.24	490,000.00	570,500.00	593,320.00
Unallocated Service Fees	56,418.59			
Insurance Administrative Fees	402.50	1,000.00	500.00	500.00
The Together Way	56,541.43	70,000.00	58,000.00	58,000.00
Other State Gifts	260.00	500.00	510.00	300.00
Rest Of The Family Offering	1,896.65	2,000.00	2,000.00	2,000.00
Interest Income Checking Savings	991.97	2,000.00	2,000.00	2,000.00
Interest Income Future Purchases	2,567.93	0.00	0	
Investment Income Annuitants	1,156.88	0.00	0	
Investment Income Endowment	9,922.14	0.00	0	
Grant Income	22,650.00	0.00	0	
Gain Loss on Sale of Assets			0	
Miscellaneous Income	<u>3,022.42</u>	<u>1,500.00</u>	<u>3,000.00</u>	<u>3,000.00</u>
Total Revenue	<u>643,340.75</u>	<u>567,000.00</u>	<u>636,510.00</u>	<u>659,120.00</u>
Expenses				
Salaries and Wages	194,484.67	195,681.00	207,075.26	209,826.76
Fringe Benefits	106,742.71	79,000.00	120,000.00	120,000.00
Housing	23,426.00	21,840.00	23,000.00	23,000.00
Travel and Promotion	33,581.70	55,000.00	55,000.00	55,000.00
Auto Maintance and Expense	6,394.22	5,500.00	5,500.00	8,000.00
Future Purchases	43,552.50	24,000.00	38,659.74	50,000.00
Plant Fund	33,604.27	37,000.00	37,000.00	37,000.00
Office Expense	32,796.03	36,000.00	36,000.00	36,000.00
Equipment	8,879.47	10,230.00	10,000.00	10,000.00
Equipment Lease	1,190.05	2,000.00	2,000.00	2,000.00
Education/Training	8,008.96	8,000.00	10,000.00	15,000.00
Publications	23,287.56	27,500.00	27,500.00	27,500.00
Board Memeber Expense	17,632.17	15,000.00	15,000.00	15,000.00
Website Development/Maintance	0.00	7,500.00	7,500.00	7,500.00
Legal Expense	1,454.00	12,000.00	12,000.00	12,000.00
Auditing Expense	16,000.00	17,500.00	17,500.00	17,500.00
Offsite Backup Storage	499.99	1,200.00	1,200.00	1,200.00
Software Support	5,103.66	5,115.00	5,500.00	5,500.00
Depreciation Expense	28,517.56	0.00	0	0.00
Miscellaneous Expense	6,706.90	6,934.00	6,075.00	7,093.24
Grant Expense	<u>27.83</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenses	<u>591,890.25</u>	<u>567,000.00</u>	<u>636,510.00</u>	<u>659,120.00</u>

# Board of Retirement and Insurance

## Compensation Package Detail 2019 Proposed

President and CEO: John Brummitt	2017 Approved	2018 Approved	2019 Proposed
Salary	75,075.00	83,000.00	87,150.00
SS and Med	5,743.24	6,349.50	6,666.98
Christmas	1,443.75	1,596.15	1,675.96
Retirement	5,356.31	5,810.00	6,100.50
Insurance	12,354.08	14,517.00	19,597.95
Total Cost of Employment	99,972.38	111,272.65	121,191.39
Accounting Administrator: Joshua Eidson			
Salary	50,400.00	52,416.00	55,036.80
SS and Med	3,855.60	4,099.82	4,210.32
Christmas	969.23	1,008.00	1,058.40
Retirement	3,595.85	3,669.12	3,852.57
Insurance	17,872.52	22,358.76	25,700.00
Total Cost of Employment	76,693.20	83,551.70	89,858.09
Communication Officer: Chris Compton			
Salary/Housing	47,250.00	49,140.00	51,597.00
SS and Med	3,614.63	3,759.21	3,947.17
Christmas	908.65	945.00	992.25
Retirement	3,371.11	3,439.80	3,611.79
Insurance	17,872.52	16,293.00	19,597.95
Total Cost of Employment	73,016.90	73,577.01	79,746.16
Admin. Assistant: Audrey Hollifield			
Salary		33,000.00	34,650.00
SS and Med		2,524.50	2,650.73
Christmas		634.62	666.35
Retirement		2,310.00	2,425.50
Insurance		9,856.32	9,900.00
Total Cost of Employment		48,325.44	50,292.58





**Report to the Delegates  
National Association of Free Will Baptists  
July 2018**

As we closed 2017, maintaining the momentum has been our theme going into 2018. The memories of the lean years should remain on the mind of every pastor and each of us inside Randall House. The changes made in 2016 continue to positively influence 2018 as well. Almost every marker measured has risen quarter over quarter in a healthy growth pattern. Every department within Randall House works very hard toward our established set of goals while maintaining a high level of morale. Each goal strives to serve local churches and encourage the greater body of Christ to be making disciple makers.

**Introduction**

In my recent talks given at conferences, I use the illustration of US Air flight 1549 that Captain Sully piloted. The plane that originated from LaGuardia bound for Charlotte turned into a very short flight because a multiple bird strike occurred less than 90 seconds into the flight. When the geese hit the engines, the airbus lost power and became a glider. Captain Sully had to evaluate the options for where to land the plane. Ruling out all surrounding airports in the vicinity, he deduced his only option was the ditching of the plane in what would later be dubbed, "The Miracle on the Hudson." Churches and organizations are either planes that have forward and upward momentum or gliders with a limited amount of airtime. It is also true that every church and organization will at least once, if not multiple times in their history, experience a bird strike taking out the engines of momentum and cause one to evaluate the options.

Many publishers, bookstores, and yes churches faced ditching without the success of flight 1549 where everyone on board was safe. While we cannot predict every possibility of what may happen in the future, there are steps we have taken to minimize our potential for negative influences. Like in aviation, routine and common-sense measures go a long way to insure the organization. Steps toward health include charting the correct flight path to reach the desired destination, having the right crew in place, performing preventive maintenance, updating instruments, refreshing one's look, and having the right fuel, which creates passenger trust. Randall House, with your support of discipleship, has forward and upward momentum in our flight plan.

The comparisons of the flight metaphor are striking. Discipleship, according to Scripture, creates disciple makers. The combined intentionality of reaching and teaching people is discipleship. Three years ago, we updated the D6 Curriculum to the second generation and now we are making design changes on the devotional study guides with new templates for the interiors as well. The goal is to have full integration of generational discipleship strategy that keeps Randall House heading in the right direction and with momentum that helps local churches grow stronger and larger. The Free Will Baptist denomination and each church need more than a glider approach to serve the discipleship needs of all generations.

## Financial Outlook

Financial health remains a top priority for our organization. Since the shifts made in early 2016 and the release of D62G (D6 second generation curriculum) in 2015, we have been well-positioned to continue the upward cycle of growth and margins. A quick glance at the balance sheet will reveal vital statistics such as the absence of short-term debt, a greatly reduced and manageable long-term debt, increased assets in operational accounts and reserves.

**A quick glance at the balance sheet will reveal vital statistics such as the absence of short-term debt, a greatly reduced and manageable long-term debt, increased assets in operational accounts and reserves.**

We hit record goals for seven straight quarters and fell just short of the curriculum goal for Spring 2018 although Spring 2018 still surpassed the previous spring record set in 2016. For a second year, we have consecutively hit impressive bottom line numbers with \$238,747 gain for 2017. Operationally, we nearly hit the \$200K mark with a gain of \$194,183. We do not take these numbers for granted as we reinvest and increase our cash reserves.

**For a second year, we have consecutively hit impressive bottom line numbers with \$238,747 gain for 2017.**

Looking at our financials in the audit, you will note that cash in our savings at the Foundation amounted to \$58,995 at the end of 2016 and has increased to \$213,169 as we closed out 2017. We have accessed no lines of credit for 2017 and paid down long-term debt by \$97,777 leaving our current long-term debt at \$136,408. We did secure a

\$50,000 loan from the Foundation as a means to secure and pay for the Enterprise Resource Planning (ERP) software while also seeking a second grant from the same entity. The ERP is a complex operating system that will tie all of our departments together for an increased customer experience and improve our e-commerce. This system will absorb most of our profit for 2018.

## Events Department

The Events Department is vital to the mission and strategy of Randall House. The Events Department manages conferences offered by Randall House to create platforms for learning, inspiration, collaboration, and education: The Vertical Three Conference, Truth & Peace Student Leadership Conference, Truth and Peace Weekends, Youth Evangelistic Team (YET), The Gathering, D6 Connect Tours, and the D6 Conference.

We have two new team members (our only team members for this ministry department) in the Events Department. Both are ramping up, but with a whole new department it is not without challenges. As expected, the learning curve each of these two has will be greater because they do not have anyone in the department with history and internal knowledge. I say all this to cast appropriate expectations during this first year as each have adapted well.

Nothing we are experiencing is unexpected. Every director inside Randall House (we have six in addition to our executive director) lends his or her expertise to the event coming up next. Progress is positive as we attempt to keep everything as normal as possible throughout this first cycle. After which the events team will be able to evaluate for next steps improvements and growth.

We are reviewing and upgrading policies for interaction between attendees of all Vertical Three events as well as any Randall House events, along with the interaction of Randall House team members or volunteers among attendees.

### **Randall House & D6 Strategy**

Moving forward, we continue to focus on three major channels: Free Will Baptists, other like-minded churches, and higher education. The last two groups, like-minded and higher education, fit our target for varied reasons. They come to us because of the attraction of the family aligned curriculum or generational discipleship philosophy. We go to them for both customers and trainers. By selling to churches, we get the immediate sale and a support. By targeting higher education, we train the next wave of ministry leaders who will become our customers. The immediate return on investment (ROI) is dismal and most would discontinue the effort. I see a long-term ROI.

**By targeting higher education,  
we train the next wave of  
ministry leaders who will  
become our customers.**

Educators from numerous universities and seminaries see the value of our layered approach: curriculum, books, and the D6 conference. Our books, both RH and RH academic, continue to be selected for use in the classroom in seminaries and universities. We are relatively new to the academic market, but our books are selling well into the classroom environment.

With more direct attempts to distinguish RHP from the herd, I have been given the opportunity to write family ministry curriculum for Randall University's undergrad ministry program and for Dallas Baptist University's graduate school of ministry; both of which I teach online. Imagine what happens after ten years and some 10-30 students per class. That is somewhere in the neighborhood of 500 ministry leaders having been directly influenced in the D6 philosophy. When they land in churches, that increases the probability of using our curriculum, purchasing our books, and bringing teams to the D6 Conference.

The international D6 scene continues to grow and this year we will see D6 hosted in three countries beyond North America: Singapore, Malaysia, and South Korea. France will be in their off year as they host every 18 months rather than 12. It is still early, but we are hoping to see D6 Curriculum grow in Singapore with our partnership with the Bible Society of Singapore, who also publishes our books. I will be keynoting in Singapore this week, Malaysia next week, and trust this will continue our ever-strengthening partnership. I will also be speaking multiple times at a D6 Conference in South Korea, who is translating both the D6 Curriculum and many of our book titles.

### **Future Initiatives and BHAGs**

Our growth mode creates momentum and opportunities. While experiencing some financial gains, we will reinvest and do beta testing on some new ideas or initiatives. Some explorations include: how to better compete with Amazon, a subscription model for all our products, the implementation of the ERP, and the continued enhanced relationship with all state leaders and local churches.

We established some BHAGs that will cause us to stretch but that is what a BHAG does. After all, it is not called a Big Hairy *Audacious* Goal for nothing. Some of our BHAGs include reaching one million-dollar quarter in curriculum sales by 2023, \$400,000 in annual book sales by 2021, and a thousand D6 Leader Network subscriptions by the end of 2019.

## Summary

Growth in our industry involves the ebbs and flows of positive and negative. While I wish we were permanently immune from negative years, we will see them again—our goal is to see how far away that can be. As we help you make disciple makers, your support in curriculum, books, and conferences help maintain our health. We are here to serve you.

Leading is serving,

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

Ron Hunter Jr., Ph.D.  
Executive Director and CEO  
Randall House Publishing



**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, 2017, and the related a statements of activities and changes in net assets, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Randall House Publications of the National Association of Free Will Baptists, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.

*Hill Harper & Associates*

**Franklin, Tennessee**  
**March 9, 2018**

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

**Statements of Financial Position**

**December 31, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<u><b>Assets</b></u>		
<b>Current assets:</b>		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 118,662	117,071
Cash invested with the Free Will Baptist Foundation	213,169	58,995
<b>Total cash and cash equivalents</b>	331,831	176,066
Accounts receivable - Trade, net of allowance for doubtful accounts and returns	116,275	101,974
Inventory	616,735	579,112
Prepaid expenses	129,742	68,692
<b>Total current assets</b>	1,194,583	925,844
<b>Property, plant and equipment, at cost:</b>		
Land	110,341	110,341
Building	726,468	709,187
Printing service equipment	1,201,582	1,197,582
Office and administrative equipment	179,020	166,212
Automobiles and trucks	70,859	70,859
	2,288,270	2,254,181
Less accumulated depreciation and amortization	1,800,521	1,712,426
<b>Net property, plant and equipment</b>	487,749	541,755
	<u><u>\$ 1,682,332</u></u>	<u><u>1,467,599</u></u>
<u><b>Liabilities and Net Assets</b></u>		
<b>Current liabilities:</b>		
Accounts payable	\$ 183,989	163,217
Current portion of notes payable and long term debt	152,612	97,104
Deferred revenues	64,058	58,624
Accrued expenses	51,790	54,233
<b>Total current liabilities</b>	452,449	373,178
<b>Long term debt</b>	136,408	239,693
<b>Total liabilities</b>	588,857	612,871
<b>Net assets:</b>		
Unrestricted net assets	1,043,475	854,728
Temporarily restricted net assets	50,000	-
	1,093,475	854,728
	<u><u>\$ 1,682,332</u></u>	<u><u>1,467,599</u></u>
<b>Commitments</b>		

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, 2017 and 2016**

	<b>2017</b>			<b>2016</b>
	<b>Unrestricted Funds</b>	<b>Temporarily Restricted Funds</b>	<b>Totals</b>	<b>Totals</b>
<b>Revenues:</b>				
<b>Sales:</b>				
RHP product lines (including curriculum)	\$ 3,330,732	-	3,330,732	3,231,018
RHP books	206,942	-	206,942	186,099
D6 Conference	331,466	-	331,466	336,900
National Convention	19,562	-	19,562	13,724
Printing sales	259,795	-	259,795	261,124
Third party sales	63,805	-	63,805	74,499
<b>Total sales</b>	<u>4,212,302</u>	<u>-</u>	<u>4,212,302</u>	<u>4,103,364</u>
<b>Cost of sales</b>	<u>2,413,626</u>	<u>-</u>	<u>2,413,626</u>	<u>2,242,433</u>
<b>Gross Profit</b>	<u>1,798,676</u>	<u>-</u>	<u>1,798,676</u>	<u>1,860,931</u>
<b>Other operating revenues:</b>				
Freight and handling	240,354	-	240,354	215,289
Commissions	42,113	-	42,113	42,981
Interest income	4,174	-	4,174	1,597
Gifts and grants	67	-	67	39
Gain (loss) on disposition of plant assets	773	-	773	(2,573)
Miscellaneous events, net and other revenues	1,533	-	1,533	3,774
<b>Total revenues</b>	<u>2,087,690</u>	<u>-</u>	<u>2,087,690</u>	<u>2,122,038</u>
<b>Expenses:</b>				
<b>Selling, general and administrative:</b>				
Administrative / Accounting	438,755	-	438,755	386,211
Sales / Marketing / Events	742,983	-	742,983	763,607
Distribution center	296,392	-	296,392	317,044
IT division	62,754	-	62,754	58,478
Plant maintenance	111,482	-	111,482	118,146
General	120,416	-	120,416	114,380
One Magazine	46,575	-	46,575	46,575
Depreciation	57,944	-	57,944	59,425
Interest expense, including finance charges	16,206	-	16,206	22,105
<b>Total selling, general and administrative expenses</b>	<u>1,893,507</u>	<u>-</u>	<u>1,893,507</u>	<u>1,885,971</u>
<b>Increase in net assets from operations</b>	<u>194,183</u>	<u>-</u>	<u>194,183</u>	<u>236,067</u>
<b>Other income (expense):</b>				
Grant from Free Will Baptist Foundation	-	50,000	50,000	-
Vertical 3	9,564	-	9,564	3,092
Printing contributed to the denomination	(15,000)	-	(15,000)	(15,000)
<b>Net other expense</b>	<u>(5,436)</u>	<u>50,000</u>	<u>44,564</u>	<u>(11,908)</u>
<b>Increase in net assets</b>	<u>188,747</u>	<u>50,000</u>	<u>238,747</u>	<u>224,159</u>
<b>Net assets:</b>				
<b>Beginning of year</b>	<u>854,728</u>	<u>-</u>	<u>854,728</u>	<u>630,569</u>
<b>End of year</b>	<u>\$ 1,043,475</u>	<u>50,000</u>	<u>1,093,475</u>	<u>854,728</u>

See accompanying notes to financial statements.

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

**Statements of Cash Flows**

**For the years ended December 31, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in net assets	\$ 238,747	224,159
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation and amortization	88,095	101,029
(Gain) loss on disposition of equipment	(773)	2,573
(Increase) decrease in:		
Receivables	(14,301)	169,235
Inventories	(37,623)	(124,086)
Prepaid expenses	(61,050)	28,165
Increase (decrease) in:		
Accounts payable	20,772	(12,851)
Deferred revenues	5,434	(182,133)
Accrued expenses	(2,443)	1,564
<b>Net operating activities</b>	<u>236,858</u>	<u>207,655</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Proceeds from disposition of equipment	773	4,634
Purchase of property, plant and equipment	(34,089)	(15,010)
<b>Net investing activities</b>	<u>(33,316)</u>	<u>(10,376)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Line of credit, net transactions	-	(106,324)
Proceeds from long term debt	50,000	-
Repayments of long term debt	(97,777)	(75,270)
<b>Net financing activities</b>	<u>(47,777)</u>	<u>(181,594)</u>
<b>Increase in cash and cash equivalents</b>	155,765	15,685
<b>Cash and cash equivalents:</b>		
<b>Beginning of year</b>	<u>176,066</u>	<u>160,381</u>
<b>End of year</b>	<u><b>\$ 331,831</b></u>	<u><b>176,066</b></u>
<b>Cash and cash equivalents, as reported on statement of financial position, as follows:</b>		
Cash and interest bearing deposits	\$ 118,662	117,071
Cash invested with the Free Will Baptist Foundation	213,169	58,995
	<u><b>\$ 331,831</b></u>	<u><b>176,066</b></u>
<b>Supplemental disclosures:</b>		
Interest paid	<u>\$ 16,206</u>	<u>22,105</u>
Financing agreements through equipment dealer	<u>\$ -</u>	<u>22,785</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, 2017 and 2016**

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.

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

The amounts of 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 class of net assets which is:  
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, 2017 and 2016, amounted to \$5,000 and \$10,000, respectively. Changes in the valuation account have not been material to the financial statements.

	<u><b>2017</b></u>	<u><b>2016</b></u>
Accounts receivable, net of allowances	\$ <u>116,275</u>	<u>101,974</u>

**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><b>2017</b></u>	<u><b>2016</b></u>
D 6 Conference registrations	\$ 48,147	40,153
Truth and Peace leadership training registrations	<u>15,911</u>	<u>18,471</u>
	\$ <u>64,058</u>	<u>58,624</u>

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

**Notes to Financial Statements, continued**

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

**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.

**Property, Plant and Equipment**

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

**Estimates**

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

**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 2017 and 2016. 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 \$54,280 in 2017 and \$68,137 in 2016.

**Subsequent Events**

Subsequent events were evaluated through March 9, 2018, which is the date these financial statements were available to be issued.

**Changes in Presentation**

Certain amounts in the prior period financial statements may have been reclassified to conform to current presentation. These reclassifications, if any, did not change originally reported balances of net assets.

**(2) Concentration of Credit Risk**

Randall House is a distributor of Bible based Sunday school and Church training curriculum, and other denominational publications. Randall House extends credit to its customers which consist primarily of Free Will Baptist churches and religious bookstores. These accounts are not collateralized and are subject to risk of loss amounting to the outstanding balance at any point in time. Further, funds invested with the Free Will Baptist Foundation in the amount of \$213,169 in 2017 and \$58,995 in 2016 are subject to risk of accounting loss. Cash held in local bank are insured to FDIC limits. Management does not anticipate nonperformance by the financial institutions.

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

**Notes to Financial Statements, continued**

**(3) Inventory**

Inventory consists of the following:

	<u>2017</u>	<u>2016</u>
<b>Current assets:</b>		
<b>Print inventory:</b>		
Finished curriculum	\$ 281,964	220,237
Work in progress	123,451	145,527
Printing raw materials	39,405	55,677
Hymnals	54,873	25,114
Warehoused other books and merchandise	\$ 176,042	189,557
Less allowance for loss	59,000	57,000
	<u>117,042</u>	<u>132,557</u>
	<u>\$ 616,735</u>	<u>579,112</u>

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

	<u>2017</u>	<u>2016</u>
4.5% note payable to Free Will Baptist Foundation, due September 2018 secured by inventory.	\$ 50,000	-
4.5% monthly installment obligation payable to Free Will Baptist Foundation with monthly payments of \$8,323 (beginning March 2016) including interest and principal, which matures February 2020. Note is secured by production equipment and inventory.	207,371	296,482
13.43% monthly installment obligation payable to financing institution with monthly payments of \$523 including interest and principal, which matures June 2021. Note is secured by digital press.	17,597	21,245
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.	14,052	19,070
	289,020	336,797
Current portion of long-term debt	152,612	97,104
Long - term debt	<u>\$ 136,408</u>	<u>239,693</u>

Scheduled retirements of long-term debt are \$152,612 in 2018; \$107,703 in 2019; \$25,486 in 2020; and \$3,219 in 2021.

**(5) Line of Credit**

Variable interest rate lines of credit due on demand with local banks with a maximum amount of \$300,000. No amounts were outstanding at December 31, 2017 or 2016.

**(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 \$59,766 in 2017 and \$57,413 in 2016. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

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

## Notes to Financial Statements, continued

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

**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 2017 and 2016. Further, Randall House designs, prints and provides mailing services for One Magazine, and reported revenues of \$205,250 and \$203,289 for these services during 2017 and 2016, respectively.

**Free Will Baptist Foundation**

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

	<b><u>2017</u></b>	<b><u>2016</u></b>
Interest bearing accounts	\$ 213,169	58,995
Indebtedness	\$ 207,371	296,482

The Foundation provided a \$50,000 grant restricted for infrastructure enhancements as follows:

Plate making for offset presses and pre-press software; and

Enterprise Resource Planning software, which encompasses supply chain management, inventory control, marketing, product life cycle management, order management, customer relationship management (CRM), e-commerce and finance, accounting and reporting.

These expenditures are expected to occur during the year ending December 31, 2018.

(7) **Commitments and Contingencies**

**Leased Equipment**

Randall House has entered into noncancelable lease arrangements relating to mailing and copy equipment. Total rent expense amounted to \$25,880 in 2017 and \$28,517 in 2016. The minimum payments required are \$18,383 for 2018; \$14,220 for 2019 and \$10,600 for 2020.

**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:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Revenue from conferences and related services	\$ 403,529	339,540
Expenditures:		
Conferences and related services	312,434	261,587
Expenses for facility use and other services	16,000	16,000
General and administrative expenses	65,531	58,861
	<u>393,965</u>	<u>336,448</u>
Excess of revenues over expenses	\$ 9,564	3,092

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
Income				ACTUAL
300 · RHP Product Lines	\$3,341,500	\$3,290,750	\$3,189,250	3,330,731.61
303 · RHP Books	\$202,250	\$199,750	\$209,750	206,942.07
305 · Event/ Off Site Sales	\$373,000	\$392,500	\$447,500	351,028.07
307 · Third Party Sales (Non RHP)	\$64,250	\$76,250	\$81,500	63,804.73
308 · Other Revenue	\$518,250	\$491,000	\$492,000	506,696.07
309 · Commission Income	\$41,750	\$43,000	\$44,000	42,112.59
<b>TOTAL REVENUE</b>	<b>\$4,541,000</b>	<b>\$4,493,250</b>	<b>\$4,464,000</b>	<b>4,501,315.14</b>
Cost of Goods Sold				
310 · COS - RHP Product Lines	\$208,000	\$211,000	\$130,000	180,643.04
313 · COS - RHP Books	\$35,050	\$35,300	\$37,250	31,245.53
315 · COS - Events/ Off Site	\$358,500	\$372,750	\$435,750	376,922.46
317 · COS - 3rd Party Sales (Non RHP)	\$35,400	\$47,750	\$50,250	42,400.05
318 · COS - Other	<u>-\$6,000</u>	<u>-\$500</u>	<u>-\$500</u>	<u>(43,653.14)</u>
<b>Total COGS</b>	<b>\$630,950</b>	<b>\$666,300</b>	<b>\$652,750</b>	<b>587,557.94</b>
350 · Printing Production	\$860,600	\$861,100	\$857,100	867,627.58
355 · Depreciation Printing Equipment	\$30,000	\$35,000	\$95,000	30,150.80
360 · Editorial	\$555,200	\$529,650	\$511,600	526,565.20
400 · Administrative/Accounting	\$472,600	\$423,000	\$402,000	438,754.99
410 · Sales	\$345,750	\$327,750	\$298,500	304,109.71
420 · Design	\$312,500	\$299,500	\$306,000	298,878.76
425 · RHP Book Division	\$108,800	\$108,250	\$105,500	102,844.87
430 · Distribution Center	\$312,250	\$319,250	\$327,250	296,391.97
435 · IT Division	\$67,050	\$63,950	\$62,550	62,754.43
440 · Plant Maintenance	\$116,750	\$118,000	\$133,000	111,482.49
460 · Marketing	\$366,050	\$358,750	\$337,250	319,511.94
490 · General	\$202,000	\$203,750	\$206,250	194,565.60
495 · Events	<u>\$113,750</u>	<u>\$125,250</u>	<u>\$105,750</u>	<u>119,360.54</u>
<b>Total Departmental Expense</b>	<b>\$3,863,300</b>	<b>\$3,773,200</b>	<b>\$3,747,750</b>	<b>3,672,998.88</b>
Youth Department - Vertical Three				
9100 · Vertical Three Revenue	\$407,000	\$364,000	\$333,500	403,529.41
450 · Vertical Three Expense	<u>-\$388,750</u>	<u>-\$360,000</u>	<u>-\$344,000</u>	<u>(393,965.60)</u>
	\$18,250	\$4,000	-\$10,500	9,563.81
Denominational Ministries				
445 · Denominational Ministries Expense	<u>-\$65,000</u>	<u>-\$54,250</u>	<u>-\$53,000</u>	<u>(61,575.12)</u>
	<u>-\$65,000</u>	<u>-\$54,250</u>	<u>-\$53,000</u>	<u>(61,575.12)</u>
<b>TOTAL EXPENSE</b>	<b>\$4,948,000</b>	<b>\$4,853,750</b>	<b>\$4,797,500</b>	<b>4,716,097.54</b>
<b>Annual Profit/Loss</b>	<b>\$0</b>	<b>\$3,500</b>	<b>\$0</b>	<b>188,747.01</b>
Income				
300 · RHP Product Lines				
300.03 · Dated Studies/ SS-Curriculum	\$3,160,000	\$3,125,000	\$3,050,000	3,173,589.12
300.09 · Mid Week Teens	\$0	\$0	\$0	188.69
300.15 · Children's Church Sales	\$85,000	\$75,000	\$75,000	77,485.48
300.18 · Online Non Dated Studies-(A)	\$1,000	\$1,500	\$2,000	959.04
300.21 · D6 Leader Network	\$80,000	\$75,000	\$50,000	61,674.56
300.24 · Church Supplies	\$1,500	\$1,500	\$1,500	1,442.50
300.27 · RHP/D6 T-Shirts/Merchandise	\$500	\$750	\$750	347.25
300.30 · Vertical 3 Resources	\$13,000	\$12,000	\$10,000	13,610.37
300.33 · Miscellaneous Sales	\$0	\$0	\$0	503.88
300.36 · D6 International	\$500	\$0	\$0	930.72
<b>Total 300 · RHP Product Lines</b>	<b>\$3,341,500</b>	<b>\$3,290,750</b>	<b>\$3,189,250</b>	<b>3,330,731.61</b>
303 · RHP Books				
303.03 · Pastoral/Church Leadership	\$30,000	\$35,000	\$25,000	26,389.61
303.06 · Family/Parenting	\$75,000	\$70,000	\$62,500	75,155.42
303.09 · Drama/Plays	\$250	\$250	\$1,000	134.97
303.12 · Missions	\$250	\$250	\$500	219.50
303.15 · Small Group Studies	\$7,500	\$5,000	\$5,000	9,176.42
303.18 · Biblical Studies	\$7,500	\$10,000	\$10,000	7,284.78

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
303.21 · Theology/Doctrine	\$22,500	\$22,500	\$27,500	22,804.17
303.27 · Christian Living	\$10,000	\$22,500	\$30,000	9,976.03
303.30 · Fiction	\$250	\$250	\$0	548.56
303.33 · Children/Youth	\$12,500	\$0	\$0	16,478.42
303.36 · International Languages	\$1,000	\$1,000	\$750	973.84
303.39 · Rejoice FWB Hymnal Sales	\$32,500	\$20,000	\$30,000	35,608.81
303.42 · Rejoice Worship Hymnal Sales	\$15,000	\$25,000	\$27,500	14,689.99
303.48 · (Off Site RH Book Sales)	-\$20,000	-\$20,000	-\$17,500	(21,806.03)
303.54 · RHP Titles in Software	\$3,000	\$3,000	\$3,500	3,142.89
303.60 · Miscellaneous	\$5,000	\$5,000	\$4,000	6,164.69
Total 303 · RHP Books	\$202,250	\$199,750	\$209,750	206,942.07
305 · Event/ Off Site Sales				
305.03 · D6 Conference Registration	\$205,000	\$225,000	\$250,000	186,603.18
305.06 · D6 Conference Sponsorship	\$112,500	\$110,000	\$110,000	111,900.00
305.09 · D6 Conference Sales	\$38,000	\$40,000	\$70,000	32,963.12
305.15 · National Sales	\$17,000	\$17,000	\$17,000	19,561.77
305.21 · Misc. Event Sales	\$500	\$500	\$500	-
Total 305 · Event/ Off Site Sales	\$373,000	\$392,500	\$447,500	351,028.07
307 · Third Party Sales (Non RHP)				
307.03 · Curriculum (Dated)	\$50,000	\$55,000	\$60,000	48,315.71
307.06 · VBS	\$500	\$2,500	\$2,500	1,642.90
307.12 · Church Supplies	\$3,500	\$6,000	\$6,000	3,465.38
307.15 · Bibles (Non RHP Imprint)	\$250	\$250	\$500	214.71
307.18 · Books (Non RHP Imprint)	\$8,000	\$10,000	\$10,000	8,001.42
307.24 · Miscellaneous	\$2,000	\$2,500	\$2,500	2,164.61
Total 307 · Third Party Sales (Non RHP)	\$64,250	\$76,250	\$81,500	63,804.73
308 · Other Revenue				
308.03 · Printing/Design Services	\$260,000	\$260,000	\$275,000	259,795.27
308.06 · Freight and Handling Income	\$250,000	\$225,000	\$210,000	240,354.14
308.09 · Interest Income	\$4,250	\$1,500	\$1,500	4,173.99
308.12 · Service Charges	\$1,000	\$1,000	\$2,000	1,237.51
308.15 · Sale/Disposal of Assets	\$2,500	\$2,500	\$2,500	772.85
308.18 · In House Functions	\$500	\$1,000	\$1,000	295.00
308.21 · Construction/Gifts/Grants	\$0	\$0	\$0	67.31
Total 308 · Other Revenue	\$518,250	\$491,000	\$492,000	506,696.07
309 · Commission Income				
309.03 · Bulletins	\$20,000	\$22,000	\$22,000	19,314.45
309.06 · Signs	\$500	\$500	\$500	-
309.09 · Furniture/Steeple/etc.	\$750	\$500	\$500	1,038.14
309.12 · Advertising/Other	\$20,500	\$20,000	\$21,000	21,760.00
Total 309 · Commission Income	\$41,750	\$43,000	\$44,000	42,112.59
Total Income	\$4,541,000	\$4,493,250	\$4,464,000	4,501,315.14
Cost of Goods Sold				
50000 · Cost of Goods Sold				
310 · COS - RHP Product Lines				
310.03 · COS - Dated Studies/ SS-Cur	\$107,500	\$125,000	\$84,000	110,437.98
310.15 · COS - Children's Church Sales	\$50,000	\$30,000	\$12,000	27,183.62
310.18 · COS - Online Non Dated Studies	\$500	\$1,000	\$1,000	555.20
310.21 · COS - D6 Leader Network	\$45,000	\$50,000	\$30,000	40,842.36
310.24 · COS - Church Supplies	\$650	\$650	\$650	602.54
310.27 · COS - RHP/D6 T-shirt Merch.	\$350	\$350	\$350	-
310.30 · COS - Vertical Three Resources	\$4,000	\$4,000	\$4,000	3,581.46
310 · COS - RHP Product Lines - Other	\$0	\$0	-\$2,000	(2,560.12)
Total 310 · COS - RHP Product Lines	\$208,000	\$211,000	\$130,000	180,643.04
313 · COS - RHP Books				
313.03 · COS - Pastoral/Ch. Leadership	\$12,000	\$8,000	\$7,500	10,239.40

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
313.06 · COS - Family/Parenting	\$17,500	\$20,000	\$18,500	14,618.61
313.09 · COS - Drama/Plays	\$100	\$100	\$500	151.05
313.12 · COS - Missions	\$100	\$100	\$250	69.16
313.15 · COS - Small Group Studies	\$5,000	\$2,500	\$2,500	7,332.82
313.18 · COS - Biblical Studies	\$4,000	\$4,500	\$4,500	3,580.10
313.21 · COS - Theology/Doctrine	\$8,000	\$8,000	\$8,500	7,825.58
313.27 · COS - Christian Living	\$3,500	\$8,000	\$8,500	2,611.97
313.30 · COS - Fiction	\$100	\$100	\$0	372.75
313.33 · COS - Children/Youth	\$3,750	\$0	\$0	3,995.66
313.36 · COS - International Language	\$500	\$500	\$500	526.96
313.39 · COS - Rejoice FWB Hymnals	\$13,000	\$10,000	\$12,500	13,924.29
313.42 · COS - Rejoice Workshop Hymnals	\$7,500	\$12,500	\$12,500	7,002.60
313.60 · COS - Miscellaneous	\$1,000	\$1,000	\$1,000	1,039.15
313 · COS - RHP Books - Other	-\$41,000	-\$40,000	-\$40,000	(42,044.57)
Total 313 · COS - RHP Books	\$35,050	\$35,300	\$37,250	31,245.53
315 · COS - Events/ Off Site				
315.03 · COS - D6 Conf Registration	\$335,000	\$350,000	\$395,000	353,836.96
315.09 · COS - D6 Conf Sales	\$20,000	\$20,000	\$35,000	18,746.81
315.15 · COS - National Sales	\$3,500	\$2,500	\$5,500	4,371.53
315.21 · COS - Misc. Event Sales	\$0	\$250	\$250	(32.84)
Total 315 · COS - Events/ Off Site	\$358,500	\$372,750	\$435,750	376,922.46
317 · COS - 3rd Party Sales (Non RHP)				
317.03 · COS - Curriculum (Dated)	\$27,500	\$35,000	\$37,500	30,568.39
317.06 · COS - VBS	\$300	\$1,500	\$1,500	1,007.69
317.12 · COS - Church Supplies	\$2,000	\$3,000	\$3,000	1,974.67
317.15 · COS - Bibles (Non RHP)	\$500	\$500	\$500	203.20
317.18 · COS - Books (Non RHP)	\$5,000	\$7,500	\$7,500	5,349.93
317.24 · COS - Miscellaneous	\$100	\$250	\$250	3.30
317 · COS - 3rd Party Sales (Non RHP) - Other	\$0	\$0	\$0	3,292.87
Total 317 · COS - 3rd Party Sales (Non RHP)	\$35,400	\$47,750	\$50,250	42,400.05
318 · COS - Other				
318.03 · Freight in RHP	\$9,000	\$4,500	\$4,500	8,969.03
318.09 · COS - Yearbook	-\$15,000	-\$5,000	-\$5,000	(15,000.00)
318.15 · COS - Change In Inventory	\$0	\$0	\$0	(37,622.17)
Total 318 · COS - Other	-\$6,000	-\$500	-\$500	-43,653.14
Total COGS	\$630,950	\$666,300	\$652,750	587,557.94
Gross Profit	\$3,910,050	\$3,826,950	\$3,811,250	3,913,757.20
Expense				
350 · Printing Production				
350.02 · PP - Salaries	\$305,000	\$295,000	\$295,000	298,100.28
350.06 · PP - Supplies	\$1,000	\$1,500	\$3,000	888.86
350.07 · PP - Equipment Maint.	\$250	\$250	\$0	-
350.12 · PP - Dues & Subscriptions	\$250	\$250	\$250	30.00
350.16 · PP - Entertainment	\$100	\$100	\$100	89.98
350.18 · Outside Printing	\$190,000	\$190,000	\$215,000	229,072.57
350.19 · Outside Bindery	\$40,000	\$45,000	\$40,000	34,261.74
350.26 · PP - FICA	\$21,500	\$20,000	\$19,000	19,363.14
350.29 · PP - Retirement	\$12,500	\$11,000	\$10,750	12,373.14
350.32 · PP - Insurance	\$32,500	\$27,500	\$30,000	28,559.06
350.34 · Pressroom Supplies	\$7,500	\$10,000	\$7,500	5,845.47
350.36 · Pressroom Maintenance	\$2,000	\$2,000	\$2,000	1,515.51
350.38 · Pressroom Parts	\$5,000	\$5,000	\$6,000	6,961.84
350.40 · Pressroom Stock	\$140,000	\$150,000	\$122,500	128,262.33
350.42 · Pressroom Ink	\$7,000	\$7,000	\$9,000	6,620.41
350.44 · Bindery Supplies	\$250	\$500	\$500	7.00
350.46 · Bindery Maintenanc	\$250	\$250	\$500	9.29
350.48 · Bindery Parts	\$250	\$250	\$500	1,067.95
350.50 · Pre-Press Supplies	\$2,500	\$2,500	\$4,000	1,849.10
350.52 · Proofing Supplies	\$2,500	\$2,500	\$3,000	2,441.11
350.54 · CTP Maintenance	\$250	\$1,500	\$1,500	-

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
350.56 · Digital Press Supplies	\$250	\$250	\$500	-
350.62 · Plates	\$13,500	\$12,500	\$15,000	13,086.91
350.88 · Outside Purchases-Ess. Pkts	\$6,000	\$6,000	\$6,000	6,476.86
350.89 · Digital Press Maintenance	\$70,000	\$70,000	\$65,000	70,745.03
350.90 · PP - Miscellaneous	\$250	\$250	\$500	-
Total 350 · Printing Production	\$860,600	\$861,100	\$857,100	867,627.58
355.00 · Depreciation Printing Equipment	\$30,000	\$35,000	\$95,000	30,150.80
360 · Editorial				
360.02 · Edit - Salaries	\$337,000	\$325,000	\$287,000	323,768.40
360.03 · Edit - Housing Allowance	\$33,750	\$31,800	\$48,000	31,800.00
360.04 · Edit - Travel	\$3,500	\$3,500	\$3,500	1,911.85
360.06 · Edit - Supplies	\$1,500	\$2,000	\$2,000	899.68
360.09 · Digital Development	\$1,000	\$5,000	\$25,000	-
360.10 · Edit - Conventions & Seminars	\$1,500	\$1,500	\$1,500	672.00
360.11 · Software Supply	\$250	\$250	\$250	-
360.12 · Edit - Dues & Subscriptions	\$4,000	\$4,000	\$4,000	9,741.26
360.15 · National Expense	\$100	\$100	\$100	-
360.16 · Edit - Entertainment	\$2,000	\$2,000	\$1,500	1,652.49
360.23 · Edit - Telephone	\$850	\$1,000	\$500	861.74
360.26 · Edit - FICA	\$23,000	\$25,000	\$17,000	21,017.08
360.29 · Edit - Retirement	\$12,000	\$12,000	\$12,000	10,728.24
360.32 · Edit - Insurance	\$57,500	\$38,500	\$36,000	50,100.04
360.34 · Curriculum Development	\$750	\$1,000	\$1,000	333.22
360.35 · Product Improvement	\$250	\$250	\$250	38.00
360.36 · Writer's Fees	\$70,000	\$70,000	\$65,000	71,247.00
360.37 · Register of Copyrights	\$4,000	\$1,500	\$1,500	935.00
360.88 · Outside Editing/Proofing	\$2,000	\$5,000	\$5,000	859.20
360.90 · Edit - Miscellaneous	\$250	\$250	\$500	-
Total 360 · Editorial	\$555,200	\$529,650	\$511,600	526,565.20
400 · Administrative/Accounting				
400.02 · AD/AC - Salaries	\$265,000	\$250,000	\$230,000	261,657.50
400.03 · AD/AC - Housing Allowance	\$48,000	\$37,000	\$37,000	42,273.28
400.04 · AD/AC - Travel Expense	\$40,000	\$35,000	\$35,000	44,134.52
400.06 · AD/AC - Supplies	\$6,500	\$6,000	\$8,000	6,719.09
400.10 · AD/AC - Conventions & Seminars	\$1,000	\$1,500	\$2,500	899.00
400.12 · AD/AC - Dues & Subscriptions	\$5,000	\$4,000	\$5,000	5,761.18
400.16 · AD/AC - Entertainment	\$6,000	\$6,000	\$7,000	5,494.30
400.20 · AD/AC - Postage	\$250	\$250	\$250	-
400.23 · AD/AC - Telephone	\$1,600	\$1,750	\$1,750	1,723.78
400.26 · AD/AC - FICA	\$18,000	\$16,000	\$15,500	16,952.07
400.29 · AD/AC - Retirement	\$13,000	\$11,000	\$11,000	12,330.90
400.32 · AD/AC - Insurance	\$50,000	\$38,500	\$33,000	40,090.66
400.70 · AD/AC - Automobile Expense	\$3,500	\$3,500	\$3,500	2,771.31
400.88 · D6 International Travel/Expense	\$14,000	\$10,000	\$10,000	(2,769.60)
400.90 · AD/AC - Miscellaneous	\$750	\$2,500	\$2,500	717.00
Total 400 · Administrative/Accounting	\$472,600	\$423,000	\$402,000	438,754.99
410 · Sales				
410.02 · Sales - Salaries	\$195,000	\$200,000	\$187,500	186,470.38
410.03 · Sales - Housing Allowance	\$25,500	\$24,000	\$18,000	24,168.00
410.04 · Sales - Travel Expense	\$12,000	\$12,000	\$15,000	12,345.18
410.06 · Sales - Supplies	\$2,500	\$3,000	\$5,500	1,923.50
410.08 · Sales - Equipment Rental	\$1,500	\$1,500	\$1,500	1,449.52
410.11 · Sales - Conventions & Seminars	\$1,000	\$1,500	\$2,000	573.00
410.12 · Sales - Dues & Subscriptions	\$3,500	\$4,500	\$4,500	1,803.00
410.15 · Sales - ERP Software	\$20,000	\$0	\$0	-
410.20 · Sales - Postage	\$2,500	\$2,500	\$2,500	2,157.96
410.23 · Sales - Telephone	\$20,000	\$20,000	\$14,500	20,053.87
410.26 · Sales - FICA	\$14,000	\$13,000	\$12,500	12,087.08
410.29 · Sales - Retirement	\$6,000	\$7,500	\$5,000	5,572.32



	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
410.32 · Sales - Insurance	\$40,000	\$36,000	\$27,000	33,029.83
410.88 · Sales - Entertainment	\$2,000	\$2,000	\$2,500	2,476.07
410.90 · Sales - Miscellaneous	\$250	\$250	\$500	-
<b>Total 410 · Sales</b>	<b>\$345,750</b>	<b>\$327,750</b>	<b>\$298,500</b>	<b>304,109.71</b>
<b>420 · Design</b>				
420.02 · Design - Salaries	\$225,000	\$218,000	\$221,500	216,399.44
420.04 · Design - Travel Expense	\$250	\$250	\$250	76.50
420.06 · Design - Supplies	\$1,500	\$1,000	\$1,000	1,646.43
420.07 · Design - Equipment Maintenance	\$0	\$0	\$0	-
420.10 · Design - Conventions & Seminars	\$250	\$250	\$250	90.00
420.12 · Design - Dues & Subscriptions	\$1,000	\$250	\$250	1,169.16
420.14 · Art Services	\$19,000	\$18,000	\$18,000	21,538.74
420.16 · Design - Entertainment	\$1,500	\$1,500	\$1,500	1,269.93
420.26 · Design - FICA	\$15,000	\$15,000	\$15,000	14,046.62
420.29 · Design - Retirement	\$6,500	\$8,000	\$8,000	6,250.84
420.32 · Design - Insurance	\$42,500	\$37,000	\$40,000	36,391.10
420.90 · Design - Miscellaneous	\$0	\$250	\$250	-
<b>Total 420 · Design</b>	<b>\$312,500</b>	<b>\$299,500</b>	<b>\$306,000</b>	<b>298,878.76</b>
<b>425 · RHP Book Division</b>				
425.02 · RB - Salaries	\$68,000	\$65,000	\$62,500	66,873.70
425.04 · RB - Travel Expense	\$500	\$500	\$500	561.19
425.06 · RB - Supplies	\$250	\$250	\$250	343.38
425.10 · RB - Conventions & Seminars	\$500	\$500	\$750	239.00
425.11 · Royalty Payments	\$17,000	\$18,000	\$20,000	16,619.94
425.12 · RB - Dues & Subscriptions	\$750	\$750	\$750	581.80
425.23 · RB - Telephone	\$800	\$1,000	\$500	861.75
425.26 · RB - FICA	\$4,500	\$4,000	\$4,000	4,184.15
425.29 · RB - Retirement	\$3,250	\$3,000	\$3,000	3,016.78
425.32 · RB - Insurance	\$6,000	\$5,000	\$5,000	5,025.58
425.66 · Editing/Proofing	\$5,000	\$7,500	\$6,000	2,600.33
425.88 · RB - Entertainment	\$250	\$250	\$250	209.65
425.89 · Product Development	\$2,000	\$2,500	\$2,000	1,727.62
425.90 · RB - Miscellaneous	\$0	\$0	\$0	-
<b>Total 425 · RHP Book Division</b>	<b>\$108,800</b>	<b>\$108,250</b>	<b>\$105,500</b>	<b>102,844.87</b>
<b>430 · Distribution Center</b>				
430.02 · DC - Salaries	\$90,000	\$80,000	\$79,500	83,909.84
430.06 · DC - Supplies	\$19,000	\$20,000	\$22,000	18,377.13
430.07 · DC - Equipment Maintenance	\$250	\$250	\$250	-
430.08 · DC - Equipment Rental	\$8,000	\$8,000	\$8,500	7,321.88
430.09 · DC - Software Fees and Services	\$0	\$0	\$0	-
430.12 · DC - Dues & Subscriptions	\$500	\$1,000	\$2,000	314.00
430.16 · DC - Entertainment	\$500	\$500	\$500	30.45
430.20 · DC - Postage	\$20,000	\$20,000	\$22,500	20,317.99
430.26 · DC - FICA	\$6,500	\$5,500	\$5,500	5,445.52
430.29 · DC - Retirement	\$2,500	\$4,000	\$5,000	2,016.04
430.32 · DC - Insurance	\$12,500	\$10,000	\$21,500	10,051.16
430.40 · DC - Freight Expense	\$152,500	\$170,000	\$160,000	148,607.96
<b>Total 430 · Distribution Center</b>	<b>\$312,250</b>	<b>\$319,250</b>	<b>\$327,250</b>	<b>296,391.97</b>
<b>435 · IT Division</b>				
435.02 · IT - Salaries	\$46,000	\$44,000	\$42,750	43,251.43
435.04 · IT- Travel	\$100	\$100	\$100	-
435.06 · IT - Supplies	\$1,500	\$1,500	\$1,500	1,872.56
435.08 · IT - Software Services	\$100	\$100	\$100	-
435.10 · IT - Conventions/Seminars	\$100	\$100	\$100	-
435.12 · IT- Dues & Subscriptions	\$7,000	\$7,000	\$7,500	7,226.34
435.23 · IT - Telephone	\$350	\$400	\$250	471.77
435.26 · IT - FICA	\$3,500	\$3,500	\$3,000	2,809.33
435.29 · IT- Retirement	\$2,400	\$2,250	\$2,250	2,097.42
435.32 · IT - Insurance	\$6,000	\$5,000	\$5,000	5,025.58

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
Total 435 · IT Division	\$67,050	\$63,950	\$62,550	62,754.43
440 · Plant Maintenance				
440.02 · PM - Salaries	\$15,000	\$17,000	\$20,000	11,633.06
440.04 · PM - Travel Expense	\$0	\$0	\$0	-
440.06 · PM - Supplies	\$8,500	\$7,500	\$9,000	8,633.58
440.07 · PM - Equipment Maintenance	\$500	\$500	\$500	-
440.08 · PM - Overhead (Youth Department)	-\$16,000	-\$16,000	-\$16,000	(16,000.00)
440.23 · PM - Telephone	\$500	\$1,000	\$0	78.75
440.26 · PM - FICA	\$1,250	\$1,500	\$1,500	1,016.11
440.34 · PM - Building Maintenance	\$28,000	\$27,500	\$34,000	27,946.73
440.40 · Utilities	\$52,000	\$52,000	\$52,000	51,974.26
440.45 · Building Insurance	\$27,000	\$27,000	\$32,000	26,200.00
Total 440 · Plant Maintenance	\$116,750	\$118,000	\$133,000	111,482.49
460 · Marketing				
460.02 · Mkt - Salaries	\$147,500	\$140,000	\$125,000	146,871.26
460.04 · Mkt - Travel Expense	\$6,000	\$5,000	\$7,500	5,999.19
410.05 · Mkt - Conventions & Seminars	\$500	\$500	\$500	1,070.00
460.06 · Mkt - Supplies	\$3,500	\$3,500	\$3,500	2,864.29
460.07 · Mkt - Equipment Maintenance	\$250	\$250	\$250	-
460.08 · Mkt - Equipment Rental	\$250	\$250	\$250	-
460.12 · Mkt - Dues & Subscriptions	\$5,500	\$6,000	\$6,000	5,163.19
460.20 · Mkt - Postage	\$250	\$250	\$500	-
460.23 · Mkt - Telephone	\$800	\$1,000	\$750	854.24
460.26 · Mkt - FICA	\$10,500	\$11,000	\$8,000	9,575.83
460.29 · Mkt - Retirement	\$1,000	\$1,000	\$1,000	-
460.32 · Mkt - Insurance	\$27,500	\$28,000	\$23,000	22,398.26
460.34 · Mkt - Advertising	\$77,500	\$77,500	\$80,000	54,280.58
460.35 · Mkt - Wholesale Mkt	\$5,000	\$5,000	\$5,000	-
460.36 · Mkt - Promotion	\$77,500	\$77,500	\$75,000	67,637.51
460.40 · Mkt - Entertainment	\$2,500	\$2,000	\$1,000	2,797.59
Total 460 · Marketing	\$366,050	\$358,750	\$337,250	319,511.94
490 · General				
490.06 · GE - Supplies	\$1,000	\$1,000	\$1,000	980.83
490.08 · GE - Equipment Rental	\$20,000	\$20,000	\$21,000	20,935.40
490.14 · Depreciation	\$57,500	\$59,000	\$65,000	57,944.18
490.15 · Interest Expense	\$15,000	\$22,500	\$17,500	16,206.05
490.18 · Bank Service Charges	\$47,500	\$40,000	\$35,000	46,722.32
490.20 · Insurance	\$250	\$250	\$250	196.40
490.25 · RHP - Board Expense	\$16,500	\$17,500	\$23,000	15,974.06
490.30 · Legal & Audit	\$18,000	\$16,000	\$16,000	17,718.95
490.35 · GE - Automobile Expense	\$2,500	\$3,000	\$2,000	1,271.10
490.40 · Bad Debts	\$250	\$1,000	\$1,000	(3,242.40)
490.45 · In House Functions	\$15,000	\$15,000	\$15,000	11,541.85
490.50 · Taxes	\$3,500	\$3,500	\$3,500	3,043.35
490.55 · Payroll Services	\$4,000	\$4,000	\$5,000	4,184.10
490.90 · GE - Miscellaneous	\$1,000	\$1,000	\$1,000	1,089.41
Total 490 · General	\$202,000	\$203,750	\$206,250	194,565.60
495 · Events				
495.02 · Events - Salaries	\$31,500	\$72,000	\$53,500	65,325.83
495.03 · Events - Housing	\$31,500	\$0	\$0	-
495.04 · Events - Travel Expense	\$3,000	\$2,500	\$4,000	3,040.33
410.06 · Events - Supplies	\$2,500	\$2,500	\$2,500	1,633.84
495.11 · Events - Conventions & Seminars	\$500	\$1,000	\$1,250	274.00
495.12 · Events - Dues & Subscriptions	\$3,000	\$2,000	\$2,000	3,356.43
495.15 · National Expense	\$25,000	\$25,000	\$25,000	25,651.19
495.20 · Events - Postage	\$250	\$250	\$250	-
495.23 · Events - Telephone	\$1,000	\$1,000	\$750	1,414.07
495.26 · Events - FICA	\$3,000	\$5,500	\$3,250	4,142.49
495.29 · Events - Retirement	\$4,000	\$4,000	\$3,500	4,432.67

	Budget 2019	Budget 2018	Budget 2017	Jan - Dec 17
495.32 · Events - Insurance	\$7,500	\$8,500	\$8,500	5,989.97
495.70 · Events - Miscellaneous	\$250	\$250	\$500	3,329.29
495.88 · Events - Entertainment	\$750	\$750	\$750	770.43
Total 495 · Events	\$113,750	\$125,250	\$105,750	119,360.54
9000 · Verticle Three				
9100 · V3 Revenue				
300.62 · V3 Conference Income	\$135,000	\$115,000	\$110,000	136,279.25
300.64 · Truth & Peace Fees	\$240,000	\$215,000	\$190,000	234,421.44
300.66 · NYET Fees	\$30,000	\$31,500	\$31,500	30,345.00
300.70 · Youth Collections	\$1,000	\$1,500	\$1,500	1,101.01
300.73 · Buck-A-Week Revenues	\$1,000	\$1,000	\$500	892.71
300.74 · V3 Misc. Events	\$0	\$0	\$0	490.00
Total 9000 · Verticle 3 Revenue	\$407,000	\$364,000	\$333,500	403,529.41
450 · Verticle Three Expense				
450.02 · V3 - Salaries	\$37,500	\$43,000	\$37,000	45,512.21
450.04 · V3 - Travel Expense	\$1,500	\$2,500	\$4,000	856.57
450.06 · V3 - Supplies	\$2,500	\$3,000	\$2,500	769.21
450.07 · V3 - Equipment Maint.	\$250	\$250	\$250	-
450.08 · V3 - Overhead	\$16,000	\$16,000	\$16,000	16,000.00
450.10 · V3 - Conventions & Seminars	\$0	\$250	\$250	-
450.12 · V3 - Dues & Subscriptions	\$750	\$1,000	\$1,500	472.95
450.16 · V3 - Entertainment	\$750	\$750	\$750	321.64
450.23 · V3 - Telephone	\$1,000	\$1,000	\$500	804.78
450.26 · V3 - FICA	\$2,500	\$3,250	\$2,250	3,057.14
450.29 · V3 - Retirement	\$1,000	\$1,000	\$1,000	947.96
450.32 · V3 - Insurance	\$14,500	\$13,500	\$11,500	12,788.78
450.34 · V3 Conf. Expense	\$120,000	\$115,000	\$100,000	118,949.69
450.36 · Truth & Peace Expense	\$160,000	\$127,500	\$135,000	160,113.59
450.38 · NYET Expense	\$30,000	\$31,500	\$31,500	29,868.52
450.88 · Buck-A-Week Expenses	\$500	\$500	\$0	-
450.90 · V3 - Miscellaneous	\$0	\$0	\$0	3,502.56
Total 450 · Verticle 3 Expense	\$388,750	\$360,000	\$344,000	393,965.60
445 · Denominational Ministries Expense				
445.65 · Yearbook Printing	\$15,000	\$5,000	\$5,000	15,000.00
445.66 · ONE Magazine	\$49,000	\$48,250	\$47,000	46,575.12
445.93 · Scholarships	\$1,000	\$1,000	\$1,000	-
Total 445 · Denominational Ministries	\$65,000	\$54,250	\$53,000	61,575.12

Executive Director & CEO Ronald Hunter Jr.	2018 Package	2019 Projected Package*
Salary	\$64,000	\$65,920
Housing Allowance	\$45,260	\$46,618
Retirement	<u>\$13,840</u>	<u>\$14,255</u>
<b>COMPENSATION TOTAL</b>	\$123,100	\$126,793
Christmas Bonus	<u>\$1,900</u>	<u>\$1,957</u>
<b>TOTAL PAY PACKAGE</b>	\$125,000	\$128,750

Medical, Dental, Vision and Life insurance in 2018 is \$14,910 A slight increase is projected for 2019.

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

Editorial Director Danny Conn	2018 Package	2019 Projected Package*
Salary	\$45,198	\$46,554
Housing Allowance	<u>\$18,000</u>	<u>\$18,540</u>
<b>COMPENSATION TOTAL</b>	\$63,198	\$65,094
Retirement	\$3,160	\$3,255
Christmas Bonus	<u>\$948</u>	<u>\$976</u>
	\$4,108	\$4,231
<b>TOTAL PAY PACKAGE</b>	\$67,306	\$69,325

Medical, Dental, Vision and Life insurance in 2018 is \$11,064. A slight increase is projected for 2019.

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

Director of Events/Vertical Three Tim Owen	2018 Package	2019 Projected Package*
Salary	\$30,000	\$30,900
Housing Allowance	<u>\$30,000</u>	<u>\$30,900</u>
<b>COMPENSATION TOTAL</b>	\$60,000	\$61,800
Retirement	\$3,000	\$3,090
Christmas Bonus	<u>\$900</u>	<u>\$927</u>
	\$3,900	\$4,017
<b>TOTAL PAY PACKAGE</b>	\$63,900	\$65,817

Medical, Dental, Vision and Life insurance in 2018 is \$12,940. A slight increase is projected for 2019.

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

**Summary of the Minutes**  
**For the Randall House Board**  
**2017-2018**

The Randall House Board met at the National Association of Free Will Baptists on Wednesday morning, July 19, 2017, in Louisville, Kentucky. Committees for the coming year were assigned. A financial update for 2017 was received as information.

The Randall House Board met in Nashville at Randall House Publications on December 6, 2017, after the Leadership Conference. Reports were received from the Executive Director and the various departments. Each committee presented their reports. We approved the speakers and theme for Vertical Three 2018.

The final meeting of the Board of Randall House Publications was in Oklahoma City, Oklahoma, on April 8-9, 2018. The board heard from the Executive Director and the various departments. The Committees met and the Board received their reports.

# **REPORT OF THE GENERAL DIRECTOR of THE BOARD OF FREE WILL BAPTIST INTERNATIONAL MISSIONS OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

As I reflect on the past few years, I find myself breathing a sigh of relief. At times it felt like IM was being tossed about on a stormy sea with no hope of land in sight. However, we did not hunker down, give up, or lose hope. We pressed on, seeking His direction and depending on the moral, financial, and prayerful support of our faithful Free Will Baptist constituency.

Currently, we sense relatively calm seas and are finding our equilibrium. The moments after a storm are often some of the most peaceful. In those moments, we realize we must refocus, get up, and move forward. A dear friend who knows of our more turbulent days stated, "You handled the storm pretty well. Can you face the days of relative prosperity with the same level of focus and commitment?"

This question stirs the soul, stokes the will, and calls for action. I believe we are lifting our eyes and looking to the future with renewed hope and strength. We will faithfully hold true to our mission statement: We exist to labor with the Body of Christ to fulfill the Great Commission. The statement calls for active engagement of the Mission office and field staff as well as you, our friends and fellow Free Will Baptists.

We have passed through the more stressful days of organizational transitions. Those who made shifts are hitting their stride. We have a great rhythm of ministry in the office with a well-defined focus on our mission statement.

We continue to receive encouraging reports from our missionary staff and national churches. Some ministry areas show rapid numerical growth. Others steadily move forward. We embrace the realities of the different fields and their readiness for harvest. We rejoice with every sign of progress and recommit to laboring together to fulfill the Great Commission by planting, watering, and harvesting.

## **20 BY 2020**

The board approved the 20 by 2020 goals in the December 2015 meeting. Basically, our strategic goal is to attain a 20% increase in the following areas before the end of 2020:

1. Cash reserves
2. Number of stateside Free Will Baptist churches giving to IM
3. Missionaries
4. New converts on our fields
5. New overseas churches established

We are just receiving statistical reports from overseas, so drawing any solid conclusions is premature. In the Mission's oral report, I will present the most recent information concerning our progress in reaching these goals. We *can say* we stayed above the 20% mark for liquid assets throughout 2017. This is cause for great praise and we anticipate this to continue.

## **STRATEGIC INITIATIVES**

The Mission staff is highly committed to pursuing the four strategic objectives agreed on in the December 2017 board meeting. We all played a part in developing these strategies through discussion, research, rough drafts of strategic plans, approving the plans to be presented, and most importantly, committing to seeing them become reality.

We are pursuing the following four strategic objectives:

1. Broaden the Free Will Baptist footprint in India.
2. Adopt and reach the “NONs” as an Unreached People Group.
3. Develop teams to focus on reaching immigrants and refugees.
4. Develop more international teams.

Well-developed strategies for the first three objectives were presented at the April 2018 board meeting and approved. Now the work begins. We know strategies are invalid and lack value unless we work to make them a reality.

## NAME CHANGE

Last year at the 2017 convention, we presented a proposal to legally change our name to IM, Inc. In respect of the process, the motion was tabled for one year. We will ask for the motion to be reconsidered this year in Little Rock and, hopefully, receive a positive vote.

The basic rationale for desiring this change boils down to two factors:

1. Our current legal name contains words (Baptist, missions) that immediately raise questions when attempting to obtain legal documentation to enter countries where religious words often hinder visa approval.
2. Practically, our official name—Board of International Missions of the National Association of Free Will Baptists, Inc.—is extremely long and cumbersome when preparing legal documents.

We can add to these factors that *you already know us as IM*.

We want to be clear—this name change in no way alters the mission statement, ministry focus, goals and objectives, internal elements of our organizational charter, nor information shared on our website.

## TRANSITIONS

Life brings periods of transition. At times these transitions are welcome and joyful. Others bring great sadness. The IM family has seen transitions that stir all of the aforementioned sentiments in 2017.

IM welcomed **Don Matchett**, former mission director for Arkansas Free Will Baptists, to the team in October 2017. He serves as director of church relations, building relationships with churches and providing bridges for missionaries while they are on stateside assignment.

It is always difficult to lose staff members or missionaries. But as time passes, one's age advances toward a milestone we call retirement.

**Dale and Sandra Bishop** began their ministry in Japan as college students in 1972. Two years later, in 1974, the board approved them for career missionary service to Japan. The Bishops served with honor and dignity. Their warm hospitality, calm spirits, love for the Japanese people, and high commitment to the Great Commission have had an eternal impact on the lives of many people. Dale and Sandra Bishop retired December 31, 2017.

**Robert and Judy Bryan** launched their missionary service in 1968. After 50 years of faithful service in Côte d'Ivoire, Africa (1968-2002), and France (2002-2018) they are hanging up their missionary hats and transitioning to the next step God has for them effective December 31, 2018. The Bryans have been active in church planting, discipleship, publication ministry, leadership training, and much more. No doubt, they sense both joy and sorrow during these days.

Eternity alone will properly reward these faithful servants. We express our sincere thanks to the Bishops and Bryans for their unwavering service and ask God's richest blessings on them in the next phase of their lives. These retirements will be recognized during my oral report at the National Association in Little Rock, Arkansas.

Another transition sees **David and Angie Outlaw** returning to pastoral ministry. We have joy, not in their leaving, but knowing they return to a ministry for which they are both passionate. They played a tremendously strategic role in moving our partners in Central Asia to ministry focused on the indigenous people of that area of the world.

It is with great respect and appreciation we see **Nelson Henderson** bring 12 years of service as an IM board member to a close. His easy spirit, deep resonant voice, and practical insights will be missed. The IM staff expresses sincere thanks to Nelson for his commitment to missions. We know we can count on his ongoing moral, prayerful, and financial support.

The IM family is vast. It is always with great sadness, juxtaposed with joy, we hear of the passing of one of our family. Since last April, we have lost six family members:

- Susan Turnbough's mother, **Mrs. Martha Crowson**, passed on June 3, 2017.
- **Jimmy Aldridge**, former missionary to Côte d'Ivoire and office staff member, passed on July 9, 2017.
- **Tom McCullough**, former missionary to France, professor at Welch College, IM board member, and pastor, went to be with the Lord on August 11, 2017.
- **Mrs. Leah Postlewaite**, mother of missionary to Japan, Ruth McDonald; grandmother of missionary to Bulgaria, Jonathan Postlewaite; and grandmother of missionary intern to Japan Katie Speer made her homeward journey August 30, 2017.
- Debbie Griffin's mother, **Mary Ellen Griffin**, joined her heavenly Father on November 12, 2017.
- Reverend **George Johnson**, the father of missionary Tim Johnson, took that final journey on March 31, 2018.

Another tragic loss for the IM family was the sudden death of **Radostin Tsvetkov**, a dear Bulgarian brother who recently teamed with Josh and Lydia Provow to plant a new church in the city of Shumen. Radi, as he was known, collapsed while playing basketball with a group of youth, seemingly from heart failure. His colleagues knew him as loving, hardworking, humble, and always thinking of others before himself. We must wait on God to fill this void and keep our Bulgaria team focused as they continue to faithfully take the Good News to the lost in that country.

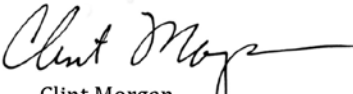
We weep with those who weep and rejoice with those who rejoice. We grieve the loss of these dear family members, but find peace and comfort in knowing they are with the Lord they served.

## CONCLUSION

As we continue this ministry of world outreach together, we must keep our eyes on the prize. Our missiology must be driven by divine direction, sound doctrine, unwavering commitment to declaring God's truths, a determined spirit, and a growing anticipation of His return.

May He help us continue to *labor together with the Body of Christ to fulfill the Great Commission* until His return.

Serving Him,



Clint Morgan  
General Director, IM



## FINANCIAL SUMMARIES

God moves through our collective and cooperative support of cross-cultural missions. Each gift makes it possible for people who have never held a Bible in their hands, never heard the name of Jesus, and never heard the gospel to hear the Word of God in their heart language, be introduced to Jesus Christ, and participate in a local gathering of believers.

Consistent, monthly giving provides the bulk of support for those who evangelize, disciple new believers, plant churches, and train leaders and pastors overseas. **Thank you** to all those who demonstrate their commitment to overseas ministry through consistent contributions!

### 2017 Total Unaudited Income: \$6,895,479.13

In 2017, **87 churches gave \$10,000 or more to send the gospel to the ends of the earth.** Some of these top-givers are large churches, but many represent smaller fellowships committed to sacrificial obedience. We are thankful for every church that gives consistently.

Name	City	State	2017 Giving
Unity FWB Church	Greenville	NC	\$153,069.92
Donelson FWB Church	Nashville	TN	\$97,764.83
Horse Branch FWB Church	Turbeville	SC	\$70,909.54
Cavanaugh FWB Church	Fort Smith	AR	\$65,594.06
Bethel FWB Church	Kinston	NC	\$49,620.85
New Hope FWB Church	Joelton	TN	\$45,369.56
First FWB Church	Albany	GA	\$43,812.45
Union Grove FWB Church	Atkins	AR	\$39,147.28
Grace FWB Church	Lake City	SC	\$36,038.26
Connect Church	Russellville	AR	\$35,792.12
Westside FWB Church	Johnsonville	SC	\$34,765.57
Fellowship FWB Church	Bryan	TX	\$34,576.50
Cofer's Chapel FWB Church	Nashville	TN	\$32,321.29
Zephyr Hills FWB Church	Asheville	NC	\$28,891.43
Bethel FWB Church	Chapmansboro	TN	\$27,213.85
Peace FWB Church	Wilson	NC	\$27,000.20
Bethany FWB Church	Broken Arrow	OK	\$26,951.00
First FWB Church	Washington	NC	\$26,880.00
Sherwood Forest FWB Church	New Bern	NC	\$25,706.20
Kirby FWB Church	Flat Rock	MI	\$25,607.21
Blue Point FWB Church	Cisne	IL	\$24,628.71
Cross Timbers FWB Church	Nashville	TN	\$24,325.76
First FWB Church	Mountain Grove	MO	\$24,243.05
Calvary Fellowship FWB Church	Fenton	MO	\$23,631.56

Macedonia FWB Church	Purdy	MO	\$23,200.00
Central Oaks Community Church	Royal Oak	MI	\$22,643.59
Cramerton FWB Church	Cramerton	NC	\$21,785.00
First FWB Church	Star City	AR	\$21,108.07
New Hope FWB Church	Ewing	IL	\$20,824.00
Ina FWB Church	Ina	IL	\$20,439.00
First FWB Church	Gastonia	NC	\$20,350.00
Sutton FWB Church	Pocahontas	AR	\$19,839.76
Phillips Chapel FWB Church	Springdale	AR	\$19,480.58
Grace For The World Ministries	Dickson	TN	\$19,420.00
Mt. Zion FWB Church	Pell City	AL	\$18,852.06
Garner FWB Church	Garner	NC	\$18,799.18
First FWB Church	Charleston	AR	\$18,582.34
Allen Chapel FWB Church	Batesville	AR	\$17,938.32
Macedonia FWB Church	Millport	AL	\$17,461.72
First FWB Church	North Little Rock	AR	\$17,423.53
First FWB Church	Walnut Ridge	AR	\$16,981.83
Fellowship FWB Church	Kingsport	TN	\$16,893.03
Harrison FWB Church	Minford	OH	\$16,328.00
First FWB Church	Weleetka	OK	\$16,253.13
Glennville FWB Church	Glennville	GA	\$16,240.00
First FWB Church	Pocahontas	AR	\$16,188.89
Faith FWB Church	Carrollton	VA	\$16,158.30
Liberty FWB Church	Lawley	AL	\$16,121.47
Hilltop FWB Church	Fuquay Varina	NC	\$16,100.00
Winfield First FWB Church	Winfield	AL	\$16,034.22
Red Bay FWB Church	Red Bay	AL	\$15,302.52
Temple FWB Church	Winterville	NC	\$15,055.00
Fayette First FWB Church	Fayette	AL	\$14,982.75
Heads FWB Church	Cedar Hill	TN	\$14,898.00
Faith FWB Church	Lubbock	TX	\$14,803.30
Ebenezer FWB Church	Glennville	GA	\$14,656.40
Tippett's Chapel FWB Church	Clayton	NC	\$14,590.27
Bethlehem FWB Church	Ashland City	TN	\$14,199.00
Bethany FWB Church	Timmons ville	SC	\$14,150.75
Eagle Heights FWB Church	Sugar Land	TX	\$13,915.00

Light of Life FWB Church	McAllen	TX	\$13,825.00
North Warren FWB Church	Warren	MI	\$13,785.30
Bellview FWB Church	Colquitt	GA	\$13,758.58
Good Springs FWB Church	Pleasant View	TN	\$13,482.20
New Life Fellowship FWB Church	Statesboro	GA	\$12,917.33
First FWB Church	Beaufort	NC	\$12,787.45
Smithville FWB Church	Smithville	TN	\$12,698.50
Porter FWB Church	Wheelersburg	OH	\$12,639.95
The Vertical Church	Yuma	AZ	\$12,601.44
First FWB Church	O Fallon	MO	\$12,550.66
Valley View FWB Church	Loudon	TN	\$12,427.00
Philadelphia FWB Church	Folkston	GA	\$12,394.48
Canyon Country FWB Church	Canyon	TX	\$12,340.30
Thomaston Community Church	Thomaston	TX	\$12,162.00
Trinity FWB Church	Greenville	NC	\$12,094.27
Liberty FWB Church	Chuckey	TN	\$11,602.78
First FWB Church	Owensboro	KY	\$11,360.00
Sand Hill FWB Church	Coward	SC	\$11,166.35
Gospel Light FWB Church	Bonne Terre	MO	\$11,104.17
West Tulsa FWB Church	Tulsa	OK	\$11,090.00
Black River FWB Church	Andrews	SC	\$10,684.40
Harmony FWB Church	Ada	OK	\$10,630.00
Southern Oaks FWB Church	OK City	OK	\$10,586.00
Emmanuel FWB Church	Wabash	IN	\$10,358.11
Verdella FWB Church	Liberal	MO	\$10,108.70
Colquitt FWB Church	Colquitt	GA	\$10,095.32
Grace FWB Church	Arnold	MO	\$10,067.67

In 2017, we recorded **285 churches contributing \$565,627.04** to the World Missions Offering (WMO). Forty-seven churches, each giving more than \$2,500, donated over \$344,000.

Name	City	State	2017 WMO
Cavanaugh FWB Church	Fort Smith	AR	\$41,245.21
Bethel FWB Church	Kinston	NC	\$25,000.00
Zephyr Hills FWB Church	Asheville	NC	\$17,829.64
Unity FWB Church	Greenville	NC	\$17,758.00
First FWB Church	Walnut Ridge	AR	\$12,802.62

Harrison FWB Church	Minford	OH	\$12,400.00
Sutton FWB Church	Pocahontas	AR	\$12,000.00
Faith FWB	Lubbock	TX	\$12,000.00
Fellowship FWB Church	Bryan	TX	\$11,576.57
First FWB Church	Pocahontas	AR	\$11,464.00
New Hope FWB Church	Joelton	TN	\$10,745.29
Macedonia FWB Church	Purdy	MO	\$10,000.00
Heads FWB Church	Cedar Hill	TN	\$8,597.00
Sulphur FWB Church	Sulphur	OK	\$7,631.95
Limestone FWB Church	Limestone	TN	\$7,009.00
Mineral Springs FWB Church	Muldrow	OK	\$6,268.00
Lakeview FWB Church	Bowling Green	KY	\$5,762.00
Westside FWB Church	Johnsonville	SC	\$5,662.00
West Calvary FWB Church	Smithfield	NC	\$5,662.00
Bethany FWB Church	Broken Arrow	OK	\$5,000.00
Ebenezer FWB Church	Glennville	GA	\$5,000.00
Peace FWB Church	Wilson	NC	\$5,000.00
The Vertical Church	Yuma	AZ	\$5,000.00
First FWB Church	Albany	GA	\$4,857.55
Tupelo FWB Church	Tupelo	MS	\$4,614.59
Calvary Fellowship FWB Church	Fenton	MO	\$4,601.00
First FWB Church	Charleston	AR	\$4,132.36
Peace FWB Church	Florence	SC	\$4,017.00
Travelers Rest FWB Church	Colquitt	GA	\$4,000.00
Macedonia FWB Church	Millport	AL	\$3,900.00
Cane Ridge FWB Church	Nolensville	TN	\$3,879.67
First FWB Church	Checotah	OK	\$3,769.81
Porter FWB Church	Wheetersburg	OH	\$3,743.45
First FWB Church	Mountain Grove	MO	\$3,697.50
Philadelphia FWB Church	Folkston	GA	\$3,424.83
Brush Creek FWB Church	Argillite	KY	\$3,348.00
New Zion FWB Church	Headland	AL	\$3,151.00
Cofer's Chapel FWB Church	Nashville	TN	\$3,047.00
Fellowship FWB Church	McAlester	OK	\$2,934.00
Hazel Dell FWB Church	Sesser	IL	\$2,855.00
Horse Branch FWB Church	Turbeville	SC	\$2,847.00

Midway FWB Church	Moultrie	GA	\$2,790.00
First FWB Church	Pryor	OK	\$2,779.00
First FWB Church	Dickson	TN	\$2,776.00
Heritage FWB Church	Columbus	OH	\$2,680.00
New Life Fellowship FWB Church	Statesboro	GA	\$2,630.46
Westside FWB Church	Johnsonville	SC	\$2,515.00

## BOARD MEETING SUMMARY

The Board of International Missions met three times, convened one phone conference, and held five e-votes from May 1, 2016, to April 30, 2017. Board members for the period were: Dr. Jeff Manning (NC, chairman), Jeff Nichols (TN, vice-chairman), Mark Price (OH, secretary), Dr. Jan Banks (TX), Nelson Henderson (AR), Robert Posner (TX), Will Harmon (AR), Dr. Cameron Lane (AR), and Rodney Yerby (AL).

Board actions throughout the year included:

- Accepting the retirement of Robert and Judy Bryan after 50 years of service in France and Côte d'Ivoire.
- Accepting the resignation of David and Angie Outlaw as they return to pastoral ministry.
- Accepting the retirement of Dale and Sandra Bishop after 44 years service in Japan.
- Approving Josh and Lydia Provow as career missionaries to Bulgaria.
- Granting a partnership blessing to Matt and Courtney Lindsey to serve with RCE in Japan.
- Adopting a framework budget of \$7.2 million for 2019.
- Recommending a name change to IM, Inc.
- Adopting a student debt relief plan with specific parameters.
- Approving an updated sexual morality/abuse policy for the Handbook.
- Appointing Daniel and Katie Speer for a second two-year internship in Japan.
- Appointing Daniel and Shelby Culwell to a two-year internship in Japan.
- Appointing Jack and Ashley Kettelman to a two-year internship in Japan.
- Assigning Sam McVay as administrative director of The Hanna Project.
- Approving downsizing the leadership structure from four regional director positions in favor of two field directors.

# Free Will Baptist International Missions

## 2019 Operational Budget Summary

Category	2017 Approved Budget	2017 Actuals	2018 Approved Budget	2019 Proposed Budget
Field Ministries & Projects	\$1,311,000.00	\$ 943,979.02	\$1,120,000.00	\$1,152,000.00
Missionary Compensation & Benefits	\$ 3,450,000.00	\$ 2,942,463.19	\$ 3,500,000.00	\$ 3,600,000.00
Missionary Travel/Transportation	\$ 690,000.00	\$ 848,659.43	\$ 980,000.00	\$ 1,008,000.00
Mobilization & Development	\$ 552,000.00	\$ 427,808.85	\$ 420,000.00	\$ 432,000.00
Administration	\$ 897,000.00	\$ 934,587.59	\$ 980,000.00	\$ 1,008,000.00
<b>Grand Totals</b>	<b>\$ 6,900,000.00</b>	<b>\$ 6,097,498.08</b>	<b>\$ 7,000,000.00</b>	<b>\$ 7,200,000.00</b>

Does not include: Non-Governmental Organization Projects, Impact, or other "Volunteer" Budgets approved by the Board of International Missions

## 2019 Operational Budget Representative Breakout

Functional Description	2019 Amt	Functional Description	2019 Amt
Salary - Field	\$ 1,254,679.70	Newsletters - Field	\$ 23,092.08
Office Salary	\$ 580,518.44	Stateside - Promotional/Misc	\$ 20,794.08
Medical Insurance - Field	\$ 550,727.08	Stateside - Cell Phone	\$ 19,389.87
Housing & Utilities - Field	\$ 442,924.36	Office/Computer Equipment	\$ 19,284.10
Travel O'seas - Field	\$ 341,491.66	Vehicle Insurance	\$ 18,102.31
Social Security Taxes - Field	\$ 327,531.34	Other Insurance - Field	\$ 17,334.09
Housing & Utilities - States	\$ 299,966.39	Cell Phone Usage	\$ 16,814.49
Other Supporting Efforts - Field	\$ 232,852.08	Board Members	\$ 15,477.07
Depreciation Expense	\$ 197,419.06	Vehicle Maintenance	\$ 14,179.18
Special Projects - Field	\$ 182,012.90	Christmas Bonus	\$ 13,881.99
Transportation - Field	\$ 172,350.81	Website	\$ 13,834.19
Office Insurance	\$ 168,607.32	Auditing Expenses	\$ 12,988.93
COLA - Field	\$ 159,005.11	College MK Allowance - Field	\$ 12,339.49
National Workers - Field	\$ 138,414.53	Stateside - Airfare	\$ 12,264.62
Employer Social Security	\$ 127,761.73	Vehicle Fuel	\$ 12,111.66
Office Travel Int'l	\$ 119,156.09	Mission Community Dev	\$ 11,974.76
Project Disbursements	\$ 110,423.64	Copier Expense	\$ 11,331.69
Rent - 5233 Mt View Rd	\$ 108,087.17	Exchange Rate Variance - Field	\$ 10,952.54
Office Housing	\$ 106,273.10	Regular Postage	\$ 10,682.18
Software Expense	\$ 80,701.18	Office Supplies	\$ 10,450.87
Meeting Places - Field	\$ 75,830.35	Vehicle Repairs	\$ 10,203.27
Retirement - Field	\$ 60,308.00	Bank Service Charges	\$ 8,445.49
FWB Joint Publication	\$ 60,149.16	Info Services Materials	\$ 7,728.53
Dental & Optical - Field	\$ 57,021.01	COLA Indexes	\$ 7,669.38
MK School Expense - Field	\$ 56,021.74	Other	\$ 7,200.82
Seminar/Training Expense	\$ 54,680.28	Professional Services	\$ 7,033.12
Community Development - Field	\$ 54,294.38	WMO Campaign Expenses	\$ 6,965.91
Stateside - Travel (Fuel,Parking,Tolls,etc)	\$ 52,021.93	Meals/Enter/Lodge Others	\$ 6,372.18
Equipment - Field	\$ 51,472.22	Promotional Materials	\$ 6,180.69
Stateside - Vehicle Monthly Usage Fee	\$ 41,328.43	Benevolence	\$ 5,193.87
Miscellaneous - Field	\$ 40,442.91	Donor Development	\$ 5,057.48
Overseas Shipping - Field	\$ 39,734.01	Intl Missions Retreat	\$ 4,690.29
Maintenance on Property - Field	\$ 39,649.18	Film and Art	\$ 4,056.28
Cell Phone - Field	\$ 37,589.04	WMO Ambassador Travel	\$ 3,828.13
Ins Non-Med	\$ 37,383.05	Leadership Team Retreat	\$ 3,676.95
Office Travel Domestic	\$ 36,539.74	Telephone	\$ 3,670.34
National Convention	\$ 33,635.90	Heartbeat	\$ 3,638.79
Stateside - Lodging	\$ 32,588.15	Department Insurance	\$ 3,075.76
Office Retirement	\$ 32,292.34	Employee Recognition	\$ 2,551.24
Language/Cont Ed - Field	\$ 30,170.07	Books and Subscriptions	\$ 2,550.27
Credit Card Process Fees	\$ 28,123.12	Video	\$ 2,226.59
Stateside - Meals	\$ 28,004.72	Internet Service Provider	\$ 2,213.74
COLA Equalization - Field	\$ 27,058.31	Together Way Campaign	\$ 1,913.39
Christmas Bonus - Field	\$ 26,131.53	Vehicle Registration	\$ 1,879.59
Taxes (Non-US) - Field	\$ 25,134.09	Candidate Expenses	\$ 1,658.37
Furniture/Appliances - Field	\$ 23,250.92	Field Supporting Ministries	\$ 1,281.04
		<b>Totals</b>	<b>\$ 7,200,000.00</b>

		2017 Adj Factor	2018 Adj Factor	2019 Adj Factor
		1.030	1.030	1.030
		0.050	0.050	0.050
Compensation Detail - FWBIM Directors				
	2017 Actual	2018 Actual	2019 Proposed	
<b>General Director - Clint Morgan</b>				
Salary	45,752.29	52,727.52	55,029.35	
Housing and Utilities	24,000.00	24,000.00	24,000.00	
Social Security	11,698.11	12,867.92	13,253.96	
Retirement	3,487.61	3,836.38	3,951.47	
Insurance	17,659.33	19,490.04	19,490.04	
Christmas Bonus	1,341.39	1,475.53	1,519.80	
<b>Total Cost of Employment</b>	<b>103,938.73</b>	<b>114,397.39</b>	<b>117,244.61</b>	
<b>Director of Financial Operations - Robert Conley</b>				
Salary	62,536.01	64,412.09	69,661.68	
Social Security	10,559.84	10,876.63	11,763.08	
Retirement	3,126.80	3,220.60	3,483.08	
Insurance	26,211.12	25,626.24	25,626.24	
Christmas Bonus	1,202.62	1,238.69	1,339.65	
<b>Total Cost of Employment</b>	<b>103,636.39</b>	<b>105,374.26</b>	<b>111,873.73</b>	
<b>Director of Mobilization/THP - Sam McVay</b>				
Salary	30,500.00	34,412.09	34,412.09	
Housing and Utilities	30,000.00	30,000.00	30,000.00	
Social Security	10,146.41	10,802.51	10,802.51	
Retirement	3,025.00	3,220.60	3,220.60	
Insurance	8,931.83	9,856.32	9,856.32	
Christmas Bonus	1,163.46	1,238.69	1,238.69	
<b>Total Cost of Employment</b>	<b>83,766.70</b>	<b>89,530.21</b>	<b>89,530.21</b>	
<b>Director of Field Ministry Personnel - Curt Holland</b>				
Salary	32,536.01	34,412.09	37,544.46	
Housing and Utilities	30,000.00	30,000.00	30,000.00	
Social Security	10,487.87	10,802.51	11,327.83	
Retirement	3,126.80	3,220.60	3,377.22	
Insurance	25,106.11	25,286.04	25,286.04	
Christmas Bonus	1,202.62	1,238.69	1,298.93	
<b>Total Cost of Employment</b>	<b>102,459.41</b>	<b>104,959.94</b>	<b>108,834.48</b>	
<b>Director of Member Care - Neil Gilliland</b>				
Salary	60,500.00	64,412.09	64,412.09	
Social Security	10,216.03	10,876.63	10,876.63	
Retirement	3,025.00	3,220.60	3,220.60	
Insurance	8,931.83	19,490.04	19,490.04	
Christmas Bonus	1,163.46	1,238.69	1,238.69	
<b>Total Cost of Employment</b>	<b>83,836.33</b>	<b>99,238.06</b>	<b>99,238.06</b>	
<b>Director of Church Relations - Don Matchett</b>				
Salary	9,124.98	38,315.00	40,184.45	
Housing and Utilities	6,000.00	24,000.00	24,000.00	
Social Security	2,536.60	10,450.80	10,764.33	
Retirement	756.25	3,115.75	3,209.22	
Insurance	6,552.78	25,626.24	25,626.24	
Christmas Bonus	290.87	1,198.37	1,234.32	
<b>Total Cost of Employment</b>	<b>25,261.47</b>	<b>102,706.16</b>	<b>105,018.56</b>	

**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, 2017 AND 2016**



**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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

**Report on the Financial Statements**

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, 2017 and 2016, 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, (collectively, 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 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 auditors' 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 Organization'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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Board of International Missions of the National Association of Free Will Baptists and Subsidiary as of December 31, 2017 and 2016, 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.

### Emphasis of Matter

As discussed in Note 3 to the financial statements, in 2017, the Organization retroactively adopted a change in method of accounting for certain revenues. Our opinion is not modified with respect to this matter.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the 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 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Blankenship CPA Group, PLLC*

April 10, 2018

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

<b>ASSETS</b>		
	<b>2017</b>	<b>2016</b>
Cash	\$ 1,273,482	\$ 1,494,873
Investments in trusts	613,241	103,089
Investments	6,806	7,504
Prepaid expenses	28,187	43,384
Receivables from employees and missionaries	327,286	299,057
Property and equipment, net	<u>991,404</u>	<u>952,149</u>
Total assets	<u>\$ 3,240,406</u>	<u>\$ 2,900,056</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 171,155	\$ 162,140
Notes payable	104,253	131,310
Accrued severance payable	<u>72,497</u>	<u>80,336</u>
Total liabilities	<u>347,905</u>	<u>373,786</u>
Net assets:		
Unrestricted	705,624	753,504
Temporarily restricted	2,160,636	1,746,525
Permanently restricted	<u>26,241</u>	<u>26,241</u>
Total net assets	<u>2,892,501</u>	<u>2,526,270</u>
Total liabilities and net assets	<u>\$ 3,240,406</u>	<u>\$ 2,900,056</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, 2017 AND 2016**

	2017	2016
<b>Unrestricted:</b>		
Revenue:		
Contributions	\$ 804,050	\$ 1,655,927
Investment income	9,454	3,055
Other income	6,086	1,598
Loss on disposal of property and equipment	(6,634)	(13,964)
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>5,883,610</u>	<u>4,647,621</u>
Total revenue and reclassification	<u>6,696,566</u>	<u>6,294,237</u>
Functional expenses:		
General fund, net	1,194,790	985,287
Missionary/field ministry	5,393,042	5,104,302
IMpact	<u>156,614</u>	<u>38,399</u>
Total functional expenses	<u>6,744,446</u>	<u>6,127,988</u>
(Decrease) increase in unrestricted net assets	<u>(47,880)</u>	<u>166,249</u>
<b>Temporarily restricted:</b>		
Revenue:		
Contributions	6,297,721	4,990,200
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(5,883,610)</u>	<u>(4,647,621)</u>
Increase in temporarily restricted net assets	<u>414,111</u>	<u>342,579</u>
Total increase in net assets	366,231	508,828
Net assets, beginning of year	<u>2,526,270</u>	<u>2,017,442</u>
Net assets, end of year	<u><u>\$ 2,892,501</u></u>	<u><u>\$ 2,526,270</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, 2017 AND 2016**

	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 366,231	\$ 508,828
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	179,429	172,838
Unrealized gain on investments	(9,454)	(3,055)
Loss on disposal of property and equipment	6,634	13,964
(Increase) decrease in		
Prepaid expenses	15,197	(2,270)
Receivables from employees and missionaries	(28,229)	16,358
Increase (decrease) in		
Accounts payable and accrued expenses	9,015	3,704
Accrued severance payable	(7,839)	(4,138)
Net cash provided by operating activities	<u>530,984</u>	<u>706,229</u>
Cash flows from investing activities:		
Purchases of investments	(500,000)	-
Purchases of property and equipment	(329,885)	(211,218)
Proceeds from sale of property and equipment	<u>104,567</u>	<u>95,906</u>
Net cash used in investing activities	<u>(725,318)</u>	<u>(115,312)</u>
Cash flows from financing activities:		
Payments on notes payable	<u>(27,057)</u>	<u>(25,013)</u>
Net cash used in financing activities	<u>(27,057)</u>	<u>(25,013)</u>
(Decrease) increase in cash	(221,391)	565,904
Cash, beginning of year	<u>1,494,873</u>	<u>928,969</u>
Cash, end of year	<u><u>\$ 1,273,482</u></u>	<u><u>\$ 1,494,873</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid during the year	<u><u>\$ 7,277</u></u>	<u><u>\$ 8,987</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, 2017 AND 2016**

**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.

Restricted and Unrestricted 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.

During the year, missionary projects are funded with a combination of unrestricted and restricted contributions. At the end of the year, specific missionary funding accounts with remaining, unspent funds are classified by the Organization as temporarily restricted as they are deemed to be designated for those specific missionary project purposes.

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash

Cash includes checking deposits and cash on hand both in the United States and 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 estimated useful lives of the assets generally as follows: Buildings 39 years, Automobiles 3-5 years, Office furniture and equipment 3-10 years, Cameras and projectors 3-5 years, and Computer equipment and software 3-5 years.

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).



**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 3 - CHANGE IN METHOD OF ACCOUNTING FOR CERTAIN REVENUES**

During 2017, the Organization retroactively adopted a change in revenue recognition for certain contributions. Prior to 2017, the Organization recorded contributions from State Associations and the Executive Office when the contributions were collected by those respective entities. Beginning in 2017, the Organization began recognizing those contributions when the Organization received the collected funds from the State Associations and Executive Office. This change was made to better conform to the economics of the transactions and to better reflect when the Organization gained control of the resources. The 2016 financial statements have been restated to retrospectively apply this change in accounting method. The effect of this change was to decrease both the previously reported temporarily restricted contributions by \$33,905 and the change in net assets and to also decrease the year end temporarily restricted net asset balance by \$237,975.

**NOTE 4 - INVESTMENTS IN TRUSTS**

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

	<b>2017</b>	<b>2016</b>
General Reserves Trust	\$ 578,379	\$ 69,166
Support Services Endowment	27,848	27,098
St. Sebastian Trust	4,454	4,334
MK Scholarship Endowment	<u>2,560</u>	<u>2,491</u>
	<u><b>\$ 613,241</b></u>	<u><b>\$ 103,089</b></u>

The total investment income was \$10,151 and \$2,789 for 2017 and 2016, 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, 2017 and 2016, all of the Organization's investments are valued using Level 1 measurements.

**NOTE 5 - INVESTMENTS**

Investments are carried at quoted fair market values. The Organization's investments at December 31, 2017 and 2016 consisted of equity securities. Unrealized (losses) gains were (\$697) and \$266 for 2017 and 2016, respectively. There were no realized gains or losses. The equity securities are valued with Level 1 inputs as more fully described in Note 4.

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 6 - RECEIVABLES FROM EMPLOYEES AND MISSIONARIES**

Included in receivables from missionaries and employees is \$317,626 at December 31, 2017 (\$298,386 for 2016) for funds advanced to missionaries. When a missionary goes to the field they are given advance funds to establish their missionary work. These funds are normally netted with future expense reimbursements. Any funds still outstanding are due back from the missionary when the missionary resigns or retires.

**NOTE 7 - PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	<b>2017</b>	<b>2016</b>
Land	\$ 187,213	\$ 187,213
Buildings	561,638	561,638
Office furniture and equipment	32,273	37,542
Cameras and projectors	77,365	83,446
Automobiles	1,048,850	995,032
Computer equipment and software	<u>50,002</u>	<u>44,204</u>
	1,957,341	1,869,075
Less accumulated depreciation	<u>(965,937)</u>	<u>(916,926)</u>
Total	<u>\$ 991,404</u>	<u>\$ 952,149</u>

Depreciation expense amounted to \$179,429 for 2017 (\$172,838 for 2016). Depreciation expense for 2017 in the amount of \$53,938 (\$38,338 for 2016) is included in the general fund expenses while the remainder is included in missionaries' expenses.

Losses on disposal of property and equipment totaled \$6,634 for 2017 (\$13,964 for 2016) and is primarily from the sale of automobiles.

**NOTE 8 - 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 9 - LINE OF CREDIT**

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, 2017 or 2016. 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, 2017 AND 2016**

**NOTE 10 - NOTES PAYABLE**

Notes payable consist of the following as of December 31:

	2017	2016
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. The note is secured by the property financed.	\$ 19,222	\$ 34,055
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. The note is secured by the property financed.	<u>85,031</u>	<u>97,255</u>
	<u>\$ 104,253</u>	<u>\$ 131,310</u>

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

Year ending December 31,

2018	\$ 28,950
2019	17,022
2020	14,625
2021	15,527
2022	16,485
Thereafter	<u>11,644</u>
	<u>\$ 104,253</u>

**NOTE 11 - 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 \$104,664 for 2017 (\$95,709 for 2016). The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

**NOTE 12 - LEASE**

The Organization leases space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$91,536 for 2017 (\$90,793 for 2016).

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 13 - CONCENTRATIONS**

The Organization has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$770,000 at December 31, 2017. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

The Organization's operations occur substantially in countries outside of the United States. As of the December 31, 2017, the net book value of the Organization's assets residing outside of the United States totaled \$711,458 (\$737,280 for 2016).

**NOTE 14 - RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Missionary/field ministry	\$ 1,615,436	\$ 1,192,915
IMpact	341,669	381,447
Subsidiary	<u>203,531</u>	<u>172,163</u>
	<u>\$ 2,160,636</u>	<u>\$ 1,746,525</u>

The Organization has a policy of allocating certain indirect missionary costs to missionary/field net assets. The administrative allocation totaled \$299,986 for 2017 (\$353,257 for 2016) and was transferred from temporarily restricted net assets to unrestricted net assets. Additionally, World Mission Offerings totaling \$110,789 in 2017 and funds from closed projects of \$73,432 in 2017 were transferred from temporarily restricted net assets to unrestricted net assets. Also, a missionary expense allocation totaling \$156,329 (\$122,669 for 2016) is shown on the consolidated statements of activities as a reduction in general fund expenses and an increase in missionary/field ministry expenses for specific expenses paid by the general fund and reimbursed by the missionary/field accounts.

Also, on an as needed basis, the Organization may make transfers from unrestricted net assets to designated accounts/temporarily restricted net assets to erase deficits or to provide additional funding to missionary/field net assets. A total of \$92,551 in 2017 (\$874,578 in 2016) was transferred in this manner to further assist with the Organization's transition to a designated appeal environment.

Permanently restricted net assets are restricted to:

	2017	2016
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>

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 15 - RELATED PARTIES**

The Organization is affiliated with of the National Association of Free Will Baptists. While the Organization is an independent entity, it shares the common goal with the associated churches and other denominational affiliates to labor with the Body of Christ to fulfill the Great Commission. Accordingly, the various Free Will Baptist churches and affiliates share resources and support. Substantially all of the Organization's revenue and support is provided by churches, individuals, and affiliates associated with the National Association of Free Will Baptists. Significant relationships and transactions with these related parties are noted in the consolidated financial statements and related notes by naming the specific entity.

**NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 10, 2018 which is the date the financial statements were available to be issued.

**NOTE 17 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, that is intended to improve financial reporting relating to liquidity, financial performance and cash flows.

More specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one "without donor-imposed restrictions" and one "with donor-imposed restrictions," which differ from the traditional classifications of unrestricted, temporarily restricted, and permanently restricted. In addition, reporting of expenses by both natural and functional classification is required and investment returns must be reflected net of related investment expenses. The cash flow statement is also allowed to be restructured by using the direct method of reporting and there are further disclosures regarding an organization's liquidity.

The new standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements in the subsequent years.

## **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, 2017 AND 2016**

	2017	2016
General fund:		
Salaries	\$ 469,963	\$ 399,335
Health insurance	142,789	115,427
Office rent	91,536	90,793
Housing allowance	90,000	78,000
Employer payroll taxes	73,449	58,252
Software	63,435	8,472
Depreciation	53,938	38,338
One Magazine	50,938	50,939
Department travel	40,331	38,465
Office supplies and equipment	37,639	23,267
Retirement	27,347	21,023
Department auto	25,892	23,383
Convention	25,354	19,873
Credit card fees and service charges	24,364	20,518
Telephone and internet	18,556	9,607
Donor development	14,424	6,203
Publicity and promotion	13,258	10,394
Legal and professional	11,659	10,200
Board members	11,603	12,320
Seminars, training and retreats	9,794	6,313
Postage	8,570	9,073
COLA indexes	6,495	5,645
WMO campaign	5,899	11,005
Website	5,740	2,901
Video and audio visual	5,321	10,517
Recruiting and candidate	4,958	2,554
Visitor meals, entertainment and lodging	4,711	3,603
Benevolence	4,399	3,577
WMO Ambassador travel and training	3,242	4,488
Department insurance	2,509	2,541
Staff recognition	2,160	2,379
Missionary stateside assignment	646	1,033
WMO Ambassador honorariums	200	200
WMO coin banks	-	7,318
Total general fund	1,351,119	1,107,956
Missionary expense offset	(156,329)	(122,669)
Total general fund, net	1,194,790	985,287

See independent auditors' report.

**BOARD OF INTERNATIONAL MISSIONS OF THE  
NATIONAL ASSOCIATION OF FREE WILL BAPTISTS  
AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Missionary/field ministry:		
Japan	\$ 1,124,736	\$ 1,258,189
Subsidiary	942,678	627,962
France	679,643	637,274
Spain	539,046	536,051
India	422,919	394,422
Student ministries	382,556	390,151
Bulgaria	338,797	310,729
Uruguay	272,584	266,922
Interns	140,133	131,411
Africa	135,664	138,111
Brazil	127,378	134,857
U.S. Educational specialists	116,901	82,994
Other projects	110,931	168,667
Panama	32,231	28,418
Unreached people	28,985	29,264
Russia	12,000	25,600
Missionary vehicle	(1,030)	(14,574)
Missionary medical	(13,110)	(42,146)
	<u>5,393,042</u>	<u>5,104,302</u>
Total missionary/field ministry		
IMpact:		
Project expenses	<u>156,614</u>	<u>38,399</u>
Total functional expenses	<u>\$ 6,744,446</u>	<u>\$ 6,127,988</u>

See independent auditors' report.





God has been very gracious to us this year. We have received several large gifts enabling us to eradicate all debt, thus allowing us to focus on and expand our ministry. We are humbled and very grateful, yet realize our revenue stream must be strengthened. We appreciate our Together Way funds and the churches that include us in their budgets.

Once again, the women gave over a half-million dollars to missions and ministry causes. The Steward Provision Closet ministry totaled \$42,000, including \$20,500 in non-cash gifts. This ministry met the specific needs of 145 international missionaries and church planters.

Investing in the next generation, WNAC provided the following scholarships.

**Cleo Pursell** Foreign Student Scholarship: Chame' Seminary (Panama)

Dr. Mary R. **Wisehart** Scholarships: Katie Real (Randall); Karah Grooms (Welch); Bonnie Dickerson (California Christian); Christina Braxton (Southeastern).

**Miley** International Student Scholarship: Keren Delgado (Cuba/Panama; Welch); Debbie Trifonova (Bulgaria; Welch); Yanna Awtrey (Bulgaria; Welch)

Our largest Shine! Conference was hosted by Randall University. This setting allowed our attendees to also experience Christian higher education. The alumni track enabled us to engage with return attendees in a more intimate setting. Being on the campus of Seffner Christian Academy enabled us to minister to 325 students in a chapel service on Friday before the Shine! Conference on Saturday. We are very thankful for God's blessings on these two conferences. Please pray for the young ladies who attended, for the seeds planted, and for a rich harvest.

WNAC hosted a national retreat for 35 Bulgarian sisters, including non-believers. Several of these attended church services following the retreat. Two of our West Virginia state officers were able to assist with the teaching. Continue to pray for these sisters.

We also helped with the Panamanian retreat attended by 110 sisters. Ohio and Texas WAC paid for 40 non-believers to attend of which seven accepted Christ. Keila Delgado was their speaker. Since not all 40 came, the Panamanian leadership team is hosting two evangelist outreach days. Pray for the seeds being sown to come to fruition.

WNAC was presented the opportunity to assist with a Panamanian youth camp. Christian youth were challenged to invite non-believing friends. Arkansas, Cumberland District (TN), and Missouri WAC paid for 56 students to attend. Fifty attended and 22 accepted Christ. Please pray for the spiritual growth of these new believers and for the seeds planted to come to fruition in the hearts of the other 28.

Our theme for the coming year of Bible studies is "God's Promises." We will be studying various ways God's promises are demonstrated in our daily lives (Proverbs 30:5 and Matthew 4:4).

Over the past year much interest has been expressed in our ministry. God is working among us and we are thankful for the doors of opportunity He has opened. We are thrilled with the reports of His moving in our international sisters' ministries. Together we can do more for Him.

If we can be of service to the women in your church, answer any questions, and send your women an information packet, please contact our office.

Serving together until He comes,



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

### **Synopsis of Board Minutes**

MSC to purchase a 2014 Chevy Equinox. (1/17/17)

MSC to accept the changes to the scholarship guidelines. (1/20/17)

MSC for the Program and Plan book to become an online resource beginning with the 2018 edition. (3/21/17)

MSC to adopt the following management plan: reduce the magazine to 32 pages, move some things online, and reduce the quality of paper by removing the varnish from all pages except the outside cover. This in addition to the \$1,700 savings realized by putting the Program and Plan Book online will result in a \$13,700 savings. (4/11/17)

MSC to approve the proposed 2018 WNAC budget. (4/25/17)

MSC to receive an offering during the WNAC Celebration Service. ((6/20/17)

MSC to establish the following committees for 2018: finance, publications, Shine! advisory, and new group, (12/6/17)



**Hill, Harper & Associates**  
**Certified Public Accountants**

### Independent Auditors' Report

**Board of Trustees of the  
Women Nationally Active for Christ  
of the National Association of Free Will Baptists, Inc.**

#### **Report on the Financial Statements**

We have audited the statements of financial position of the Women Nationally Active for Christ of the National Association of Free Will Baptists, Inc. (thereafter WNAC) (a nonprofit organization) as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

#### **Uncertainty Regarding Going Concern**

The accompanying financial statements have been prepared assuming that WNAC will continue as a going concern. As discussed in Notes 7 and 8 to the financial statements, WNAC has experienced continued losses from operations and as a result WNAC's unrestricted net assets is impaired. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

\*

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Ernest R. Harper  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WNAC as of December 31, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We had previously audited WNAC's 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated April 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.

A handwritten signature in cursive script that reads "H. Harper & Associates".

Franklin, Tennessee  
March 14, 2018

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statements of Financial Position**

**December 31, 2017 and 2016**

**Assets**

	<u><b>2017</b></u>	<u><b>2016</b></u>
Cash and cash equivalents:		
Cash in bank	\$ 28,786	32,289
Funds held by Free Will Baptist Foundation (including \$110,126 in 2017 and \$101,645 in 2016 of temporarily restricted funds)	125,876	102,844
	<u>154,662</u>	<u>135,133</u>
Accounts receivable	60	3,337
Inventory and prepaid expenses	5,745	6,142
Depreciable assets:		
Vehicle	21,264	-
Office equipment and furniture	24,422	24,422
	<u>45,686</u>	<u>24,422</u>
Less accumulated depreciation	28,022	24,190
	<u>17,664</u>	<u>232</u>
Funds held by Free Will Baptist Foundation for endowments	57,893	52,388
	<u>\$ 236,024</u>	<u>197,232</u>

**Liabilities and Net Assets**

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 8,173	12,875
Funds held for other organizations and agencies	2,606	282
Deferred revenues related to magazine subscriptions	15,516	14,871
<b>Total current liabilities</b>	<u>26,295</u>	<u>28,028</u>
<b>Net assets:</b>		
Unrestricted	9,408	(34,187)
Temporarily restricted	149,704	153,099
Permanently restricted	50,617	50,292
<b>Total net assets</b>	<u>209,729</u>	<u>169,204</u>
	<u>\$ 236,024</u>	<u>197,232</u>

See accompanying notes to financial statements.

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statement of Activities and Changes in Net Assets**

**For the year ended December 31, 2017 and 2016**

	<b>Funds Held for Others</b>	<b>Operations</b>	<b>Publications</b>	<b>Convention and Retreats</b>	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Permanently Restricted Net Assets</b>	<b>2017 Total</b>	<b>2016 Total</b>
<b>Revenue and Support:</b>									
Funds for other agencies and departments:									
Amount received	\$ 51,505	-	-	-	51,505	-	-	51,505	48,226
Amount incurred	(51,505)	-	-	-	(51,505)	-	-	(51,505)	(48,226)
Gifts, grants and offerings	-	100,708	-	19,026	119,734	9,584	325	129,643	77,955
International projects	-	5,900	-	-	5,900	-	-	5,900	12,122
Together Way Plan distribution	-	87,271	-	-	87,271	-	-	87,271	80,703
Magazine subscriptions	-	-	20,986	-	20,986	-	-	20,986	29,030
Literature sales	-	810	-	-	810	-	-	810	572
Dues / delegate fees	-	49,313	-	-	49,313	-	-	49,313	53,010
Convention revenues	-	-	-	21,752	21,752	-	-	21,752	6,317
Interest income	-	875	-	-	875	2,274	-	3,149	3,380
Other revenue	-	1,615	-	-	1,615	-	-	1,615	-
Gain from investment assets	-	-	-	-	-	6,549	-	6,549	209
Distributions - endowment income	-	1,369	-	-	1,369	(1,369)	-	-	-
Total revenue and support	-	247,861	20,986	40,778	309,625	17,038	325	326,988	263,298
<b>Cost of publications:</b>									
Magazine printing	-	-	19,537	-	19,537	-	-	19,537	22,833
Editor / employee compensation	-	-	30,270	-	30,270	-	-	30,270	31,023
Postage and other	-	-	1,223	-	1,223	-	-	1,223	1,068
Net revenue and support	-	-	51,030	-	51,030	-	-	51,030	54,924
Net assets released from restrictions	-	247,861	(30,044)	40,778	258,595	17,038	325	275,958	208,374
Operating expenses:									
Operations	-	268,294	(30,044)	40,778	279,028	(3,395)	325	275,958	208,374
Convention	-	194,939	-	-	194,939	-	-	194,939	201,232
Retreats -Shine	-	-	-	22,494	22,494	-	-	22,494	20,368
	-	-	-	18,000	18,000	-	-	18,000	5,146
Increase (decrease) in net assets	-	194,939	-	40,494	235,433	-	-	235,433	226,746
Net assets beginning of the year	\$ -	73,355	(30,044)	284	43,595	(3,395)	325	40,525	(18,372)
Net assets end of the year					(34,187)	153,099	50,292	169,204	187,576
				\$	9,408	149,704	50,617	209,729	169,204

See accompanying notes to financial statements.

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statement of Functional Expenses**

**For the year ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Expenses:</b>		
<b>Operations:</b>		
Salaries	\$ 58,263	57,158
Employee benefits, payroll taxes, and health insurance	22,645	23,060
Rent	26,280	26,061
Travel	7,065	14,511
International projects	8,932	19,728
Cuba medical mission	7,395	-
Office expense and other	12,996	16,802
Scholarships from operations	-	6,150
Vehicle expense	1,487	-
Interest	488	-
Legal and audit	5,095	4,995
Postage and shipping	2,523	3,693
WNAC Board of Trustees	7,095	4,283
Promotion	343	1,842
Dues, subscriptions and continuing education	1,685	1,467
Depreciation	3,832	462
Support for One Magazine	8,382	8,382
Restricted expenditures:		
Cleo Pursell Foreign Student Scholarship Fund	1,000	850
Mary Wisheart Student Scholarship Fund	6,000	5,000
Steward Provision Closet	13,433	6,788
Total expenses of operations	194,939	201,232
<b>Convention:</b>		
Annual convention	22,494	20,368
<b>Retreat:</b>		
Shine	18,000	5,146
Total expenses	<u>\$ 235,433</u>	<u>226,746</u>

See accompanying notes to financial statements.

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Statement of Cash Flows**

**For the year ended December 31, 2017 and 2016**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Cash Flows from Operating Activities</u></b>		
Increase (decrease) in net assets	\$ 40,525	(18,372)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	3,832	461
Gain on endowment funds held by Free Will Baptist Foundation	(6,549)	(209)
(Increase) decrease in:		
Receivables	3,277	(3,090)
Inventory and prepaid expenses	397	(3,677)
Increase (decrease) in:		
Deferred revenues related to magazine subscriptions	645	(415)
Funds held for other denominational agencies and organizations	2,324	(411)
Accounts payable and accrued expenses	(4,702)	7,460
	<u>39,749</u>	<u>(18,253)</u>
Net operating activities		
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of vehicle	(21,264)	-
Net change in endowment investments held by Free Will Baptist Foundation	<u>1,044</u>	<u>1,808</u>
Net investing activities	<u>(20,220)</u>	<u>1,808</u>
<b>Increase (decrease) in cash and cash equivalents</b>	19,529	(16,445)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>135,133</u>	<u>151,578</u>
End of year	\$ <u>154,662</u>	<u>135,133</u>
<b>Cash and cash equivalents consist of:</b>		
Cash in bank	\$ 28,786	32,289
Funds held by Free Will Baptist Foundation	<u>125,876</u>	<u>102,844</u>
	<u>\$ 154,662</u>	<u>135,133</u>

See accompanying notes to financial statements.



**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Notes to Financial Statements**

**December 31, 2017 and 2016**

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 was incorporated under the laws of the State of Tennessee effective October 2015, after approval was granted by the voting body of the National Association of Free Will Baptists, Inc. 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, 2017 and 2016, 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  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Notes to Financial Statements, continued**

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

**Endowment Funds**

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

	<u>2017</u>	<u>2016</u>
<b>Permanently restricted net asset:</b>		
Original donor investment (corpus)		
Balance at beginning of year	\$ 50,292	49,292
Donor gifts	325	1,000
	<u>\$ 50,617</u>	<u>50,292</u>
<b>Temporarily restricted net assets:</b>		
Balance at beginning of year	\$ 2,096	4,695
Investment earnings, including investment gains and losses	6,549	209
Distributions of earnings up to 5% of account balance	<u>(1,369)</u>	<u>(2,808)</u>
	<u>\$ 7,276</u>	<u>2,096</u>
Total invested funds with Free Will Baptist Foundation as endowment	<u>\$ 57,893</u>	<u>52,388</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 2017 and 2016. 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 14, 2018, the date these financial statements were available to be issued.

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Notes to Financial Statements, continued**

**(2) Temporarily Restricted Net Assets**

Net assets were released from donor restrictions during the year ended December 31, 2017 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

Cleo Pursell Foreign Student Scholarship Fund	\$ 1,000
Mary Wischart Student Scholarship Fund	6,000
Steward Provision Closet	13,433
	<hr/>
<b>Net assets released</b>	20,433
M. Workman Endowment funds distributed	1,369
	<hr/>
<b>Net assets released after distributions</b>	<b>\$ 21,802</b>

	<b>2017</b>	<b>2016</b>
Remaining balances of temporarily restricted net assets are as follows:		
Mary Wischart Student Scholarship Fund	\$ 93,797	96,326
C. Purcell Foreign Scholarship Fund	443	164
Steward Provision Closet	48,188	54,513
M. Workman Endowment funds available for distributions	7,276	2,096
	<hr/>	<hr/>
	<b>\$ 149,704</b>	<b>153,099</b>

**(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 \$3,982 in 2017 and \$2,803 in 2016. 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 \$26,280 in 2017 and \$26,061 in 2016.

**(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 2017 and 2016. A grant from Free Will Baptist Foundation provided funding for this expenditure in 2016.

**(7) Related Party Transactions**

WNAC received a grant from Free Will Baptist Foundation for \$18,000 to fund expenditures incurred for the Shine conference. Further, several significant potential one-time gifts (of \$1,000 or more) from members of the National Association of Free Will Baptists are included as revenues and their purpose is as follows:

Payoff loan for purchase of vehicle during 2017	\$ 19,040
To underwrite previous year's deficit	33,400
	<hr/>
	<b>\$ 52,440</b>

**WOMEN NATIONALLY ACTIVE FOR CHRIST  
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

**Notes to Financial Statements, continued**

**8) Liquidity, Operational Deficits and Management's Plan**

WNAC continues to experience losses from operations (increase in unrestricted net assets of \$43,595 less (note 7) significant potential one-time gifts of \$52,440 leaves a operating deficit for 2017 of \$8,845. We reported beginning in 2013 these adverse conditions have caused substantial losses from operations, which as indicated above continue into 2017. The significant potential one time gifts (described in Note 7) have brought the previously reported deficits back to positive net assets (or equity).

**Management's Plan**

Management implemented the 2016 corrective action plan for a savings of \$13,700. WNAC received several significant gifts (see Note 7) enabling us to pay off the department vehicle and underwrite our negative equity from years of operating deficits. Management is very grateful but realizes these are potentially one-time gifts. Thus, the Board of Directors must pursue other sources of operating revenues.

## WOMEN NATIONALLY ACTIVE FOR CHRIST 2019 Proposed Budget

Projected Revenue	2017 Budget	2017 Actuals	2018 Budget	2019 Budget
Gifts and offerings	65,000.00	90,795.00	65,000.00	65,000.00
International Retreat Revenues		15,813.00		
Together Way Funds	76,500.00	87,271.00	76,500.00	80,000.00
Dues	57,000.00	49,313.00	53,000.00	50,000.00
Magazine Subscriptions	37,000.00	20,986.00	30,000.00	20,000.00
Literature	1,000.00	810.00	1,000.00	1,000.00
Convention Revenues	26,000.00	22,778.00	26,000.00	24,000.00
Interest Income	500.00	875.00	500.00	500.00
Endowment Income	3,000.00	1,369.00	3,000.00	2,000.00
Miscellaneous Income		1,615.00		
Shine Grant		18,000.00		
<b>Total</b>	<b>266,000.00</b>	<b>309,625.00</b>	<b>255,000.00</b>	<b>242,500.00</b>

<b>Projected Operating Expenses</b>				
Salaries and Wages	58,465.00	58,263.00	58,465.00	58,465.00
Payroll Taxes and Employee Benefits	24,250.00	22,645.00	22,750.00	24,250.00
Rent	24,000.00	26,280.00	27,000.00	27,000.00
Travel	15,000.00	7,065.00	15,000.00	8,000.00
International Projects		16,327.00		
Auto Expense	3,000.00	1,487.00	3,000.00	5,000.00
Promotion	3,000.00	343.00	3,000.00	1,000.00
Office Expense	15,785.00	13,484.00	16,000.00	14,500.00
Professional Service	5,200.00	5,095.00	5,200.00	5,200.00
Postage and shipping	4,000.00	2,523.00	4,000.00	3,000.00
WNAC Board	5,000.00	7,095.00	4,000.00	5,000.00
Dues, Subscriptions, Cont. Education	2,000.00	1,685.00	2,000.00	2,000.00
Depreciation		3,832.00		
Conventions & Retreats	25,000.00	22,494.00	25,000.00	24,000.00
Contingency Fund	12,000.00	13,900.00	12,000.00	7,200.00
Support for One Magazine	10,000.00	8,382.00	10,000.00	9,000.00
Shine		18,000.00		3,000.00
	<b>206,700.00</b>	<b>228,900.00</b>	<b>207,415.00</b>	<b>196,615.00</b>

<b>Cost of Publications:</b>				
Magazine Printing	24,025.00	19,537.00	10,325.00	10,325.00
Editor and Employee Compensation	23,900.00	23,196.00	23,900.00	23,900.00
Payroll Taxes and Employee Benefits	9,375.00	7,074.00	7,875.00	8,375.00
Postage	2,000.00	1,223.00	1,500.00	1,500.00
	<b>59,300.00</b>	<b>51,030.00</b>	<b>43,600.00</b>	<b>44,100.00</b>

<b>Total</b>	<b>266,000.00</b>	<b>279,930.00</b>	<b>251,015.00</b>	<b>240,715.00</b>
<b>Income Surplus/(Deficit)</b>		<b>29,695.00</b>	<b>3,985.00</b>	<b>1,785.00</b>

### 2017 WNAC SALARIES AND BENEFITS BREAKDOWN

Executive Director	2017	Actuals	2018	2019
Salary	\$ 46,500.00	\$ 44,436.96	\$ 46,500.00	\$ 46,500.00
Social Security/Medicare	\$ 3,560.00	\$ 3,399.43	\$ 3,560.00	\$ 3,560.00
Retirement	\$ 2,325.00	\$ 1,666.35	\$ 2,325.00	\$ 2,325.00
Insurance (Travel/Key Man, Health/L	\$ 9,500.00	\$ 9,172.47	\$ 9,500.00	\$ 10,500.00
Christmas Bonus	\$ 1,000.00	\$ 1,710.00	\$ 1,000.00	\$ 1,000.00
<b>Total Salary and Benefits</b>	<b>\$ 62,885.00</b>	<b>\$ 60,385.21</b>	<b>\$ 62,885.00</b>	<b>\$ 63,885.00</b>

<b>Administrative Assistant</b>				
Salary	\$ 11,965.00	\$ 11,616.00	\$ 11,965.00	\$ 11,965.00
Social Security/Medicare	\$ 915.00	\$ 888.64	\$ 915.00	\$ 915.00
Retirement	\$ 600.00	\$ 435.60	\$ 600.00	\$ 600.00
Insurance (Health/Life & Dental)	\$ 6,000.00	\$ 5,572.76	\$ 4,500.00	\$ 5,000.00
Christmas Bonus	\$ 350.00	\$ 500.00	\$ 350.00	\$ 350.00
<b>Total Salary and Benefits</b>	<b>\$ 19,830.00</b>	<b>\$ 19,013.00</b>	<b>\$ 18,330.00</b>	<b>\$ 18,830.00</b>

<b>Editor Salary</b>				
Salary	\$ 23,900.00	\$ 23,196.00	\$ 23,900.00	\$ 23,900.00
Social Security/Medicare	\$ 1,830.00	\$ 1,774.50	\$ 1,830.00	\$ 1,830.00
Retirement	\$ 1,195.00	\$ 435.60	\$ 1,195.00	\$ 1,195.00
Insurance	\$ 6,000.00	\$ 5,299.56	\$ 4,500.00	\$ 5,000.00
Christmas Bonus	\$ 350.00	\$ 500.00	\$ 350.00	\$ 350.00
<b>Total Salary and Benefits</b>	<b>\$ 33,275.00</b>	<b>\$ 31,205.66</b>	<b>\$ 31,775.00</b>	<b>\$ 32,275.00</b>

<b>Grand Total of Salaries and Benefits</b>	<b>\$ 115,990.00</b>	<b>\$ 110,603.87</b>	<b>\$ 112,990.00</b>	<b>\$ 114,990.00</b>
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WNAC Receipts 2017

General Fund (Operating)											FWB Foundation Accts.					Pass Through Money						
State	Dues	Gen Fund	Emphasis	Rest of Family Portion	Together Way	Provision Closet Gift Cards	Provision Closet Cash	Workman Endowment	Wisehart Student Scholarship	Purcell Foreign Scholarship	Mission Objectives Africa	International Missions	Home Missions	State Programs	Children's Homes	Colleges	Total					
AL	2,970.00	3,997.48	50.00	41.65	63.87	850.00	70.00				1,710.00	240.00					9,993.00					
AR	9,075.00	2,581.06	433.43		13,109.23	410.00	710.00		570.00	75.00	100.00	100.00					27,163.72					
AZ	255.00	455.00		7.30	35.54												752.84					
CA	105.00	273.00	100.00	7.30	480.23					100.00							1,065.53					
CN				14.89	69.87												84.76					
CO																	-					
DE																	-					
FL	585.00	1,284.00		7.30	1,314.51						1,812.50	2,474.41					7,477.72					
GA	4,043.00	2,458.63	830.00	132.97	2,613.59	665.00	421.75		110.00	421.60	890.00	18,384.25	6,766.15		1,666.50	984.45	40,387.89					
HI																	-					
IL	1,455.00	1,231.50	44.32	8.76	2,331.51	300.00	50.00				45.00	630.00					6,096.09					
IN	210.00				276.33		700.00				250.00						1,436.33					
KS		300.00			16.94												316.94					
KY	1,815.00	2,625.00			979.13	50.00					90.00		330.00				5,889.13					
MD					40.51												40.51					
MI	1,260.00	640.00			616.12	9,375.00	350.00				160.00	100.00					12,501.12					
MO	3,885.00	1,430.25	166.20	32.71	20,539.56		1,043.00				490.00						27,586.72					
MS	660.00	220.00			778.28		300.00				270.00	187.00	224.00			1,700.00	4,339.28					
NC	5,820.00	2922.35		251.40	4,676.91	1,485.00	301.00		13.50	13.50	570.00					50.00	16,103.66					
NH																	-					
NM	60.00	29.00			508.30							16.85	5.75				619.90					
NJ																	-					
OH	1,605.00	1,473.26		76.35	3,984.61	245.00			100.00	50.00	1,583.25						9,097.47					
OK	5,820.00	496.13	100.00	62.43	25,312.76	215.00	647.51	25.00	62.50	47.50	150.00						32,938.83					
OR					185.60												185.60					
PANY	255.00																255.00					
SC	2,850.00	1,256.49	125.00	61.62	29.69	1,780.00	420.00				1,080.00	11,536.38		120.00		225.00	19,484.18					
TN	2,835.00	5,214.41	340.00	125.66	4,197.42	670.00	717.00	300.00	350.00	563.00	4,486.00	1,016.50	50.00	100.00		125.00	21,089.99					
TX	795.00	369.10	50.00	71.24	161.61						1,270.00						2,716.95					
UT																	-					
VA	960.00	420.00	120.00	12.07	191.01						300.00	1,077.35	2,086.20	1,018.85			6,185.48					
VI					80.13												80.13					
WA																	-					
WV	1,410.00	60.00		2.92	216.80						160.00	20.00	70.00				1,939.72					
Other		26,985.96			4,480.74						1,000.00						32,466.70					
	48,728.00	56,722.62	2,358.95	916.57	87,270.80	16,045.00	5,730.26	325.00	1,206.00	1,270.60	16,416.75	35,782.74	9,532.10	1,238.85	1,666.50	3,084.45	288,295.19					
Together Way Other: 1% Coop from Executive Office																						
General Fund Other: anonymous donations																						

REPORTED DIRECT GIVING FROM WNAC January - December 2017

STATE	State Missions	International Missions	Home Missions	Colleges	Children's Homes	Youth Camps	Other Mission Objectives	Total
AL	420.00	100.00	486.00	50.00	166.90			1,222.90
AR	13,545.75	13,236.58	4,801.95	10.00	5,878.72			37,475.00
AZ								0.00
CA								0.00
CANADA								0.00
DE								0.00
FL	1,250.00	3,479.35	857.70		120.00		355.00	6,062.05
GA	4,817.78	370.00						5,187.78
IL	320.00	8,620.50	5,287.50	440.00		1,437.00	4,731.00	20,836.00
IN								0.00
KS								0.00
KY	750.00	20,162.66	9,945.00		6,125.00	3,030.17	22,511.75	62,524.58
MID								0.00
MI								0.00
MS								0.00
MO	5,214.57	6,270.27	1,710.10	1,195.00	100.00	35.00	2,784.00	17,308.94
NM					120.00			120.00
NC	275.00	7,412.75	6,742.00	5,437.00				19,866.75
NH	130.13	1,865.52	2,837.91		650.00		2,891.50	8,375.06
OK	4,298.27	8,517.00	1,295.50	3,321.00	435.00		945.00	18,811.77
OR								0.00
PAY/NY								0.00
SC								0.00
TN		3,355.00	2,219.97	2,758.75	800.00	271.00	1,175.00	10,579.72
TX								
UT								
VA								
VI								
WA								
WV	1,290.00	10,792.00			250.00		8,225.00	20,557.00
Other								
Total	32,311.50	84,183.63	36,183.63	13,211.75	14,645.62	4,773.17	43,618.25	228,927.55

TOTAL 2017 GIVING

Pass Through Money	WNAC RECEIPTS	Together Way Receipts	Provision Closet Gift Cards	Provision Closet Non-cash gifts	DIRECT GIVING	Grand Total
1,950.00	7,129.13	63.87	850.00	718.81	1,222.90	11,934.71
200.00	13,444.49	13,109.23	410.00	325.00	37,475.00	64,963.72
	717.30	35.54			0.00	752.84
	585.30	480.23			0.00	1,065.53
	14.89	69.87			0.00	84.76
4,286.91	1,876.30	1,314.51			6,062.05	13,539.77
28,691.35	8,417.95	2,613.59	865.00	136.00	5,187.78	45,711.67
675.00	2,769.58	2,331.51	300.00		20,836.00	26,932.09
250.00	910.00	276.33			0.00	1,436.33
	300.00	16.94			0.00	316.94
420.00	4,440.00	979.13	50.00		62,524.58	68,413.71
		40.51			0.00	40.51
260.00	2,250.00	616.12	9,375.00	14,150.35	0.00	26,651.47
2,381.00	1,180.00	778.28			0.00	4,339.28
490.00	6,557.16	20,539.56			17,308.94	44,895.66
22.60	89.00	508.30			120.00	739.90
620.00	9,321.75	4,676.91	1,465.00		19,866.75	35,970.41
1,583.25	3,304.61	3,964.61	245.00	358.00	8,375.06	17,830.53
150.00	7,261.07	25,312.76	215.00		18,811.77	51,750.60
	255.00	185.60			0.00	185.60
12,961.38	4,713.11	29.69	1,760.00		0.00	255.00
5,777.50	10,445.07	4,197.42	670.00	4,442.49	10,579.72	36,112.20
1,270.00	1,285.34	161.61		431.25	0.00	3,148.20
					0.00	0.00
4,482.40	1,512.07	191.01			0.00	6,185.48
		80.13			0.00	80.13
					0.00	0.00
250.00	1,472.92	216.80			20,557.00	22,496.72
1,000.00	26,965.96	4,480.74				32,466.70
67,721.39	117,258.00	87,270.80	16,045.00	20,561.90	228,927.55	537,784.64

2017 WNAC Statistics

Total Giving	Membership	Per Capita	Missions/Ministry Objectives	WNAC including non-cash gifts	Provision Closet Gifts
1 Kentucky	1 Arkansas	1 Kentucky	1 Kentucky	1 Oklahoma	Gift Cards \$16,045.00
2 Arkansas	2 North Carolina & Oklahoma	2 Florida	2 Arkansas	2 Arkansas	Cash gifts \$5,730.26
3 Oklahoma	3 Georgia	3 Michigan	3 Georgia	3 Missouri	Non-cash gifts \$20,561.90
4 Georgia	4 Missouri	4 Illinois	4 Michigan	4 Tennessee	Total gifts \$42,337.16
5 Missouri	5 Alabama	5 West Virginia	5 Tennessee	5 North Carolina	
6 Tennessee	6 South Carolina	6 Tennessee	6 North Carolina	6 North Carolina	
7 North Carolina	7 Tennessee	7 New Mexico	7 Illinois	7 Georgia	
8 Illinois	8 Kentucky	8 Missouri	8 West Virginia	8 Alabama	
9 Michigan	9 Ohio	9 Georgia	9 Oklahoma	9 Ohio	
19 West Virginia	10 Illinois	10 Ohio	10 Missouri	10 South Carolina	

## **Music Commission Report**

The Music Commission continues its ongoing partnership with the Executive Office to provide assistance to the Convention Music Coordinator in the planning and leading of the worship services during the annual convention. We promote awareness and participation through a Facebook page for the Music Commission.

We made plans to offer workshops at the 2017 convention in Louisville. Sam Harris presented a workshop on basic song leading. James Stevens offered workshops on keyboard accompanying and skills. Doug Little led a workshop on basics of songwriting.

Exploration continues regarding the needs of the denomination for worship resources and how the Music Commission can encourage and assist musicians in our medium and smaller sized churches. We are investigating the creation of an interactive website.

Music is a key component in the health of every local church, regardless of size or preferences of style. The need for skills training is obvious. But the cultivation of a heart for true worship is more challenging to do within music leaders and the congregations they lead. The Music Commission continues to look for opportunities to facilitate access to resources and mentoring relationships in that endeavor. Please continue to 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 2017

<b>Beginning Balance (01/01/2017)</b>		<b>\$ 5,180.28</b>
<b>Income</b>		<b>\$ 5,475.68</b>
Together Way (undesignated)	\$ 4,566.02	
Together Way (designated)	\$ 839.05	
2016 Rest of the Family Offering	\$ 16.81	
Other Gifts	\$ 53.80	
<b>Expenses</b>		<b>\$ 2,672.67</b>
Meetings	\$ 2,407.40	
Convention expenses (workshops, etc)	\$ 265.27	
Office/Miscellaneous	\$ -	
<b>Ending Balance (12/31/17)</b>		<b>\$ 7,983.29</b>

## MUSIC COMMISSION BUDGET COMPARISONS

	2017 Budget	2017 Actual	2018 Budget	2019 Budget
<b>Income</b>				
Together Way (undesignated)	\$ 4,000.00	\$ 4,566.02	\$ 4,000.00	\$ 5,000.00
Together Way (designated)	\$ 700.00	\$ 839.05	\$ 700.00	\$ 1,000.00
Rest of the Family Offering	\$ 25.00	\$ 16.81	\$ 25.00	\$ 25.00
Other Gifts	\$ 50.00	\$ 53.80	\$ 50.00	\$ 100.00
<b>Totals</b>	<b>\$ 4,775.00</b>	<b>\$ 5,475.68</b>	<b>\$ 4,775.00</b>	<b>\$ 6,125.00</b>
<b>Expenses</b>				
Meetings	\$ 2,575.00	\$ 2,321.46	\$ 2,575.00	\$ 3,000.00
Convention	\$ 1,000.00	\$ 265.27	\$ 1,000.00	\$ 500.00
Miscellaneous	\$ 200.00	\$ -	\$ 200.00	\$ 100.00
Projects	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 2,525.00
<b>Totals</b>	<b>\$ 4,775.00</b>	<b>\$ 2,586.73</b>	<b>\$ 4,775.00</b>	<b>\$ 6,125.00</b>

# Media Commission Report

**July 2018, Little Rock, Arkansas**

In 2017, the Media Commission continued its focus on streaming convention services to enable viewers from all over the country and around the world to participate in the National Association of Free Will Baptists. Services averaged several thousand viewers watching live each evening, with a total of over 36,000 viewers who watched convention services live and/or by archive. Last year we began streaming the services each night with simultaneous Spanish translation. We are pleased to provide this again this year. We have decided to use some of the money from our endowment with the Foundation to improve the streaming experience. This is the reason for the increased expenses in our financial report.

At the 2017 convention we were excited to offer text giving during the convention. On Sunday through Tuesday, the convention received \$863 via the text-to-give option. On Wednesday evening we received \$4,720, which was divided between North American Ministries and International Missions. We hope to surpass these totals this year.

At the 2017 convention, Travis Penn resigned as chairman. We were fortunate to have served under his leadership for nine years. We welcomed Jeremy Smith, from First Free Will Baptist Church in Washington, North Carolina, to our team and are excited about the fresh ideas he is bringing to the commission.

The Media Commission will also be sharing through various forms of social media via Facebook, Twitter, and Instagram. We encourage others to share their experiences through social media by using #NAFWB.

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.

Thank you for the opportunity to serve our denomination and our Lord.

Stephen Lopes, Chairman (TN)

Josh Owens, Treasurer (TN)

Marc Nepl (VA)

Daniel Edwards (IN)

Jeremy Smith (NC)

## FWB Media Commission Comparative Budget Analysis

	2018 Budget	2018 Actual	Difference	2019 Budget
<b>INCOME</b>				
Together Way (Undesignated)	\$4,600.00	4,566.02	-\$33.98	\$4,600.00
Together Way (Designated)	\$300.00	\$380.02	\$80.02	\$300.00
Rest of the Family Offering	\$20.00	\$17.92	-\$2.08	\$20.00
Misc. Income	\$40.00	\$48.25	\$8.25	\$40.00
Interest Earned (Foundation)	\$500.00	\$500.37	\$0.37	\$500.00
<b>TOTAL INCOME</b>	<b>\$5,460.00</b>	<b>\$5,512.58</b>	<b>\$52.58</b>	<b>\$5,460.00</b>
<b>EXPENSES</b>				
Office Supplies	\$50.00	\$4.90	\$45.10	\$50.00
Video Hosting (Vimeo)	\$200.00	\$199.00	\$1.00	\$200.00
Digest of Reports	\$125.00	\$69.27	\$55.73	\$125.00
Convention Text to Give Platform	\$0.00	\$599.00	-\$599.00	\$600.00
Convention Streaming Service	\$500.00	\$0.00	\$500.00	\$500.00
Streaming Video Equipment Upgrades	\$0.00	\$0.00	\$0.00	\$8,000.00
Convention Supplies/Giveaways	\$500.00	\$166.79	\$333.21	\$500.00
Convention Meals	\$800.00	\$720.00	\$80.00	\$800.00
Convention Seminar	\$50.00	\$50.00	\$0.00	\$50.00
Software/Hardware	\$1,500.00	\$598.20	\$901.80	\$1,500.00
Annual Meeting	\$1,500.00	\$859.52	\$640.48	\$1,500.00
<b>TOTAL EXPENSES</b>	<b>\$5,225.00</b>	<b>\$3,266.68</b>	<b>\$1,958.32</b>	<b>\$13,825.00</b>

## 2017-2018 Historical Commission Report

Change continued this year for the Historical Commission as the Free Will Baptist History Collection adapted to its new home in the Historical Room at Welch College Library in Gallatin, Tennessee. After months of work, collection holdings have been assimilated into the beautiful new facilities. Books and records are stored in archival-quality envelopes and boxes or shelved in the main room of the collection, while back-up copies and periodicals are housed in the library's compact shelving. While these items cannot be checked out of the library, records are available to the public for research (although some items may require the assistance of the curator or a librarian).

After more than four decades as volunteer collector, archivist, and curator of the collection, commission chairman Robert E. Picirilli stepped down September 1, 2017. Phillip Morgan, history program coordinator at Welch College, will follow Picirilli in the role after serving as his assistant since 2015. The commission expresses its deepest gratitude to Dr. Picirilli for his far-seeing and persistent efforts to preserve Free Will Baptist history. All Free Will Baptists are encouraged to purchase and read Picirilli's latest historical work, *Little Known Chapters in Free Will Baptist History*, available from Randall House.

The commission continues to pursue the goal of making all minutes of all denominational associations available online. Dubbed *The Minutes Project*, these documents will be available in text-searchable PDF format on the commission website. Grants from Free Will Baptist Foundation have helped to facilitate these efforts. Thanks also to North American Ministries for ongoing assistance in scanning.

This growing digital archive may be accessed by visiting the historical collection in person, by searching the Welch Library online catalog ([welchlibrary.wordpress.com](http://welchlibrary.wordpress.com)); or by visiting [www.FWBHistory.com](http://www.FWBHistory.com). To donate historical materials to the project, contact Phillip Morgan: [pmorgan@welch.edu](mailto:pmorgan@welch.edu). The commission is grateful to individuals, churches, and organizations that contributed during the past year.

### 2017-2019 Budgets Free Will Baptist Historical Commission

	2017 Budget	2017 Actuals	2018 Budget	2019 Budget
<b>Income</b>				
Gifts (Together Way)	\$4,500.00	\$3,989.63	\$4,500.00	\$5,000.00
Interest	10.00	15.75	10.00	10.00
Sale of Pamphlets	500.00	310.55	350.00	250.00
Rest of the Family Offering	20.00	14.53	20.00	20.00
Tennessee Co-op	15.00	15.00	15.00	15.00
Other*	0.00	35.00	0.00	0.00
<b>Total Income</b>	<b>5045.00</b>	<b>4,380.46</b>	<b>4,895.00</b>	<b>5,295.00</b>
<b>Expenses</b>				
Books, Materials, Labor	1,945.00	1,344.69	1,000	1,000.00
Publishing Projects	2,000.00	0.00	1,145.00	1,545.00
Meeting Expenses	0.00	0.00	250.00	250.00
Digest of Reports	100.00	91.70	100.00	100.00
Website Expense	500.00	175.00	300.00	300.00
Librarian Expense	500.00	365.27	2,100.00	2,100.00
Other**	0.00	100.00	0.00	0.00
<b>Total Expenses</b>	<b>\$5,045.00</b>	<b>\$2,076.66</b>	<b>\$4,895.00</b>	<b>\$5,295.00</b>

\*Individual donation. \*\*Memorial gift.

# Financial Report 2017

## Free Will Baptist Historical Commission

Balance on hand (checking at Regions Bank) 12/31/2016.....\$33,547.06

### Deposits

FWB Coop/Together Way (14 mo) .....	5,682.74
Interest (Regions Bank) .....	9.93
Sales of booklets.....	249.35
Rest of Family offering.....	14.39
Tennessee Coop.....	15.00
Robert Vaughn, gift.....	50.00
FWB Foundation, grant .....	5,000.00
<b>Total .....</b>	<b>\$11,021.41</b>

### Expenditures

NAFWB Digest fee.....	69.27
Phillip Morgan, postage.....	21.92
Fwbhistory.com website (one year).....	205.00
Phillip Morgan, stipend (one-third year).....	667.00
Microfilm scanning equipment .....	5,663.04
Magnification equipment .....	175.90
Welch College historical room .....	25,000.00
<b>Total .....</b>	<b>\$31,802.13</b>

Balance on hand (checking at Regions Bank) 12/31/2017..... \$12,766.34

Add: Trust Fund at FWB Foundation 12/31/2017 ..... \$35,844.52  
(gained \$967.20 in 2017)

**Total on hand 12/31/2017 .....\$48,650.86**

*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.

On October 23-24, 2017, we sponsored our twenty-first annual Theological Symposium. The Symposium met on the campus of Welch College in Gallatin, Tennessee. Papers were presented on divine judgment in the Old Testament World, refuting higher critical views on the Old Testament, English General Baptist views of faith and reason, presuppositional apologetics, Arminius's views on individual election, Christopher Wright's missional hermeneutic, Calvin's view of the Lord's Supper, the calling of faith and scholarship, and the New Perspective on Paul.

Our twenty-second annual Theological Symposium will meet October 22-23, 2018, on the campus of Randall University in Moore, Oklahoma. We invite paper proposals for this symposium. All those interested in submitting papers for possible inclusion in the Symposium program are encouraged to contact Jackson Watts at [fwbtheology@gmail.com](mailto:fwbtheology@gmail.com).

The Commission is working on the next issue of *Integrity: A Journal of Christian Thought*, with plans to have it out later this year. 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. We also encourage you to read theologically related essays at our blog, [fwbtheology.com](http://fwbtheology.com).

At the 2018 Commission Seminar at the National Association meeting, we will feature Dr. Andrew Ball, adjunct instructor in Welch College's M.A. in Theology and Ministry and Instructor of Philosophy at Wallace State College in Hanceville, Alabama. He will be speaking on the topic "Euthanasia and Assisted Suicide in Theological Perspective." That seminar will be held at 2:00 on Monday afternoon of the convention in the Marriott Hotel Conway Hall.

Respectfully submitted,

The Commission for Theological Integrity

Matt Pinson (chairman)

Kevin Hester (secretary)

Rodney Holloman

Jackson Watts

**2017**  
**Commission for Theological Integrity**  
**Financial Report**

<b>Bank Balance - January 1, 2017</b>	<b>\$3,083.51</b>
<b>Commission Income</b>	
The Together Way	\$5,116.31
Theological Symposium Papers	194.00
Gifts	<u>43.01</u>
<b>Total Commission Income</b>	<b>5,353.32</b>
<b>Journal Income</b>	<b><u>0.00</u></b>
<b>Total Income</b>	<b>5,353.32</b>
<b>Commission Expenses</b>	
Bookkeeping	400.00
National Seminar/Digest of Reports	942.86
Annual Meeting and Symposium Expenses	1,152.68
Miscellaneous Office Expenses	<u>292.94</u>
<b>Total Commission Expenses</b>	<b>2,788.48</b>
<b>Journal Expenses</b>	<b><u>100.00</u></b>
<b>Total Expenses</b>	<b><u>2,888.48</u></b>
<b>Bank Balance - December 31, 2017</b>	<b><u>\$5,548.35</u></b>

---

**2019**  
**Commission for Theological Integrity**  
**Budgets**

	<b>2017 Budget</b>	<b>2017 Actuals</b>	<b>2018 Budget</b>	<b>2019 Budget</b>
<b>Income</b>				
Gifts	\$1,100.00	\$43.01	\$2,600.00	\$100.00
Journal Income	1,500.00	0.00	1,500.00	100.00
Theological Symposium Papers	500.00	194.00	500.00	300.00
Together Way Plan	<u>5,000.00</u>	<u>5,116.31</u>	<u>5,200.00</u>	<u>5,200.00</u>
<b>Total Income</b>	<b><u>8,100.00</u></b>	<b><u>5,353.32</u></b>	<b><u>9,800.00</u></b>	<b><u>5,700.00</u></b>
<b>Expenses</b>				
Annual Meeting/Symposium	2,500.00	1,152.68	2,800.00	2,800.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	2,800.00	100.00	4,200.00	100.00
National Seminar/Digest	2,200.00	942.86	2,200.00	2,200.00
Office Expenses	200.00	292.94	200.00	200.00
<b>Total Expenses</b>	<b><u>\$8,100.00</u></b>	<b><u>\$2,888.48</u></b>	<b><u>\$9,800.00</u></b>	<b><u>\$5,700.00</u></b>

## 2018 President's Report Welch College

### Amazing Growth

This was an excellent year for Welch College. We set a 33-year enrollment record: Full-time students increased by 11% over last year, with a dormitory student increase of 13% and a headcount increase of 16%. This showed up in financial increases as well: As of this writing, we project traditional tuition will be up 10% from last year, with overall tuition up 7% and auxiliary income up more than 20%.

Likewise, we project that, by the end of the fiscal year, unrestricted gifts will be up 13% from last year. We will have received more cash gifts this year than any year in the college's history, except 2015-16, when we received some very large relocation gifts through our *Building on the Legacy* capital campaign.

So, quantitatively, we have had a year of amazing growth.

That said, we have had our financial challenges owing to an underreporting error on the part of our general contractor amounting to nearly \$2 million. This threw us into a financial tailspin (which we expect to be out of by this summer owing to expected capital campaign gifts). Furthermore, with our new campus environment, we underestimated some of the costs of operating our new campus (especially depreciation, which will be nearly \$200,000 more than we had budgeted). We also overestimated the number of students who would enroll this early in the adult studies program, as well as the amount we would receive from the local community in grants. Thus, as of this writing, we are projecting a deficit as of the fiscal year end of May 31, 2018. Yet we believe projected capital campaign gifts will bring us back to normal this summer.

### Quality Improvement

Qualitatively, Welch College is doing exceedingly well. We are currently conducting a wide-ranging survey of students, faculty, and staff about their perceptions of the new campus and other general questions about the quality of campus life and their experience at Welch. Results thus far show that, while we have a few improvements to make with our new facilities (e.g., changing student center and gym hours of operation, adding more study seating in quiet spaces, tweaking campus WiFi), excitement about the new campus and about life at Welch is very high.

This survey matches what we found in our recent Best Christian Workplaces survey of our faculty and staff, which led to our certification as one of America's Best Christian Workplaces. Our debriefing with one of the leaders at BCWI was very encouraging. She explained that Welch was in the top 7% of all the organizations who participated in this year's survey.

The only three questions on which we fell slightly below average were discussions about employee progress, gathering and responding to employee suggestions, and retirement benefits. We are going to address these three issues head-on by instituting a fresh, new system of annual supervisor progress discussions with each employee as well as administering an anonymous email suggestion survey and putting an additional 1 percent of each employee's salary into an employee account at the Board of Retirement of the NAFWB from here on out, with no requirement for matching employee contributions.



Other measures of quality include our highest-ever ranking in *U.S. News and World Report's Best Colleges*. The numerical ranking of 26 in the 2018 South Region indicates a rise of five places above the 2017 edition ranking of 31. Welch was also ranked 21 among "Best Value" Colleges in the South, and ranked 5th "Best Value" of all colleges and universities in Tennessee.

## **On Mission**

However, our mission which centers on the gospel of the kingdom is at the heart of what is exciting right now at Welch College. We have a faculty and staff that skews young, and they're meshing with students who are eager to learn about how the gospel and a gospel-shaped worldview mold their lives, the church, the extension of the kingdom through Great Commission fulfillment, and their interaction as salt and light with the culture around them.

The local church and Great Commission mindset continues to be at the heart of the Welch College campus. Nearly two-thirds of our male students are going into the ministry. But, more than that, Welch is an intentional training ground for church leaders, whether ordained or lay, and for community leaders who will bear witness as salt and light in the culture.

Thus, we are orienting our student body to seeing themselves and their callings as related directly to church leadership and the Great Commission, regardless of their major. This includes keeping evangelism and the Free Will Baptist mission to the world as the heartbeat of our campus. So ministry and mission remain at the core of who we are as a Christian community of faith and learning.

## **A Busy Near-Future**

When so many small Christian colleges are struggling to survive and have little hope for generating enough growth and revenue to get beyond that, our problem at Welch is trying to figure out how to control our growth. I believe we are going to see the old saying "Build it and they will come" materialize on the Welch campus, both in terms of student enrollment growth and giving.

I believe we are about to turn a corner in the philanthropic underpinning of our institution. We have large donors who have come to the table who had never given to Welch before our relocation process. I believe, over the next five years, we will raise three times the funds we raised in the previous five years. As of this writing, the timing on our capital campaign is a little slow, with some of our largest potential donors having to delay meetings or gifts until the summer. Yet I believe we will be out of our current debt in five years. However, I predict we will have a new debt load of \$6-7 million by that point because of the construction of new student housing and a 1,000-plus-capacity chapel/auditorium which will be the signature building on our campus.

I believe we will continue the enrollment growth trends from the past few years. And because of our new name and new campus, this growth will not be like most current growth in the higher education sector—mainly non-traditional and graduate—it will be in undergraduate and dormitory students as well.

I predict we will have to begin building new student housing in 2019 to be able to accommodate Fall 2020 dormitory enrollment. We have 20% more traditional undergraduate applicants for this fall than we had this time last year, and our non-traditional programs will grow as well. I predict we will have another 16% increase in annual headcount this time next year. That will put us up over 500 in enrollment, thus giving us a 35-year record high enrollment. With the addition of the master's degree in education in the 2019-20 academic year, and modest

gains in other enrollment, I predict that 3-4 years from now we will break our overall enrollment record of 648, which was set in the 1981-82 academic year.

## **Conclusion**

Though the 2017-18 fiscal year was a year of financial growing pains on our new campus, spirits are high, and we are expecting to have another record-setting year in enrollment next year. Free Will Baptists are continuing to trust us with the best student leaders from their churches across the country, and for this we thank you. I want to express special gratitude to the individuals and churches who support us financially, and to the alumni, parents, pastors, and youth leaders who promote Welch College to your students.

The need for truly Christian higher education in a distinctly Free Will Baptist setting is greater than ever in our current culture. I thank you for your support in making a Welch education possible and continuing to stand with us as we witness greater growth in mission fulfillment in the next few years than at any time in our history.

Sincerely,

J. Matthew Pinson  
President

## Registration Report 2017-2018

### ENROLLMENT 436

#### States

Alabama . . . . .	21	Maryland . . . . .	1	South Carolina . . . . .	9
Arizona . . . . .	1	Michigan . . . . .	6	South Dakota . . . . .	1
Arkansas . . . . .	14	Mississippi . . . . .	6	Tennessee . . . . .	209
California . . . . .	4	Missouri . . . . .	15	Texas . . . . .	5
Florida . . . . .	14	New York . . . . .	1	Virginia . . . . .	10
Georgia . . . . .	10	North Carolina . . . . .	31	West Virginia . . . . .	1
Illinois . . . . .	13	Ohio . . . . .	4	International . . . . .	41
Indiana . . . . .	3	Oklahoma . . . . .	6		
Kansas . . . . .	4	Pennsylvania . . . . .	1		
Kentucky . . . . .	3	Rhode Island . . . . .	2		

The student body represents 26 states (USA) and 5 international countries (Bulgaria, Canada, Cuba, Panama, and Santo Domingo).

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#### Classification

Freshman . . . . .	122
Sophomore . . . . .	74
Junior . . . . .	48
Senior . . . . .	58
Graduate (Degree-seeking) . . . . .	23
Non-degree Part-time . . . . .	33
Dual Enrollment . . . . .	78

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#### Vocational\*

Christian Ministry (Grad) . . . . .	21	Exercise Science (TE Licensure: 2) . . . . .	15	Teacher Education*** . . . . .	30
Christian Ministry (Bach)** . . . . .	71	General Studies . . . . .	80	Non-degree Part-time . . . . .	33
Christian Ministry (Assoc) . . . . .	10	History (TE Licensure: 4) . . . . .	11	Dual Enrollment . . . . .	78
Missions . . . . .	11	Music (BME Licensure: 2) . . . . .	7		
Business . . . . .	38	Psychology . . . . .	14		
English (TE Licensure: 7) . . . . .	13	Science/Nursing . . . . .	13		

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#### Other Categories

Full-Time . . . . .	243	Dorm . . . . .	203	New . . . . .	120
Part-Time . . . . .	193	Commuter . . . . .	32	Transfer . . . . .	23
		Graduate School . . . . .	23	Continuing . . . . .	175
Male . . . . .	230	Adult . . . . .	24	Re-admit . . . . .	7
Female . . . . .	206	Online . . . . .	46	Non-degree Part-time . . . . .	33
		Lifetime Learning . . . . .	30	Dual Enrollment . . . . .	78
Single . . . . .	346	Dual Enrollment . . . . .	78		
Married . . . . .	90			Free Will Baptist . . . . .	275
				Other . . . . .	161

\*Pursuing multiple degrees.

\*\*Pursuing vocational Christian ministry: Pastoral, Youth and Family, and General Christian Ministries.

\*\*\*Includes Early Childhood, preK-3, Child Development and Learning, and post-baccalaureate (1). Although the total number of students pursuing TE licensure is 39, those pursuing secondary licensure, Grades 6-12 (Bible, Biology, English, History, Music, and Physical Education) are counted in their respective content areas for the purposes of this report.

## Financial Aid Report 2017-2018

Type of Aid	Number of Recipients	Amount of Aid
College-Administered Scholarships .....	601 .....	1,464,266.77
Federal Pell Grants.....	133 .....	496,117.51
Federal SEOG Grants .....	17 .....	14,635.31
Federal Work-Study.....	12 .....	12,021.25
Federal TEACH Grant .....	2 .....	8,000.00
Federal Stafford Loans (Subsidized).....	130 .....	505,220.00
Federal Stafford Loans (Unsubsidized).....	127 .....	428,648.00
Federal Plus Loans .....	32 .....	298,238.00
TSAA Grants... ..	18 .....	60,628.00
Tennessee HOPE Scholarship.....	45.....	161,800.00
Tennessee Dual Enrollment Grant .....	70 .....	47,000.00
Tennessee Promise Scholarship .....	22.....	28,360.00
Alternative Loans .....	15 .	168,275.00
External Scholarships .....	109 .....	203,780.50
<b>TOTAL FINANCIAL AID ADMINISTERED, 2017-2018</b>		<b>\$3,896,990.34</b>

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## Welch Library Report 2017-2018

Reference .....	979
General Collection .....	55,725
Curriculum Lab .....	1,697
Audiovisuals .....	442
Ministry Lab .....	7
Welch College Archives .....	131
Historical Collection .....	4,703
Sarah Lacey Nicholas Music Collection .....	2,239
EBSCO E-books Database E-books .....	48,765
ERIC Microfiche .....	74,630
Microfiche Books .....	427
Business Expert Press E-books .....	335
<b>TOTAL</b>	<b>190,080</b>

## **Synopsis of Minutes**

### **Board of Trustees**

### **June 2017-May 2018**

#### ***June 9, 2017***

The Board of Trustees met via conference call and approved a motion to seek an extension of \$2.2 million dollars from the Free Will Baptist Foundation to the construction line of credit.

#### ***July 17, 2017***

At its meeting at the annual convention of the NAFWB, the Board of Trustees approved the audit and asked for information to be presented at the next meeting on Key Man insurance for President Pinson.

#### ***November 13, 2017***

The Board of Trustees met via conference call and approved a motion to borrow the remaining \$800,000 on the construction line of credit from the Free Will Baptist Foundation.

#### ***December 5-6, 2017***

In its regular December meeting, the Board of Trustees heard reports from college officials and from the Special Governance Committee appointed to study the Board's Standing Policies and Rules of Decorum. The Trustees approved a motion to create a policy on what documents to include in the official Board minutes and College records. They also resolved to hire Christa Hill as the college's head librarian.

#### ***March 19, 2018***

The Board of Trustees met via conference call and approved a motion to engage Crosslin, PLLC, as the auditor for Welch College.

#### ***April 2, 2018***

The Board of Trustees approved via email vote a resolution to sell a small parcel of land in North Carolina.

#### ***April 9, 2018***

The Board of Trustees approved via email vote the addition of a new major in Humanities and Arts.

#### ***April 18, 2018***

The Board of Trustees met via conference call and approved a resolution to open an \$800,000 line of credit with FirstBank.

#### ***May 9-10, 2018***

At its regular May Board meeting, the Board of Trustees approved the proposed budget with new spending to begin in September contingent on meeting summer gift goals, debt repayment goals, and enrollment goals. The Board voted to sell an 18-acre parcel at the northwest corner of the campus property. The Board approved a Code of Conduct and Standing Policies and Rules of Decorum for every trustee and approved a pilot assessment tool for the evaluation of the entire Board and each trustee by the other trustees. The Board approved a new faculty ranking and promotion system that will designate faculty as instructors, assistant professors, associate professors, or professors. The Board passed a motion to require trustees who take courses at the college to recuse themselves from voting on faculty matters relating to the department in which they are taking courses and to be prohibited from taking courses taught by the President. The Board approved a new Master of Arts in Teaching degree to be initiated in January 2019. The Board voted to give special commendations to the Special Governance Committee (Mark Stripling, chairman, Ken Simpson, and Will Beauchamp) for their work on the Board of Trustees Code of Conduct and Standing Policies and Rules of Decorum; the President and his leadership team for an exceptional first year on the new campus; and Bruce Bilbrey upon his retirement from forty years of service to Welch College.

## Salary Breakdowns

	2016-2017	2017-2018	2018-2019
<b>President*</b>			
Salary	\$67,420	\$70,136	\$71,539
Social Security	5,158	5,365	5,473
Retirement	1,348	1,403	2,146
Medical Insurance	14,437	15,469	14,824
Life Insurance	<u>337</u>	<u>337</u>	<u>328</u>
	\$88,700	\$92,710	\$94,310
<b>Provost</b>			
Salary	\$54,705	\$54,500	\$55,590
Social Security	4,185	4,169	4,253
Retirement	1,094	1,090	1,667
Medical Insurance	0	15,469	14,824
Life Insurance	<u>337</u>	<u>337</u>	<u>328</u>
	\$60,321	\$75,565	\$76,662
<b>Vice President for Financial Affairs</b>			
Salary	\$49,909	\$53,000	\$54,060
Social Security	3,818	4,055	4,136
Retirement	998	1,060	1,621
Medical Insurance	4,757	5,097	4,885
Life Insurance	<u>337</u>	<u>337</u>	<u>328</u>
	\$59,819	\$63,549	\$65,030
<b>Vice President for Institutional Advancement</b>			
Salary	\$52,489	\$56,591	\$57,723
Social Security	4,015	4,329	4,416
Retirement	1,050	1,132	1,731
Medical Insurance	9,990	10,704	10,258
Life Insurance	<u>337</u>	<u>337</u>	<u>328</u>
	\$67,881	\$73,093	\$74,456

\*Housing provided (with Social Security variation). Vehicle provided.

# 2018 Election Schedule For Standing Boards and Commissions

## Welch College Board of Trustees

- 2020** — Jeff Crabtree (Atlantic-Canada)  
Shiloh Hackett (Tennessee)  
Eddie Moody (North Carolina)
- 2022** — Michael Armstrong (Ohio)  
Brad Ryan (Illinois)  
Wayne Miracle (Georgia)

### To Be Elected in 2018:

- 2024** — \_\_\_\_\_  
(replacing Will Beauchamp, Florida)
- \_\_\_\_\_
- (replacing Ken Simpson, Missouri—ineligible for re-election)
- \_\_\_\_\_
- (replacing Mark Stripling, Arkansas—ineligible for re-election)

## Board of International Missions

- 2020** — Janice Banks (Texas)  
Jeff Manning (North Carolina)  
Jeff Nichols (Tennessee)
- 2022** — Cameron Lane (Arkansas)  
Will Harmon (Arkansas)  
Rodney Yerby (Alabama)

### To Be Elected in 2018:

- 2024** — \_\_\_\_\_  
(replacing Nelson Henderson, Arkansas—ineligible for re-election)
- \_\_\_\_\_
- (replacing Mark Price, Ohio)
- \_\_\_\_\_
- (replacing Robert Posner, Texas)

## Board of Randall House Publications

- 2020** — Paul Bryant (Mississippi)  
Steve Lindsay (Alabama)  
Randy Scott (Tennessee)
- 2022** — Darin Gibbs (North Carolina)  
Timothy York (David Marks Heritage)  
Jay Baines (Virginia)

### **To Be Elected in 2018:**

**2024** — \_\_\_\_\_  
(replacing Mark Braisher, Oklahoma—ineligible for re-election)  
\_\_\_\_\_  
(replacing Mike Mounts, Ohio)  
\_\_\_\_\_  
(replacing Mike Trimble, Michigan)

### **Board of Women Nationally Active for Christ**

**2020** —Diana Bryant (Florida)  
Janie Campbell (Arkansas)  
Tracy Payne (Oklahoma)  
**2022** —Pam Hackett (South Carolina)  
Jonda Patton (Kentucky)  
Lee Ann Wilfong (Missouri)

### **To Be Elected in 2018:**

**2024** — \_\_\_\_\_  
(replacing Amy Johnson, Illinois)  
\_\_\_\_\_  
(replacing Susan Burgess, Illinois)  
\_\_\_\_\_  
(replacing Sarah Sargent, Ohio)

### **Commission for Theological Integrity**

**2019** — \_\_\_\_\_  
(replacing Randy Corn, Tennessee—he resigned)  
**2020** — Rodney Holloman (Tennessee)  
**2021** — W. Jackson Watts (Missouri)  
**2022** — Kevin Hester (Tennessee)  
**2023** — \_\_\_\_\_  
(replacing Matt Pinson, Tennessee)

### **Historical Commission**

**2019** — Robert Picirilli (Tennessee)  
**2020** — Eric Thomsen (Tennessee)  
**2021** — Jeff Cockrell (Tennessee)  
**2022** — Willie Martin (Georgia)  
**2023** — \_\_\_\_\_  
(replacing David Crowe, Tennessee)

### **Music Commission**

**2019** — Kevin Justice (North Carolina)  
**2020** — Bryan Hughes (North Carolina)  
**2021** — Donnie Burke (Georgia)  
**2022** — Doug Little (Tennessee)  
**2023** — \_\_\_\_\_  
(replacing James Stevens, Tennessee)



## Media Commission

**2019** – Josh Owens (Tennessee)

**2020** – Jeremy Smith (North Carolina)

**2021** – Daniel Edwards (Indiana)

**2022** – Marc Neppi (Virginia)

**2023** – \_\_\_\_\_  
(replacing Stephen Lopes, Tennessee)

## General Board

**2019** – Alabama: Danny Williams  
Arizona: John Gibson  
Arkansas: David Taylor  
Assn. of Mexico: Luis Felipe Tijerina  
Atlantic-Canada: Oral McAfee  
California: Mike Kilcrease  
Colorado: Mark Thomas  
David Marks Heritage: Tom Jones  
Florida: Allan Austin  
Georgia: Tim Horne  
Idaho: Gene Kissinger  
Illinois: David Shores

**2020** – Indiana: Daniel Edwards  
Iowa: David Inman  
Kansas: Josh Bush  
Kentucky: Ashley Kidd  
Mexico Assn: Bud Bivens  
Michigan: Jimmy Lawson  
Mid-Atlantic: Wayne Hale  
Mississippi: Larry Reynolds  
Missouri: Stan Bunch

## To be elected in 2018:

**2021** – North Carolina: \_\_\_\_\_  
(replacing Reuben Cason)  
Northeast: \_\_\_\_\_  
(replacing Bill Reynolds)  
Northwest: \_\_\_\_\_  
(replacing Brent Nix)  
Ohio: \_\_\_\_\_  
(replacing Edwin Hayes)  
Oklahoma: \_\_\_\_\_  
(replacing Mike Wade)

South Carolina: \_\_\_\_\_  
(replacing Chris Todd)  
Tennessee: \_\_\_\_\_  
(replacing Glenn Poston)  
Texas: \_\_\_\_\_  
(replacing Kenneth Mayo)  
Virginia: \_\_\_\_\_  
(replacing Bruce Barnes)  
West Virginia: \_\_\_\_\_  
(replacing Luther Morgan)

## Executive Committee

**2019** — David Taylor (Arkansas)  
Danny Williams (Alabama)  
David Shores (Illinois)

**2020** — Stan Bunch (Missouri)  
Wayne Hale (Mid-Atlantic)  
Daniel Edwards (Indiana)

## To be elected in 2018:

**2021** — \_\_\_\_\_  
(replacing Glenn Poston, Tennessee)  
\_\_\_\_\_  
(replacing Edwin Hayes, Ohio)  
\_\_\_\_\_  
(replacing Mike Wade, Oklahoma)

## General Officers

Moderator: \_\_\_\_\_  
(replacing Tim York, Tennessee)  
Assistant Moderator: \_\_\_\_\_  
(replacing William Smith, Georgia)  
Clerk: \_\_\_\_\_  
(replacing Randy Bryant, Florida)  
Assistant Clerk: \_\_\_\_\_  
(replacing Ernie Lewis, Illinois)

**The following boards do not elect members in 2018:**

**Board of Home Missions**

- 2019** – Jeff Jones (North Carolina)  
Frank Webster (Missouri)  
Frank Wiley (Oklahoma)
- 2021** – Earl Hanna (South Carolina)  
Mike Cash (Arizona)  
Tim Stout (Ohio)
- 2023** – Bob Lewis (Tennessee)  
Josh Baer (North Carolina)  
David Sexton (Virginia)

**Board of Retirement and Insurance**

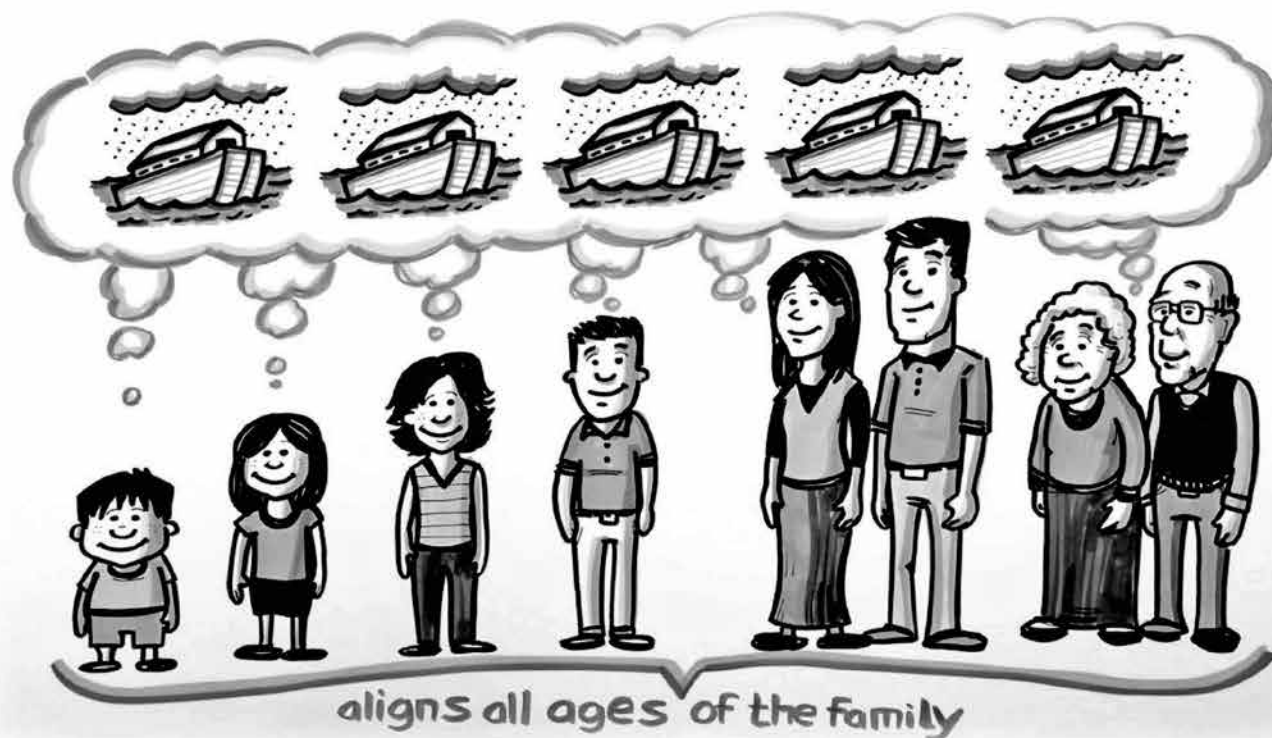
- 2019** – Rick Cason (Georgia)  
Mike Gladson (Ohio)  
Randy Wilson (Oklahoma)
- 2021** – Larry Clyatt (Illinois)  
Ron Barber (Oklahoma)  
Rick Dement (Missouri)
- 2023** – Danny Baer (North Carolina)  
James Beasley (South Carolina)  
Jack Daniel (Georgia)

**Board of FWB Foundation**

(Members include directors of national agencies.)

- 2019** – Donnie Miles (South Carolina)  
Hubert Stafford (Georgia)  
Wendell Walley (California)
- 2021** – Gene Williams (North Carolina)  
Scott Coghill (North Carolina)  
Phil Whiteaker (Arkansas)
- 2023** – Bobby Edwards (Tennessee)  
Melissa Haralson (Arkansas)  
Bob Thompson (Oklahoma)

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