

DIGEST OF REPORTS

INCLUDES 2021 PROCEEDINGS



NAFWB

NATIONAL ASSOCIATION OF
FREE WILL BAPTISTS

JULY 24-27, 2022 | BIRMINGHAM, AL



FREE WILL BAPTIST

*Women's
Ministry*

www.WNAC.org

Digest of National Agency Reports

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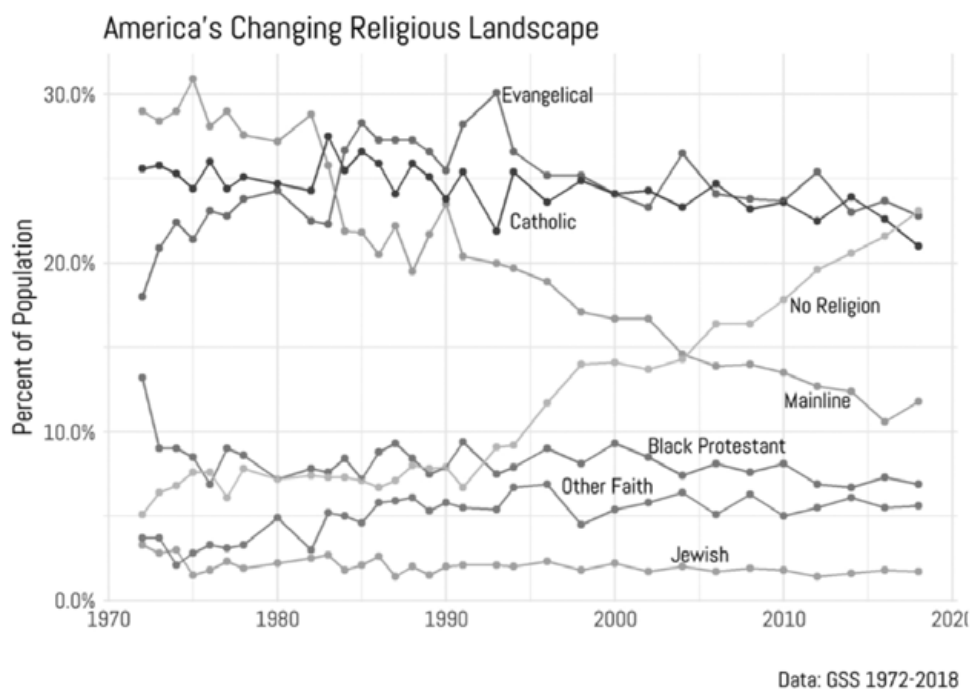
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**National Association of Free Will Baptists
86th Annual Convention
July 24-27, 2022
Birmingham, Alabama**

Report of Executive Secretary

Imagine a physically unhealthy community where the majority of the people ate an unhealthy diet and were inactive. Suppose heart disease was rampant and the incidents of stroke were high, leading to high morbidity and mortality rates. Even those who wanted to live a healthy lifestyle would have difficulty since it would be such an anomaly in the community.

In some ways, I think that is a description of today's church. It appears most American Christians are not sharing their faith with others,¹ are not engaged in discipleship activities,² and are not giving themselves wholly to the Lord. The result is high rates of church morbidity and mortality. For example, at least 4,500 churches closed in the United States in 2019,³ and many churches are struggling to fill their pulpits.⁴ Fewer people are part of a church today than in the past. For the first time in U.S. history, church membership has dropped below 50 percent.⁵ This is reflected in the rise of the "nones" (people who do not hold to any religion). The chart below from Dr. Ryan Burge based on data from the General Social Survey (GSS) shows the percentage of Americans who claim no religion is equal to the percentage of American evangelicals.



Source: <https://twitter.com/ryanburge/status/1108183399364263936>

Free Will Baptists are not immune to these problems. Last year, we lost 41 churches (see chart on next page).

2021 Gain/Loss of Churches							
STATE	2020	2021	Gain/ Loss		2020	2021	Gain/ Loss
Alabama	102	97	-5	Michigan	24	25	1
Arizona	5	5	0	Mid-Atlantic	6	6	0
Arkansas	169	163	-6	Mississippi	45	46	1
California	54	48	-6	Missouri	149	145	-4
Canada	7	8	1	North Carolina	159	158	-1
Colorado	5	5	0	Northeast Assoc.	3	3	0
David Marks Association	5	5	0	Northwest Assoc.	6	6	0
Florida	55	55	0	Ohio	126	123	-3
Georgia	102	102	0	Oklahoma	203	196	-7
Hawaii	1	1	0	South Carolina	99	103	4
Idaho	4	3	-1	South Dakota	1	1	0
Illinois	35	35	0	Tennessee	184	184	0
Indiana	17	17	0	Texas	44	42	-2
Iowa	3	3	0	Virginia	70	68	-2
Kansas	9	9	0	Virgin Islands	1	1	0
Kentucky	121	118	-3	West Virginia	147	140	-7
Mexico				Wisconsin	1	1	0
Assoc. of FWBC of MX	41	41	0	Wyoming	1	1	0
Mexico Assoc.	30	29	-1				
Sub-Total	765	744	-21	Sub-Total	1,269	1,249	-20
				Grand Total	2,034	1,993	-41

Many evangelical leaders are discussing the pastor shortage and grappling with how to deal with it. We, too, are experiencing a sharp, sustained slide in the number of ordained ministers. In 2019, our churches reported 27% fewer ordained ministers than in 2000. We now have 210 churches without pastors.



A similar decline is found with deacons. In 2019, our churches reported 43% fewer deacons than reported in 2000, though we are 47% lower when compared to 2003. We

have also experienced significant losses in the areas of Sunday School enrollment. We have dropped from an average enrollment of 55.62 people per church in 2000 to 27.5 enrollees in 2019.⁶ Perhaps most concerning is our slide in baptisms. We have seen a 63% reduction in baptisms since 2000.

Many Free Will Baptist churches are in rural areas and places where cultural Christianity still has a strong foothold. Often, pastors lament the number of congregants that have not returned after COVID. Perhaps the cultural slide away from Christianity has made it easier for some people to stay away from church, even in places where Christianity still has a stronghold. Note the median attendance for U.S. churches below. We do not have attendance numbers for Free Will Baptist churches, so we are using membership numbers per church for NAFWB churches.

The State of the American Church and How Free Will Baptists Compare

Median Worship Attendance in the U.S.		Average FWB Church Membership
2000	137	81
2010	105	76
Before Quarantine	65	67
Now	55	61

The same trends impacting churches across America are also impacting Free Will Baptist churches. Nationally, prior to the pandemic, 65% of all U.S. churches were below 100 in attendance; today 75% are.⁷ While the actual numbers for Free Will Baptist churches are not available to us, we can safely assume we mirror that trend.

What Are We to Do?

Let's return to our opening analogy. Once a community realizes its poor health status, individuals might get a checkup. As a result, they learn about their cholesterol, triglycerides, perhaps plaque buildup in their arteries, and other issues. Some choose to make lifestyle changes which impact what they eat, leading to better stewardship of their lives. As individuals within the community get healthier, the overall health of a community often improves.

Applying the analogy to the American church, and Free Will Baptist churches in particular, individual churches and local associations should take time to assess their strengths, weaknesses, opportunities, and threats.

Watch "Questions Every Church Should Ask Now"



Also, individual believers might assess how well they are living the Great Commission by asking themselves: “Who am I reaching with the gospel and training in the faith? What am I giving back to the Lord as I go about my day?”

The NAFWB is attempting to help our associations, churches, and individual Christians fulfill their roles in the Great Commission. What follows is a report on these efforts and a cataloging of opportunities available to associations, churches, and individual Christians.

3 for 30: Reach, Train, Give

In July of 2020, the General Board of the National Association of Free Will Baptists adopted the recommendation for Free Will Baptists to seek to reach people with the gospel, train them in the Christian faith, and give of ourselves wholly to the Lord throughout this decade (until 2030). That decision seems even wiser in light of the events and trends that have occurred in the months and years since.

Last year, the Moderator granted permission for a 3 for 30 Task Force to be assembled. That task force formed this year and began working to identify strategies that would assist churches and associations on developing goals to reach, train, and give.

Reach



Just as there are trends working against the American church in general and Free Will Baptists in particular, there are trends working in our favor. The rise in the number of smaller churches may be part of a larger generational shift that was already in effect prior to the pandemic. It appears the desires of Generation Z are very different than those of Boomers. For example, college football (and other sports) are experiencing an attendance crisis.⁸ This trend predates the pandemic, and one could hypothesize it is tied in some way to the younger generation’s desire for smaller, more intimate settings. Thus, they might prefer worship in smaller churches or neighborhood churches. Regardless, people are increasingly less willing to drive long distances to attend church, and the neighborhood church is on the rise.⁹

At the same time, many people are moving to areas where Free Will Baptists have many churches. What does this mean for Free Will Baptists? We need to know who is in our neighborhoods and be prepared to reach them. Resources for reaching people in a variety of different situations can be found at <https://nafwb.org/reach/>.

Know Your Community

Additionally, consider taking advantage of the “Know Your Community” resource we offer through Church Answers. This report provides the demographics and psychographics of your church’s community (what people within the community are like, and what they like). The report costs \$100. We ask that you email us at questions@nafwb.org if you are interested in more information.

Reports provide data based on a 5, 10, 15, or 20 minute drive from your church. Once we receive the report, we meet via Zoom with the pastor and/or church leadership to review the results. We offer a follow-up meeting with others in your church (often on a Sunday afternoon or Wednesday evening).

Lastly, we encourage churches to collaborate with one another about the results. To date, 45 churches have participated. In the fall, we hope to launch Zoom meetings with churches who have similar demographics to discuss and learn from one another about how to better reach their communities.

Train



Perhaps the growth of neighborhood churches and small churches indicates a hunger to be trained and disciplined in the Christian faith. It does appear there is a desire among younger generations to be engaged in small groups and to apply biblical truths to their everyday lives. Resources for training people in the faith can be found at <https://nafwb.org/train/>.

Judgment and Redemption: Confronting & Correcting Sin in the Church is a training resource from the late Welch professor F. Leroy Forlines and the Ministerial Family Life Committee. This resource is helpful in training congregants both on the biblical foundation for dealing with sin and on practical measures to confront and address sin. Hard copies are available from the Executive Office, and complimentary digital copies are available on our website.

Give



Another emerging trend among younger generations is the desire to serve, both individually and as a church.¹⁰ By giving of our resources, we will be more effective in fulfilling the Great Commission. Giving resources and helps can be found at <https://nafwb.org/give/>.

The Together Way Trust

At the end of last year, The Together Way Trust topped \$100,000. We are very thankful to the Free Will Baptist Foundation for giving one million dollars this year to the trust. Gifts to The Together Way Trust benefit all national agencies and will in turn benefit all Free Will Baptists. Since the gift is endowed, it will continue to grow and give until Christ returns. We hope more Free Will Baptists will follow suit and give, helping us reach our goal of a five-million-dollar endowment.

Rest of the Family Offering

Thank you to the 34 churches who gave \$14,892.64 to the Rest of the Family offering, surpassing our 2020 total of 33 churches giving \$11,984.65.

**2021 Rest of the Family Offering
Top Giving Churches**

Parker's Chapel FWB Church	Greenville, North Carolina	\$3,000.00
Liberty FWB Church	Ayden, North Carolina	\$1,623.00
Liberty FWB Church	Manning, South Carolina	\$1,126.97
Ina FWB Church	Ina, Illinois	\$1,000.00
Liberty FWB Church	Marion, North Carolina	\$1,000.00
Texas State Association	Bryan, Texas	\$777.00
Blue Point FWB Church	Cisne, Illinois	\$758.00
Rocky Pass FWB Church	Marion, North Carolina	\$600.00
First FWB Church	Checotah, Oklahoma	\$545.34
White Plains FWB Church	Colquitt, Georgia	\$524.00
Ballews FWB Chapel	Grubbs, Arkansas	\$470.00
Hope FWB Church	Plymouth, North Carolina	\$304.17
Berean FWB Church	Fairview, Tennessee	\$300.00
Gahanna FWB Church	Gahanna, Ohio	\$300.00

34 churches gave for a total of \$14,892.64.

Recruitment and Retention

We are thankful for our partnership with Free Will Baptist North American Ministries to provide resources to our churches. Find more at <https://nafwb.org/refresh/>.

Rekindle

Almost 100 men have been trained in the Rekindle strategies.

The Ten Strategies of Rekindle

- 1. Renewal of the Pastor and His Wife**
- 2. Renewal in Prayer**
- 3. Renewal in Outreach**
- 4. Renewal in Relationships**
- 5. Renewal in Stewardship**
- 6. Renewal of Key Documents**

7. Renewal in Discipleship

8. Renewal of Organizational Structures

9. Renewal in Leadership Development

10. Renewal through Facility Assessment

If you are interested in the Rekindle program for your church or in receiving the Rekindle training, complete the form at www.nafwb.org/refresh.

Interest in church revitalization is growing. Dr. Danny Dwyer has taught ministry students at both Welch College and Southeastern Free Will Baptist College this past year. We are also seeing an increased interest in church fostering and adoption. Church Answers is training one of our coaches with the goal of developing a Free Will Baptist template.

We are looking at expanding Dr. Dwyer's ministry and enlisting the assistance of Mrs. Dwyer to support pastors and their wives. We recently surveyed pastors about their needs and their wives' needs. We found an interest in support groups, counseling, seminars, and retreats. We are also working with Tom Jones, a professional counselor, about ways to support pastors and their families.

Pastor and Church Questionnaire

Moderator Tim York helped us design two tools we are utilizing with churches that contact us in search of a pastor. We have asked those interested in pastoring to complete the Pastoral Questionnaire. Individual churches seeking a pastor can use the Church Questionnaire. Both can be found at <https://nafwb.org/refresh/>.

Consider using the questionnaire if your church is without a pastor. It appears that pulpit committees end up wasting less time negotiating with candidates over issues like salary and preferences when each party is aware of the other's views up front. Anecdotally, it appears that when a pastor goes through this process, the transition to the next pastor goes more smoothly.

Gideon's Army

Finally, let us pray, for without the Lord we will accomplish nothing. Each Wednesday in chapel at the national offices, we pray for a group of pastors and their wives. On Fridays, a special team called Gideon's Army also prays for this group. We ask you to pray with us. Select your counterpart in another church and pray for them. As we know, the effectual fervent prayer of a righteous person avails much. We will be better if we pray together.

The Big Picture

You matter, and what you do matters. The problems people in North America are facing today can only be solved with the gospel. Let us each individually call upon God and ask Him what role He desires for us to play in being His hands and feet. Regardless of what that may be, let us each commit to reaching people with the gospel, and discipling them in the Christian faith, while giving of ourselves wholly to the Lord.

And let us work together. We can do much on our own, but we will never reach our full potential of accomplishing what God has commissioned us to do unless we work well together (Ecclesiastes 4:9-12). So, let us work together with our families, our churches, our associations, our denomination, and other Christians wherever we can to advance the gospel because we truly are better together.



Edward E. Moody, Jr., Ph.D.
NAFWB, Executive Secretary

¹ Barna Group, 2018. Sharing Faith is Increasingly Optional to Christians: Assessed at <https://www.barna.com/research/sharing-faith-increasingly-optional-christians/>

² Barna Group, 2022. Two in Five Christians are not Engaged in Discipleship: Assessed at <https://www.barna.com/research/christians-discipleship-community/>

³ B. Smietana, March 15, 2022, Thousands of Churches Close Every Year. What will happen to their buildings, *Religion News Service*. Assessed at <https://religionnews.com/2022/03/15/thousands-of-churches-close-every-year-what-will-happen-to-their-buildings/>

⁴ I. Lovett, February 21, 2022. Houses of Worship Face Clergy Shortage as Many Resign During Pandemic, *Wall Street Journal*. Assessed at <https://www.wsj.com/articles/houses-of-worship-face-clergy-shortage-as-many-resign-during-pandemic-11645452000>

⁵ J. M. Jones, March 29, 2021. U.S. Church Membership falls Below Majority for First Time, Gallup. Assessed at <https://news.gallup.com/poll/341963/church-membership-falls-below-majority-first-time.aspx>

⁶ E. Moody, December 2021. A Reality Check: What the Data Says, pages 12-15. NAFWB Leadership Conference Program. Assessed at <https://nafwb.org/site/wp-content/uploads/2021/11/21-Leader-Program-Web.pdf>

⁷ A. Earls, October 20, 2021. Small Churches Continue Growing-but in Number, not Size, *Lifeway Research*. Assessed at <https://research.lifeway.com/2021/10/20/small-churches-continue-growing-but-in-number-not-size/>

⁸ D. Dodd, February 24, 2022. College Football attendance declines for seventh straight season to lowest average since 1981, *CBS Sports*. Assessed at <https://www.cbssports.com/college-football/news/college-football-attendance-declines-for-seventh-straight-season-to-lowest-average-since-1981/>

⁹ Baylor Religion Survey. Baylor University. Assessed at <https://www.baylor.edu/baylorreligionsurvey/>

¹⁰ K. Parker, & R. Igielnik, May 14, 2020. On the Cusp of Adulthood and Facing an Uncertain Future: What We Know About Gen Z So Far, *Pew Research Center*. Assessed at <https://www.pewresearch.org/social-trends/2020/05/14/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far-2/>

Tracking The Together Way Totals

DESIGNATED			CO-OP		TOTAL	
2012						
3,805,921.98	6.98%		867,489.00	3.39%	4,673,410.98	6.30%
81%			19%			
2013						
3,384,687.36	-11.07%		899,627.83	3.70%	4,284,315.19	-8.33%
79%			21%			
2014						
3,376,818.07	-0.23%		840,505.88	-6.57%	4,217,323.95	-1.56%
80%			20%			
2015						
3,172,270.35	-6.06%		824,395.83	-1.92%	3,996,666.18	-5.23%
79%			21%			
2016						
3,517,079.10	10.87%		851,229.28	3.25%	4,368,308.38	9.30%
81%			19%			
2017						
3,236,515.99	-7.98%		830,153.64	-2.48%	4,066,669.63	-6.91%
80%			20%			
2018						
3,294,858.27	1.80%		900,631.19	8.49%	4,195,489.46	3.17%
79%			21%			
2019						
3,173,069.93	-3.70%		851,469.97	-5.46%	4,024,539.90	-4.07%
79%			21%			
2020						
3,050,180.16	-3.87%		837,871.13	-1.60%	3,888,051.29	-3.39%
78%			22%			
2021						
3,339,733.80	9.49%		883,583.03	5.46%	4,223,316.83	8.62%
79%			21%			

The Together Way Totals Increase/Decrease from 2012-2021

Designated	-12.25%	CO-OP	1.86%
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2021 Contributions to the Executive Office

						% of
		Co-op	Designated	Rest of Family	Total	Total Gifts
1	Missouri	\$118,991.27	\$0.00	\$81.13	\$119,072.40	27.45%
2	Oklahoma	84,322.59	-	143.99	84,466.58	19.47%
3	Arkansas	78,895.72	-	116.59	79,012.31	18.22%
4	Tennessee	21,758.70	4,920.00	277.95	26,956.65	6.22%
5	Ohio	18,370.74	2,710.00	105.51	21,186.25	4.88%
6	Georgia	20,732.37	-	198.97	20,931.34	4.83%
7	North Carolina	7,798.91	11,153.00	1,619.78	20,571.69	4.74%
8	Illinois	12,341.15	-	436.31	12,777.46	2.95%
9	Florida	8,273.98	1,401.00	-	9,674.98	2.23%
10	Mississippi	5,326.66	1,565.00	14.92	6,906.58	1.59%
11	Alabama	2,227.84	4,307.35	99.22	6,634.41	1.53%
12	South Carolina	123.75	4,389.44	279.64	4,792.83	1.11%
13	Kentucky	4,085.41	-	-	4,085.41	0.94%
14	Michigan	2,936.49	200.00	-	3,136.49	0.72%
15	New Mexico	2,462.38	-	-	2,462.38	0.57%
16	Virginia	1,934.30	450.00	33.04	2,417.34	0.56%
17	West Virginia	1,236.13	1,000.00	17.38	2,253.51	0.52%
18	California	1,910.61	-	42.20	1,952.81	0.45%
19	Oregon	1,170.00	-	-	1,170.00	0.27%
20	Texas	930.92	-	192.79	1,123.71	0.26%
21	Delaware	652.50	-	-	652.50	0.15%
22	Canada	451.10	92.88	36.37	580.35	0.13%
23	Indiana	144.00	263.61	-	407.61	0.09%
24	Virgin Islands	287.04	-	-	287.04	0.07%
25	Kansas	169.09	-	-	169.09	0.04%
26	Arizona	78.75	-	-	78.75	0.02%
27	Maryland	-	-	-	-	0.00%
	TOTALS	\$397,612.40	\$32,452.28	\$3,695.79	\$433,760.47	100.00%
	Arkansas, Missouri and Oklahoma giving makes up 65.1% of total.					
	91.7% of Executive Office Income is from Co-op.					
	FWB's have churches in 32 states + CN, MX, VI.					



Hill, Harper & Associates
A Professional Limited Liability Company
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the statement of financial position of the Executive Office of the National Association of the Free Will Baptists, Inc. - a nonprofit organization (hereafter Executive Office as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Executive Office, as of December 31, 2021 and 2020, and results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Executive Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Executive Office's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understating of internal control relevant to the audit 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 Executive Office's internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Executive Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hee Harper & Associates

A Professional Limited Liability Company
Franklin, Tennessee
April 20, 2022

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

Statements of Financial Position

December 31, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash in bank			
Executive Office	\$	222,459	183,596
Convention		290,645	434,062
Special Projects - Hymnal royalties		43,005	34,727
Total cash in bank		556,109	652,385
Funds held by Free Will Baptist Foundation		7,807	3,240
Receivables:			
Randall House royalties		1,534	466
Other departmental and agency charges		131,820	(2,772)
Fraudulent banking activities		-	19,175
Total receivables		133,354	16,869
Total current assets		697,270	672,494
Equipment:			
Office equipment and furniture		39,756	39,756
Automobiles		47,932	47,932
		87,688	87,688
Less accumulated depreciation		83,499	74,517
Equipment, net of depreciation		4,189	13,171
Other assets:			
Deposits for future conventions		10,988	10,898
	\$	<u>712,447</u>	<u>696,563</u>
	<u>nd Net Assets</u>		
Current liabilities:			
Accounts payable	\$	5,654	7,728
Funds held for distribution to other Free Will Baptist agencies		-	9,300
Hymnal royalty liability		10,001	5,290
Total current liabilities		15,655	22,318
Net assets:			
Without donor restrictions		694,514	658,911
With donor restrictions		2,278	15,334
Total net assets		696,792	674,245
	\$	<u>712,447</u>	<u>696,563</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, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues:						
Executive Office:						
The Together Way Plan \$	4,223,317	-	4,223,317	3,888,051	-	3,888,051
Disbursed to agencies and departments	(3,793,252)	-	(3,793,252)	(3,484,417)	-	(3,484,417)
Executive Office portion of Together Way Plan	430,065	-	430,065	403,634	-	403,634
Offerings	6,639	-	6,639	-	-	-
Other	25,100	-	25,100	12,468	-	12,468
	461,804	-	461,804	416,102	-	416,102
Convention:						
Convention revenues	415,817	-	415,817	332,723	-	332,723
Contributions	5,952	-	5,952	385	-	385
Other	3,025	-	3,025	16,570	-	16,570
	424,794	-	424,794	349,678	-	349,678
Special Projects:						
Hymnal royalties	1,068	-	1,068	5,550	-	5,550
Rekindle contributions	-	3,190	3,190	-	6,020	6,020
Other income	8,277	-	8,277	754	-	754
	9,345	3,190	12,535	6,304	6,020	12,324
Total revenues	895,943	3,190	899,133	772,084	6,020	778,104
Expenses:						
Program services						
Executive Office	346,919	-	346,919	331,795	-	331,795
Convention	425,395	-	425,395	186,335	-	186,335
Special Projects	20,957	-	20,957	13,716	-	13,716
	793,271	-	793,271	531,846	-	531,846
Supportive services						
Administration	83,315	-	83,315	77,221	-	77,221
Total expenses	876,586	-	876,586	609,067	-	609,067
Change in net assets from operating activities	19,357	3,190	22,547	163,017	6,020	169,037
Non-operating activities:						
PPP loan forgiven - converted to grant	-	-	-	56,302	-	56,302
Net assets released from restrictions	16,246	(16,246)	-	10,352	(10,352)	-
Change in net assets from non-operating activities	16,246	(16,246)	-	66,654	(10,352)	56,302
Change in net assets	35,603	(13,056)	22,547	229,671	(4,332)	225,339
Net assets as restated:						
Beginning of year	658,911	15,334	674,245	429,240	19,666	448,906
End of year	\$ 694,514	2,278	696,792	658,911	15,334	674,245

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, 2021 and 2020

	2021					2020				
	Program Services				Adminis- trative	Program Services				Adminis- trative
	Executive Office	Convention	Special Projects	Totals		Executive Office	Convention	Special Projects	Totals	
Expenses of operations:										
Employment costs:										
Salaries	\$ 71,146	87,338	-	158,484	37,834	196,318	90,477	112,329	-	202,806
Housing allowance	16,417	2,083	-	18,500	1,500	20,000	18,000	-	-	18,000
Payroll taxes and other benefits	47,482	56,498	-	103,980	14,205	118,185	54,426	24,391	-	78,817
Total employment costs	135,045	145,919	-	280,964	53,539	334,503	162,903	136,720	-	299,623
Other operating costs:										
Support to One Magazine Auditorium and other convention services	102,479	18,445	-	120,924	-	120,924	87,107	15,678	-	102,785
Office rental	-	200,640	-	200,640	-	200,640	-	23,331	-	23,331
Travel	33,898	-	-	33,898	3,766	37,664	34,047	-	-	34,047
Supplies, office expense	30,576	33,883	-	64,459	3,397	67,856	18,383	2,065	-	20,448
Copier lease	-	13,600	-	13,600	11,034	24,634	-	2,318	-	2,318
Executive Committee and General Board	6,990	-	-	6,990	777	7,767	5,345	-	-	5,345
Depreciation	5,654	6,241	-	11,895	-	11,895	-	3,843	-	3,843
Legal and audit	8,084	-	-	8,084	898	8,982	8,562	-	-	8,562
Payroll service	-	-	-	-	8,960	8,960	-	-	-	-
Printing and promotion	-	-	-	-	704	704	-	-	-	-
Postage / mail services	13,140	2,813	-	15,953	-	15,953	5,111	518	-	5,629
Telephone	1,228	114	-	1,342	-	1,342	837	331	-	1,168
International Fellowship	4,965	407	-	5,372	240	5,372	4,835	766	-	5,601
Support to WNAC	-	-	-	-	240	240	-	-	-	-
Royalties	4,860	-	-	4,860	-	4,860	4,665	-	-	4,665
Church directory	-	-	-	-	-	4,711	-	-	3,143	3,143
Rekindle	-	-	-	-	-	-	-	221	-	221
Impact Project	-	1,464	16,246	16,246	-	16,246	-	10,352	-	10,352
Other	-	1,869	-	1,869	-	1,464	-	-	-	365
Total expenses	\$ 346,919	425,395	20,957	793,271	83,315	876,586	331,795	186,335	13,716	531,846
										77,221
										609,067

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 22,547	225,339
Adjustments to reconcile change in net assets to net operating activities :		
Depreciation	8,982	8,982
Change in deposits for future conventions	(90)	-
PPP loan forgiven - converted to grant	-	(56,302)
Increase in:		
Receivables	(116,485)	52,698
Increase (decrease) in:		
Funds held for distribution to other Free Will Baptist agencies	(9,300)	9,300
Accounts payable and accrued expenses	2,637	8,991
Net operating activities	<u>(91,709)</u>	<u>249,008</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from PPP loan	-	56,302
Net financing activities	<u>-</u>	<u>56,302</u>
Change in cash and cash equivalents	(91,709)	305,310
Cash and cash equivalents:		
Beginning of year	<u>655,625</u>	<u>350,315</u>
End of year	<u>\$ 563,916</u>	<u>655,625</u>
Cash and cash equivalents consist of:		
Cash in bank	\$ 556,109	652,385
Funds held by Free Will Baptist Foundation	<u>7,807</u>	<u>3,240</u>
	<u>\$ 563,916</u>	<u>655,625</u>

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

Notes to Financial Statements

December 31, 2021 and 2020

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.

The Executive Office exists to serve the national body, various boards, state organizations, local churches and individual members of the National Association of Free Will Baptists, Inc. as its administrative and service office which houses the Executive Secretary of the denomination whose duties include the following:

To administer the affairs of the Executive Office and carry out the responsibilities delegated to him by the National Association and the Executive Committee;

Seek to show through general promotion the correlation and interrelation of all the national ministries and departments;

Serve as consultant on general denominational affairs and as official representative when occasion demands, and will represent the National Association to other bodies when in the interest of the denomination;

Serve as editor-in-chief of the association's official magazine (One Magazine);

Provide a program of stewardship education that will produce increased support for the denominational ministries through The Together Way Plan and other methods of proportionate sharing. In general to serve as the treasurer and business manager of the National Association;

Expedite the planning and production of the annual National Convention; and

To serve as chairmen of the Management Committee of the National Offices facilities (Building Services Fund).

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

The Executive Office implemented ASU 2016-4, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities with its effective date for the year ended December 31, 2018. As required by generally accepted accounting principles, the Executive Office reports information regarding its financial position and activities according to two classes of net assets, as applicable:

Net assets without donor restrictions - Net assets not subject to donor imposed stipulations. These funds may be designated for specific purposes by action of the governing body.

Net assets with donor restrictions - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Certain amounts in the prior-year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ongoing activities, including investment income. Non-operating activities are limited to resources that generate return from investment, if any, and other activities of a more unusual or non recurring nature.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in statement of activities. These expenses are presented by their natural classification in the statement of functional expenses by individual component of program service and administrative expenses. Administrative expenses are allocated and estimated as follows:

100% of salary and related costs of accounting administrator allocated as Executive Office, audit and legal, dues and subscriptions, supplies and office expense, payroll processing fee;

10% of Executive Secretary salary and related costs allocated as Executive Office, building rental, depreciation, copier lease and telephone.

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.

Accounts Receivable

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

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.

Contributions, Including Grants

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

We have reviewed the provisions of the FASB ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

Compensated Absences

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

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 2021 and 2020. Further, management believes that The Executive Office has no activities which will lead to income taxes being levied.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Equipment

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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 20, 2022 the date these financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

The following reflects Executive Office's financial assets as of balance sheet dates available for expenditure within one year from the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at end of year:		
Cash in bank	\$ 556,109	652,385
Funds held by Free Will Baptist Foundation	7,807	3,240
Accounts receivable	133,354	16,869
	<hr/>	<hr/>
Financial assets available to meet general expenditures the next twelve months	697,270	672,494
Less amount not available to be used within one year:		
Net assets with donor restriction - Rekindle	2,278	15,334
Hymnal royalty liability	10,001	5,290
Funds held for distribution to other Free Will Baptist agencies	-	9,300
	<hr/>	<hr/>
Amount not available to be used within one year	12,279	29,924
	<hr/>	<hr/>
Net financial assets available for expenditure within one year	\$ 684,991	642,570

The Executive Office's goal is to generally maintain financial assets to meet 90 days of operating expenses. Excess cash is available to be invested with related Free Will Baptist entities, as necessary.

(3) Accounts Receivable - Fraudulent Banking Activities

During 2020 a criminal obtained banking information of the Executive Office then reproduced, wrote and cashed checks amounting to \$26,818 during the 4th quarter 2020. The bank investigated the fraud and determined it was their responsibility to replace all funds taken. These funds were replaced, \$7,643 during 2020 - the balance of \$19,175 was collected during 2021. Building Services Fund experienced a fraud of this type also.

(4) Concentration of Credit Risk

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

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

(5) **Net Assets**

Net assets with donor restrictions and net assets released from restrictions are summarized as follows:

	<u>2021</u>	<u>2020</u>
Rekindle		
A program to provide long-term health and revitalization for FWB churches		
Private contributions	\$ 3,190	6,020
Expenditures for program purposes - net assets released	16,246	10,352
	(13,056)	(4,332)
Net assets with donor restrictions, beginning of year	<u>15,334</u>	<u>19,666</u>
Net assets with donor restrictions, end of year	<u>\$ 2,278</u>	<u>15,334</u>

Net assets without donor restrictions are summarized as follows:

	<u>Indesignated</u>	<u>Designated</u>			
	<u>Executive</u>	<u>Convention</u>	<u>Special</u>	<u>Total</u>	<u>Overall</u>
	<u>Office</u>		<u>Projects</u>		<u>Total</u>
For year ending December 31, 2021					
Revenues	\$ 461,804	424,794	9,345	434,139	895,943
Expenses					
Program services	346,919	425,395	20,957	446,352	793,271
Administrative	79,088	4,227	-	4,227	83,315
Total expenses	426,007	429,622	20,957	450,579	876,586
Change in net assets from operating activities	35,797	(4,828)	(11,612)	(16,440)	19,357
Non-operating activities:					
Net assets released from restrictions - Rekindle	-	-	16,246	16,246	16,246
Change in net assets	35,797	(4,828)	4,634	(194)	35,603
Net assets, beginning of year	329,070	252,409	77,432	329,841	658,911
Net assets, end of year	<u>\$ 364,867</u>	<u>247,581</u>	<u>82,066</u>	<u>329,647</u>	<u>694,514</u>
For year ending December 31, 2020					
Revenues	\$ 416,102	349,678	6,304	355,982	772,084
Expenses					
Program services	331,795	186,335	13,716	200,051	531,846
Administrative	72,169	5,052	-	5,052	77,221
Total expenses	403,964	191,387	13,716	205,103	609,067
Change in net assets from operating activities	12,138	158,291	(7,412)	150,879	163,017
Non-operating activities:					
PPP loan forgiveness	41,245	15,057	-	15,057	56,302
Net assets released from restrictions - Rekindle	-	-	10,352	10,352	10,352
Change in net assets	53,383	173,348	2,940	176,288	229,671
Net assets, beginning of year	275,687	79,061	74,492	153,553	429,240
Net assets, end of year	<u>\$ 329,070</u>	<u>252,409</u>	<u>77,432</u>	<u>329,841</u>	<u>658,911</u>

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

Notes to Financial Statements, continued

(6) Operating Leases

The Executive Office has entered into noncancelable lease arrangements relating to a copy machine. Total rental expenses amounted to \$7,767 in 2021 and \$5,749 in 2020. Minimum annual payments required amount to \$9,182 in 2022 and 2023; and \$7,662 in 2024.

(7) Commitments for Future Conventions

Contractual obligations for conventions have been executed into future years. Deposits amounting to \$10,989 in 2021 and \$10,898 in 2020 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:

	<u>Facilities</u>	<u>Production</u>
2021 - Memphis, TN	#	100,000
2022 - Birmingham, AL	#	100,000
2023 - Raleigh, NC	20,000	100,000
2024 - Tampa, FL	32,000	100,000
2025 - Kansas City, MO	35,000	100,000
# Auditorium space may be complimentary based on room nights		

(8) 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 a contribution of 5% of compensation is made by the Executive Office. Employees may participate at date of employment. Pension expense amounts to \$17,656 in 2021 and \$27,430 in 2020. 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.

(9) Related Party Transactions

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 \$120,924 in 2021 and \$102,785 in 2020 (net of 15% rebate given by Old Magazine).

The Executive Office provided support for WNAC (Woman Nationally Active for Christ) in the amount of \$4,860 in 2021 and \$4,665 in 2020.

The Free Will Baptist Foundation held accounts in the amount of \$7,807 in 2021 and \$3,240 in 2020.

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

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 \$37,664 in 2021 and 2020. Office rent for 2022 will approximate \$39,159.

The Executive Office provides and maintains The Together Way Plan, a program of giving to support all member agencies of the National Association of Free Will Baptists and other Free Will Baptist organizations. Undesignated giving is shared by member agencies through a predetermined percentage, whereas designated giving is passed through to the intended party. Please see note 10 for detail information relating to this giving program.

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

Notes to Financial Statements, continued

(10) 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, 2021 and 2020.

	2021			2020		
Receipts:	Designated	Cooperative	Total	Designated	Cooperative	Total
Alabama	\$ 5,107	4,951	10,058	5,228	5,647	10,875
Arkansas	495,540	175,324	670,864	407,487	161,918	569,405
California	170	4,246	4,416	500	4,371	4,871
Florida	2,401	18,387	20,788	2,000	18,641	20,641
Georgia	543,551	46,072	589,623	514,785	40,478	555,263
Illinois	109,272	27,425	136,697	90,565	25,590	116,155
Indiana	2,570	320	2,890	5,591	274	5,865
Kentucky	-	9,079	9,079	712	11,411	12,123
Maryland	-	-	-	-	4,046	4,046
Michigan	218,796	6,526	225,322	139,466	5,858	145,324
Mississippi	2,225	11,837	14,062	1,093	15,218	16,311
Missouri	588,708	264,425	853,133	491,660	240,776	732,436
New Mexico	-	5,472	5,472	-	5,216	5,216
North Carolina	52,374	17,331	69,705	43,278	8,834	52,112
Ohio	146,059	40,824	186,883	136,183	42,070	178,253
Oklahoma	430,942	187,384	618,326	478,700	188,551	667,251
Oregon	-	2,600	2,600	-	2,580	2,580
South Carolina	598,335	275	598,610	586,008	300	586,308
Tennessee	7,670	48,353	56,023	7,707	46,063	53,770
Texas	125,323	2,069	127,392	123,740	2,308	126,048
Virginia	2,373	4,298	6,671	5,535	2,006	7,541
West Virginia	1,070	2,745	3,815	3,000	3,394	6,394
Canada	7,248	1,002	8,250	6,874	1,155	8,029
Contributions totaling \$2,500 or less	-	2,638	2,638	68	1,166	1,234
Total receipts	\$ 3,339,734	883,583	4,223,317	3,050,180	837,871	3,888,051
Disbursements:						
Executive Office	\$ 32,452	397,612	430,064	26,593	377,042	403,635
FWB Foundation	95	4,857	4,952	1,026	4,607	5,633
Home Missions	427,373	106,914	534,287	433,156	101,383	534,539
IM, Inc.	2,493,547	106,914	2,600,461	2,262,158	101,383	2,363,541
Master's Men	-	-	-	5,546	-	5,546
Retirement & Insurance	2,584	58,317	60,901	1,635	55,300	56,935
Welch College	250,646	106,914	357,560	194,802	101,383	296,185
WNAC	5,184	82,615	87,799	6,817	78,341	85,158
Historical Commission	115	4,860	4,975	127	4,608	4,735
Media Commission	73	4,860	4,933	49	4,608	4,657
Music Commission	408	4,860	5,268	749	4,608	5,357
Theological Integrity Commission	115	4,860	4,975	127	4,608	4,735
Randall University	44,243	-	44,243	40,059	-	40,059
Other	82,899	-	82,899	77,336	-	77,336
Total disbursements	\$ 3,339,734	883,583	4,223,317	3,050,180	837,871	3,888,051

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

Notes to Financial Statements, continued

(11) Notes Payable - Payroll Protection Program (PPP) and

Conditional Grant (contribution) Revenue Earned From Qualified Expenses

Executive Office was granted a loan from Regions Bank, Nashville Tennessee on April 30, 2020 in the amount of \$56,302 pursuant to the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020. This loan bears interest at 1%.

Under terms of the PPP, the loan will be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act. These qualifying expenses include payroll and related costs, mortgage payments, rent, utilities and interest on obligations incurred before February 15, 2020. Executive Office has used all the loan proceeds for salary and related costs which will result in forgiveness of entire related loan balances as December 31, 2020. During 2021, the loan was legally forgiven.

(12) Covid 19 Pandemic and the National Convention

The annual National Convention was scheduled July 2020 in Oklahoma City, Oklahoma. The Convention Bureau canceled all events scheduled to be held at their convention center due to the impact of the Covid 19 pandemic. In order to conduct denomination business, the General Board met at Donelson Fellowship Church attended only by members of the General Board, department leadership and certain presenters. The effect of these events caused expenses of the convention not to be comparable; convention expenses for 2021 amounted to \$425,395 as compared to \$186,335 in 2020.

**2023
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGET**

PROJECTED EXPENSES	2021 Budget	2021 Actuals	2022 Budget	2023 Budget
Salaries	\$133,704.55	\$109,684.08	\$117,572.60	\$105,567.10
Housing	20,000.00	17,916.69	20,000.00	24,153.03
Social Security	5,950.62	4,407.32	4,542.29	4,633.14
Retirement	19,300.79	17,656.48	18,842.65	17,066.91
Employees Insurance (Dental/Disability/Health/Life/Travel)	48,776.90	37,869.91	45,566.92	37,866.27
Auditing/Legal	4,600.00	4,732.50	4,600.00	5,000.00
Books/Dues/Registrations	750.00	3,178.30	7,000.00	5,000.00
Car Lease/Purchase	4,500.00	0.00	4,500.00	5,000.00
Computer Services/Supplies	4,500.00	5,108.08	4,500.00	5,000.00
Copier Lease	4,500.00	7,767.20	5,000.00	9,200.00
Educational Materials	0.00	0.00	4,573.16	5,000.00
General Insurance	2,500.00	1,753.74	2,500.00	2,500.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Office Rental (\$1.50 per sq. ft. x 2,491)	37,663.92	37,663.92	39,158.20	44,838.00
Office Supplies/Expense	900.00	2,747.19	1,500.00	3,000.00
Postage	500.00	1,228.44	900.00	1,300.00
Printing	1,000.00	2,566.11	1,000.00	3,000.00
Promotion	1,000.00	10,574.13	5,500.00	10,000.00
Telephone	4,300.00	4,965.45	6,000.00	6,000.00
Travel	31,000.00	33,973.16	31,000.00	33,000.00
<i>One Magazine</i>	102,479.39	102,479.40	103,504.18	104,539.22
Contingency Fund	0.00	0.00	0.00	1,896.33
Randall House Publications	0.00	0.00	0.00	5,100.00
Women Nationally Active for Christ	5,000.00	4,859.70	5,000.00	5,100.00
Depreciation	0.00	8,982.00	0.00	0.00
Totals	\$433,166.17	\$420,353.80	\$433,000.00	\$444,000.00

PROJECTED INCOME

The Together Way Plan				
Cooperative Gifts	\$395,000.00	\$397,612.40	\$395,000.00	\$398,000.00
Designated Gifts	26,000.00	32,452.28	27,000.00	30,000.00
Travel Reimbursement	2,000.00	16,789.83	5,000.00	10,000.00
Other Income	6,000.00	14,952.06	6,000.00	6,000.00
Totals	\$429,000.00	\$461,806.57	\$433,000.00	\$444,000.00

**2023
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGET
SALARY BREAKDOWN**

	2021	2022	2023
Executive Secretary*			
Salary	\$55,918.67	\$58,196.23	\$45,003.21
Housing and Utilities	20,000.00	20,000.00	24,153.03
Retirement	3,795.93	3,909.81	3,457.81
Retirement in Lieu of Social Security	11,615.56	11,964.02	10,580.90
Insurance (Health/Dental/Life)	30,172.68	30,766.09	23,276.98
Disability/Travel	535.88	681.64	476.69
 NOTE: Office car furnished.	 122,038.72	 125,517.79	 106,948.62
 Accounting Administrator*			
Salary	33,640.00	34,649.20	35,342.18
Social Security	2,573.46	2,650.66	2,703.68
Retirement	1,682.00	1,732.46	1,767.11
Insurance (Health/Dental/Life)	6,275.61	7,028.41	7,000.49
Disability	215.30	221.75	226.19
	44,386.37	46,282.48	47,039.65
 Church Directory/Registration Coordinator*			
Salary	24,006.96	24,727.17	25,221.71
Social Security	1,836.53	1,891.63	1,929.46
Retirement	1,200.35	1,236.36	1,261.09
Insurance (Health/Dental/Life)	5,497.61	6,710.77	6,724.50
Disability	153.64	158.25	161.42
	32,695.09	34,724.18	35,298.17

<p>*Executive pays 75% of Executive Secretary's Salary, 58% of Accounting Administrator and Church Directory Coordinator's Salary.</p>
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CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
PROJECTED REVENUE			
Booth Fees	\$32,000.00	\$34,000.00	\$40,000.00
Host State (Alabama)	40,000.00	40,000.00	40,000.00
Offerings	3,500.00	5,951.55	49,793.41
State Representation Fees (\$175 per church)	332,500.00	336,442.10	347,550.00
Other	<u>2,600.00</u>	<u>8,400.01</u>	<u>8,000.00</u>
TOTALS	<u>410,600.00</u>	<u>424,793.66</u>	<u>485,343.41</u>
PROJECTED EXPENDITURES			
Auditorium	156,439.00	184,270.91	181,095.00
Printing and Promotion	21,269.07	21,258.08	22,790.84
Convention Office	150,794.77	166,692.21	193,011.01
Convention Personnel			
Meals	6,104.00	5,734.54	6,104.00
Travel	3,435.40	2,088.87	3,800.00
Lodging	9,522.48	4,466.49	9,436.95
Convention Officials	6,279.92	6,888.49	6,438.48
Volunteer Staff	10,055.36	8,887.11	10,817.13
Honorariums	1,200.00	1,200.00	1,200.00
Decorator Services	9,620.00	15,677.76	19,900.00
Meal Functions	2,930.00	2,766.27	3,800.00
Executive Committee	4,050.00	4,050.00	4,050.00
Pre-Convention Expenses	16,900.00	1,463.92	12,900.00
National Committee Expenses	<u>12,000.00</u>	<u>9,833.08</u>	<u>10,000.00</u>
Sub-Totals	410,600.00	435,277.73	485,343.41
Surplus Revenue	<u>0.00</u>	<u>-10,484.07</u>	<u>0.00</u>
(Operating Capital for Future Conventions)			
TOTALS	<u>\$410,600.00</u>	<u>\$424,793.66</u>	<u>\$485,343.41</u>

Convention pays 100% of Convention Manager's Salary, 42% of Registration Coordinator's Salary and 25% of Executive Secretary's Salary,
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CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
PROJECTED REVENUE			
Booth Fees	\$32,000.00	\$34,000.00	\$40,000.00
Host State (Alabama)	40,000.00	40,000.00	40,000.00
Offerings	3,500.00	5,951.55	49,793.41
State Representation Fees (\$175 per church)	332,500.00	336,442.10	347,550.00
Other	<u>2,600.00</u>	<u>8,400.01</u>	<u>8,000.00</u>
TOTALS	<u>410,600.00</u>	<u>424,793.66</u>	<u>485,343.41</u>
PROJECTED EXPENDITURES			
AUDITORIUM			
Rental/Arena/Meeting Space/Liability/Staging	16,000.00	12,342.17	3,000.00
Other			
First Aid Staff	5,700.00	5,612.00	4,400.00
ASCAP, BMI, CCLI Licenses	1,000.00	1,739.00	2,000.00
Music/Equipment	6,000.00	4,475.13	5,000.00
Signs	300.00	0.00	300.00
Sound System/AV Equipment	95,000.00	118,388.88	125,000.00
Boom/Rigging/Stage Hands	14,000.00	20,592.00	20,000.00
Usher Badges/Usher Room Table, Chairs	300.00	0.00	300.00
Police Security/Badge Checkers	17,576.00	20,104.50	20,000.00
Streaming Video License	263.00	923.00	345.00
General Board	<u>300.00</u>	<u>94.23</u>	<u>750.00</u>
TOTALS	156,439.00	184,270.91	181,095.00
PRINTING AND PROMOTION			
Convention Materials			
<i>Digest of Reports</i>	955.23	874.00	1,000.00
Programs	1,268.75	1,939.00	2,375.00
Pre-Convention Printing/Art	600.00	0.00	600.00
<i>ONE Magazine</i>	<u>18,445.09</u>	<u>18,445.08</u>	<u>18,815.84</u>
TOTALS	21,269.07	21,258.08	22,790.84

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
CONVENTION OFFICE			
Convention CEO	\$0.00	\$7,944.13	\$14,549.06
Housing	0.00	2,083.35	8,050.97
Retirement/Retirement in Lieu of Social Security	0.00	1,284.32	4,587.80
Insurance (Health/Life/Disability, etc.)	<u>0.00</u>	<u>597.92</u>	<u>7,691.52</u>
	0.00	11,909.72	34,879.35
Convention Manager Salary	68,412.87	69,728.39	70,465.26
Payroll Taxes	5,233.58	5,672.11	5,390.59
Retirement	3,420.64	3,420.60	3,523.26
Insurance (Health/Life/Disability, etc.)	<u>28,747.16</u>	<u>35,027.78</u>	<u>30,892.90</u>
	105,814.26	113,848.88	110,272.02
Registration Coordinator Salary	17,384.35	17,050.07	17,905.88
Payroll Taxes	1,329.90	1,304.33	1,369.80
Retirement	869.22	852.50	895.29
Insurance (Health/Life/Disability, etc.)	<u>4,092.29</u>	<u>394.57</u>	<u>4,898.92</u>
	23,675.76	19,601.47	25,069.89
Assistant Registration Coordinator Salary	1,500.00	560.00	1,500.00
Payroll Taxes	<u>114.75</u>	<u>0.00</u>	<u>114.75</u>
	1,614.75	560.00	1,614.75
Audit	\$5,000.00	\$4,227.48	\$5,000.00
Convention Manager Computer	750.00	0.00	750.00
Equipment Rentals			
Computers, Printers	1,500.00	5,648.34	3,000.00
Copiers (2)/Paper	2,000.00	2,429.20	1,800.00
Furniture/Radios, etc.	1,800.00	1,158.00	1,500.00
Information Tables	90.00	0.00	125.00
Media Room/Press Office	250.00	939.48	500.00
Office Expense/Supplies	2,800.00	3,424.67	3,000.00
Postage	300.00	113.96	300.00
Pre-Registration (Supplies, Postage)	750.00	750.00	750.00
Registration (Supplies)	1,750.00	218.60	1,750.00
Registration Computers/Printers	1,500.00	1,455.42	1,500.00
Telephone/Internet	<u>1,200.00</u>	<u>406.99</u>	<u>1,200.00</u>
TOTALS	150,794.77	166,692.21	193,011.01
CONVENTION PERSONNEL			
MEALS			
Eddie Moody (33 meals @ \$14.00 each)	462.00	462.00	462.00
Anna Fox (24 meals @ \$14.00 each)	336.00	336.00	336.00
Elizabeth Hill (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 (11)	<u>3,500.00</u>	<u>3,130.54</u>	<u>3,500.00</u>
TOTALS	6,104.00	5,734.54	6,104.00

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
CONVENTION OFFICE (Continued)			
TRAVEL			
Eddie Moody	\$150.00	\$139.22	\$150.00
Anna Fox	252.00	0.00	250.00
Elizabeth Hill	252.00	252.00	250.00
Melody Hood	252.00	252.00	250.00
Kevin Justice	350.00	0.00	500.00
Ryan Lewis	150.00	0.00	150.00
Eric Thomsen	252.00	252.00	250.00
Charles Wise	277.40	277.40	500.00
Convention Truck (Fuel/Meals/Rooms/Trailer Rental)	800.00	345.49	800.00
Staff Expense Money	<u>700.00</u>	<u>570.76</u>	<u>700.00</u>
TOTALS	3,435.40	2,088.87	3,800.00
LODGING/PARKING			
Eddie Moody	286.00	1,679.82	125.00
Anna Fox (7 nights @ \$156.77)	1,050.56	0.00	1,097.39
Elizabeth Hill (7 nights @ \$156.77)	1,050.56	0.00	1,097.39
Melody Hood (7 nights @ \$156.77)	1,050.56	0.00	1,097.39
Ryan Lewis	286.00	0.00	125.00
Eric Thomsen (7 nights @ \$156.77)	1,050.56	0.00	1,097.39
Charles Wise (7 nights @ \$156.77)	1,050.56	0.00	1,097.39
Convention Interns (21 nights @ \$156.77)	<u>3,697.68</u>	<u>2,786.67</u>	<u>3,700.00</u>
TOTALS (Includes applicable tax and parking)	9,522.48	4,466.49	9,436.95
CONVENTION OFFICIALS			
Moderator - Tim York			
Travel	252.00	252.00	250.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$156.77)	900.48	1,034.23	940.62
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	1,896.48	2,030.23	1,934.62
Clerk - Randy Bryant			
Travel	350.00	220.31	350.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$156.77)	900.48	997.62	940.62
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
	1,994.48	1,961.93	2,034.62
Assistant Moderator - William Smith			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$156.77)	<u>900.48</u>	<u>1,310.71</u>	<u>940.62</u>
	1,194.48	1,604.71	1,234.62
Assistant Clerk - Ernie Lewis			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$156.77)	<u>900.48</u>	<u>997.62</u>	<u>940.62</u>
	1,194.48	1,291.62	1,234.62
TOTALS (Includes applicable tax and parking)	6,279.92	6,888.49	6,438.48

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
VOLUNTEER STAFF			
Convention Reporter	\$1,050.56	\$0.00	\$1,097.39
Lodging (7 nights @ \$156.77)			
Impact Coordinator - Ken Akers	1,050.56	1,193.51	1,097.39
Lodging (7 nights @ \$156.77)			
Media Commission	900.48	784.80	940.62
Lodging (6 nights @ \$156.77)			
Music Coordinator - Kevin Justice	900.48	941.08	940.62
Lodging (6 nights @ \$156.77)			
Musicians (5 Rooms)	3,752.00	3,437.05	3,919.25
Lodging (25 nights x \$156.77)			
Photographer - Rodney Yerby	900.48	1,463.27	940.62
Lodging (6 nights @ \$156.77)			
Translators (2 Rooms)			
Lodging (6 nights @ \$156.77)	750.40	252.50	940.62
Lodging (6 nights @ \$156.77)	<u>750.40</u>	<u>814.90</u>	<u>940.62</u>
TOTALS (Includes applicable tax and parking)	10,055.36	8,887.11	10,817.13
HONORARIUMS			
Rett Floyd	200.00	200.00	200.00
Chris Todd	200.00	200.00	200.00
Tim Baumgarten	200.00	200.00	200.00
Jim McComas	200.00	200.00	200.00
Kent Barwick	200.00	200.00	200.00
Fernando Bustamante	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>
TOTALS	1,200.00	1,200.00	1,200.00
DECORATOR SERVICES			
Booth Installation/Draped Tables	4,750.00	12,220.26	7,500.00
Exhibitor Badges	100.00	0.00	100.00
Registration			
Chairs, Counters, Skirted Tables	1,270.00	1,565.00	5,000.00
Electricity/Masking Drape	300.00	80.00	300.00
Stage			
Furnishings/Carpet	<u>3,200.00</u>	<u>1,812.50</u>	<u>7,000.00</u>
TOTALS	9,620.00	15,677.76	19,900.00

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 24-27, 2022
Birmingham, Alabama

	2021 Budget	2021 Actuals	2022 Budget
MEAL FUNCTIONS			
Executive Committee Dinner	\$2,700.00	\$1,894.20	\$2,700.00
Presidents' Breakfast	230.00	202.95	350.00
State Director's Wives Luncheon	<u>0.00</u>	<u>669.12</u>	<u>750.00</u>
TOTALS	2,930.00	2,766.27	3,800.00
EXECUTIVE COMMITTEE			
Per Diem			
(For the Executive Committee Meeting prior to the 2022 National Convention)			
Stan Bunch	450.00	450.00	450.00
Reuben Cason	450.00	450.00	450.00
Chris Dotson	450.00	450.00	450.00
Daniel Edwards	450.00	450.00	450.00
Wayne Hale	450.00	450.00	450.00
David Shores	450.00	450.00	450.00
David Taylor	450.00	450.00	450.00
Chris Todd	450.00	450.00	450.00
Danny Williams	<u>450.00</u>	<u>450.00</u>	<u>450.00</u>
TOTALS	4,050.00	4,050.00	4,050.00
PRE-CONVENTION EXPENSES			
Impact Memphis	1,900.00	1,463.92	1,900.00
Pre-Convention Meetings/Site Inspections	<u>15,000.00</u>	<u>0.00</u>	<u>11,000.00</u>
TOTALS	16,900.00	1,463.92	12,900.00
NATIONAL COMMITTEE EXPENSES			
Executive Committee	11,000.00	9,833.08	9,000.00
Nominating Committee	<u>1,000.00</u>	<u>0.00</u>	<u>1,000.00</u>
TOTALS	12,000.00	9,833.08	10,000.00
SUB-TOTALS	<u>410,600.00</u>	<u>435,277.73</u>	<u>485,343.41</u>
SURPLUS REVENUE			
(Operating Capital for Future Conventions)	0.00	-10,484.07	0.00
GRAND TOTALS	<u>\$410,600.00</u>	<u>\$424,793.66</u>	<u>\$485,343.41</u>

2021
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	\$548.10	\$66.74	\$141.90	\$106.52	\$107.21	\$67.23	\$96.48	\$723.92	\$91.74	\$115.21	\$71.04	\$91.75	\$2,227.84
Arizona	0.00	0.00	33.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.00	78.75
Arkansas	6,175.22	7,520.77	5,086.18	5,898.45	10,412.40	5,077.51	6,611.81	7,704.22	5,637.64	6,520.74	7,160.54	5,090.24	78,895.72
California	121.49	537.85	67.22	71.01	0.00	366.07	91.76	127.16	77.39	0.00	105.93	344.73	1,910.61
Canada	231.46	0.00	0.00	0.00	0.00	0.00	219.64	0.00	0.00	0.00	0.00	0.00	451.10
Delaware	45.00	22.50	45.00	90.00	45.00	45.00	45.00	45.00	90.00	90.00	45.00	45.00	652.50
Florida	675.00	675.00	738.93	675.00	675.00	732.16	675.00	675.00	727.89	675.00	675.00	675.00	8,273.98
Georgia	1,922.91	1,254.22	973.68	1,521.01	1,367.63	1,693.67	2,375.60	1,676.01	2,338.28	2,290.84	1,512.35	1,806.17	20,732.37
Illinois	1,165.93	966.34	662.37	1,543.21	957.26	956.78	1,206.79	792.96	968.21	1,093.95	1,113.43	913.92	12,341.15
Indiana	0.00	144.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	144.00
Kansas	0.00	0.00	31.84	0.00	137.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	169.09
Kentucky	538.03	359.42	339.20	0.00	880.09	456.39	328.62	420.49	219.22	275.89	268.06	0.00	4,085.41
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	402.99	216.37	153.98	25.32	441.01	115.67	108.33	568.49	183.84	251.19	337.51	131.79	2,936.49
Mississippi	655.16	406.76	764.51	776.91	360.60	314.70	0.00	412.69	787.64	270.87	576.82	0.00	5,326.66
Missouri	9,070.92	9,293.90	8,908.04	12,317.55	10,676.87	10,981.49	14,040.13	7,501.44	9,783.72	10,263.18	8,171.47	7,982.56	118,991.27
New Mexico	0.00	194.90	393.98	204.35	0.00	375.57	172.35	220.73	226.08	0.00	467.64	206.78	2,462.38
North Carolina	346.76	400.20	335.67	334.30	352.80	344.47	297.28	1,310.26	2,631.08	337.44	798.66	309.99	7,798.91
Ohio	2,026.41	1,719.80	1,355.92	1,686.30	1,365.75	1,702.92	1,640.44	1,138.95	1,198.49	1,395.89	1,558.88	1,580.99	18,370.74
Oklahoma	7,289.60	5,820.08	9,756.45	7,946.94	7,435.34	8,238.18	5,226.66	7,351.95	5,862.70	5,061.61	7,199.73	7,133.35	84,322.59
Oregon	0.00	180.00	90.00	112.50	0.00	180.00	112.50	90.00	112.50	90.00	90.00	112.50	1,170.00
South Carolina	0.00	11.25	22.50	11.25	0.00	11.25	22.50	0.00	0.00	0.00	11.25	11.25	123.75
Tennessee	2,415.53	4,303.48	913.03	1,979.15	1,212.66	1,029.87	4,572.57	850.10	706.61	1,090.46	1,853.17	832.07	21,758.70
Texas	183.40	48.27	91.40	61.22	72.89	77.61	66.99	56.13	72.23	70.58	74.72	55.48	930.92
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	70.55	0.00	25.42	44.36	36.72	0.00	38.77	22.32	0.00	48.90	0.00	287.04
Virginia	0.00	158.98	83.21	85.22	0.00	1,080.27	77.51	86.39	104.61	86.98	72.63	98.50	1,934.30
West Virginia	71.87	76.98	80.35	0.00	241.40	126.12	99.32	73.47	105.35	146.31	131.71	83.25	1,236.13
TOTALS	\$33,885.78	\$34,448.36	\$31,069.11	\$35,471.63	\$36,785.52	\$34,009.65	\$38,087.28	\$31,864.13	\$31,970.04	\$30,126.14	\$32,344.44	\$27,550.32	\$397,612.40

2021
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	\$433.00	\$483.70	\$301.10	\$291.95	\$350.10	\$481.40	\$318.40	\$256.30	\$401.80	\$316.70	\$403.00	\$269.90	\$4,307.35
Arizona	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arkansas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
California	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Canada	45.87	0.00	0.00	0.00	0.00	0.00	47.01	0.00	0.00	0.00	0.00	0.00	92.88
Florida	401.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,401.00
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	0.00	0.00	0.00	0.00	0.00	114.99	0.00	0.00	0.00	0.00	148.62	0.00	263.61
Kansas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kentucky	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	200.00
Mississippi	0.00	0.00	20.00	10.00	0.00	0.00	0.00	0.00	515.00	1,020.00	0.00	0.00	1,565.00
Missouri	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
North Carolina	57.00	720.00	1,053.00	777.00	310.00	1,022.00	57.00	850.00	1,365.00	2,157.00	2,765.00	20.00	11,153.00
Ohio	400.00	0.00	0.00	500.00	0.00	0.00	100.00	0.00	310.00	400.00	0.00	1,000.00	2,710.00
Oklahoma	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oregon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
South Carolina	638.92	246.52	100.86	497.86	245.51	301.84	222.20	337.57	260.76	316.21	258.27	962.92	4,389.44
Tennessee	1,370.00	142.00	20.00	371.00	20.00	420.00	152.00	420.00	885.00	450.00	300.00	370.00	4,920.00
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	150.00	0.00	0.00	0.00	150.00	0.00	0.00	150.00	0.00	0.00	450.00
West Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00	0.00	500.00	1,000.00
TOTALS	\$3,345.79	\$1,592.22	\$2,644.96	\$2,447.81	\$925.61	\$2,340.23	\$1,046.61	\$2,063.87	\$3,737.56	\$5,309.91	\$3,874.89	\$3,122.82	\$32,452.28

2021 Gifts to National Ministries

States	Board of Retirement	Executive	FWB Foundation	IM, Inc.	North American Ministries	Welch College	WNAC	Commission for Theological Integrity	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$326.74	\$6,634.41	\$116.21	\$415,422.22	\$547,826.37	\$68,326.60	\$3,530.77	\$27.85	\$27.92	\$27.85	\$27.23	\$1,042,294.17
Alaska	0.00	0.00	0.00	5,290.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,290.00
Arizona	11.55	78.75	0.96	81,216.26	1,409.08	1,409.08	7.01	0.96	0.96	0.96	0.96	194,773.68
Arkansas	11,571.36	79,012.31	1,068.82	872,465.14	84,988.30	67,391.79	25,304.62	964.99	965.07	964.99	964.26	1,145,061.65
California	280.23	1,552.81	61.20	60,248.59	183,781.75	7,521.05	1,515.34	23.62	23.62	23.62	23.35	255,455.10
Canada	66.16	580.35	38.12	3,020.80	3,913.80	7,780.95	106.30	5.74	5.76	5.74	5.51	15,529.23
Colorado	0.00	0.00	0.00	1,985.00	8,567.27	600.00	0.00	0.00	0.00	0.00	0.00	11,562.27
Connecticut	0.00	0.00	0.00	638.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	638.68
Delaware	95.70	652.50	7.98	833.00	0.00	163.33	126.23	7.98	7.98	7.98	7.98	1,910.68
Florida	1,213.52	9,674.98	101.13	149,422.09	143,852.02	147,474.85	4,112.90	101.13	101.13	101.13	101.13	456,256.11
Georgia	3,040.75	20,931.34	431.84	540,673.22	490,855.41	256,581.55	12,114.20	254.65	254.78	254.65	253.40	1,325,645.79
Hawaii	0.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	400.00
Idaho	0.00	0.00	0.00	8,624.65	185.00	1,700.00	0.00	0.00	0.00	0.00	0.00	10,509.65
Illinois	1,810.04	12,777.46	542.12	319,076.29	70,294.77	44,418.95	5,665.18	153.59	153.86	153.59	150.84	455,196.69
Indiana	77.05	407.61	43.73	32,887.40	33,795.01	1,142.22	285.85	43.73	43.73	1.76	1.76	68,529.85
Iowa	0.00	0.00	0.00	3,070.00	3,220.00	0.00	0.00	0.00	0.00	0.00	0.00	6,290.00
Kansas	24.80	169.09	2.07	9,024.25	29,591.98	158.19	85.13	2.07	2.07	2.07	2.07	39,063.80
Kentucky	599.19	4,085.41	49.95	140,964.60	100,260.90	20,682.21	5,748.59	49.95	49.95	49.95	49.95	272,590.65
Louisiana	0.00	0.00	0.00	0.00	0.00	850.00	0.00	0.00	0.00	0.00	0.00	850.00
Maine	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maryland	0.00	0.00	0.00	9,382.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	9,632.00
Massachusetts	0.00	0.00	0.00	3,400.00	780.00	0.00	0.00	0.00	0.00	0.00	0.00	4,180.00
Michigan	430.70	3,136.49	35.92	270,084.47	50,879.27	42,803.65	4,232.78	35.92	35.92	35.92	35.92	371,746.96
Mid-Atlantic Association	0.00	0.00	0.00	0.00	6,272.45	0.00	0.00	0.00	0.00	0.00	0.00	6,272.45
Minnesota	0.00	0.00	0.00	1,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,650.00
Mississippi	781.26	6,906.58	78.48	76,401.77	146,342.50	24,078.27	2,147.12	65.20	65.21	65.20	65.11	256,996.71
Missouri	17,452.06	119,072.40	1,527.08	806,100.50	176,106.18	76,912.22	24,043.77	1,454.85	1,454.90	1,454.85	1,454.34	1,227,033.16
Montana	0.00	0.00	0.00	410.00	1,835.00	550.00	0.00	0.00	0.00	0.00	0.00	2,795.00
Nebraska	0.00	0.00	0.00	950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	950.00
Nevada	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Hampshire	0.00	0.00	0.00	0.00	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00	1,300.00
New Jersey	0.00	0.00	0.00	503.93	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	1,503.93
New Mexico	361.14	2,462.38	30.10	4,430.00	3,860.29	1,816.08	510.14	30.10	30.10	30.10	30.10	13,596.53
New York	0.00	0.00	0.00	62,733.00	35,623.98	13,840.00	100.00	0.00	0.00	0.00	0.00	112,596.98
North Carolina	1,841.87	20,571.69	1,590.93	916,289.84	656,945.52	256,479.72	10,944.27	163.52	164.54	163.52	503.33	1,865,658.75
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	2,684.38	21,186.25	319.14	145,441.75	154,092.27	22,982.87	15,589.75	225.18	225.25	225.18	224.52	363,206.54
Oklahoma	12,367.32	84,466.58	1,159.75	805,531.02	174,610.42	104,545.82	22,558.65	1,031.54	1,031.63	1,031.54	1,030.63	1,209,364.90
Oregon	171.60	1,170.00	14.32	9,754.67	812.10	332.75	219.74	14.32	14.32	14.32	14.32	2,777.89
Pennsylvania	0.00	0.00	0.00	350.00	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00	9,350.00
Rhode Island	0.00	0.00	0.00	513,151.12	111,133.90	173,620.07	7,070.63	3.30	3.48	3.30	1.54	811,280.66
South Carolina	1,248.17	4,792.83	252.32	513,151.12	0.00	100.00	0.00	0.00	0.00	0.00	0.00	700.00
South Dakota	0.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	600.00
Tennessee	4,001.28	26,956.65	525.20	1,218,594.01	447,493.47	488,014.94	13,703.10	282.69	282.69	282.69	265.94	2,198,402.83
Texas	136.54	1,123.71	184.28	180,865.68	83,251.77	9,409.90	2,184.66	12.59	12.71	12.59	11.38	277,205.81
Utah	0.00	0.00	0.00	1,110.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,110.00
Virginia	283.70	2,417.34	53.28	145,372.12	194,650.40	10,150.00	1,721.43	23.86	23.88	23.86	23.65	354,743.52
Washington	0.00	0.00	0.00	12,390.17	5,173.00	2,239.61	0.00	0.00	0.00	0.00	0.00	19,792.78
West Virginia	181.29	2,253.51	30.68	118,507.05	87,340.80	9,509.41	1,224.52	15.23	15.23	15.23	15.11	219,108.06
Wisconsin	0.00	0.00	0.00	5,300.00	990.00	0.00	0.00	0.00	0.00	0.00	0.00	5,300.00
Wyoming	0.00	0.00	0.00	390.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,390.00
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	42.10	287.04	3.51	4,267.21	48,761.87	1,176.72	59.63	3.51	3.51	3.51	3.51	55,612.12
Other	0.00	0.00	0.00	461,659.69	30,756.42	1,774.39	23,002.97	0.00	100.00	0.00	0.00	517,943.47
Foundation	0.00	0.00	0.00	297,152.33	132,977.12	93,777.92	0.00	0.00	0.00	0.00	0.00	523,907.37
WNAC	0.00	0.00	0.00	12,622.10	8,031.25	757.75	0.00	0.00	0.00	0.00	0.00	21,411.10
TOTALS	\$61,110.50 *	\$433,760.47	\$8,919.15	\$8,730,457.62 *	\$4,396,762.41 *	\$1,960,822.88	\$188,015.28 *	\$4,998.07	\$5,100.39	\$4,956.19	\$5,267.84	\$15,800,170.80
2020 Comparisons	\$59,571.90	\$406,579.09	\$8,272.32	\$7,438,915.11	\$3,187,443.93	\$1,865,195.33	\$288,955.76	\$4,753.26	\$4,755.12	\$4,675.86	\$5,433.38	\$13,274,551.08

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

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

*North American Ministries--Other includes interest, miscellaneous sources and states.

*WNAC--Total does not include sales or gifts designated to other departments.



Hill, Harper & Associates
A Professional Limited Liability Company
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the statement of financial position of the Building Services Fund of the National Association of Free Will Baptists, Inc. - a nonprofit organization (hereafter Building Services) as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Building Services, as of December 31, 2021 and 2020, and results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Building Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Building Services' ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understating of internal control relevant to the audit 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 Building Services' internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Building Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hill Harper & Associates

**A Professional Limited Liability Company
Franklin, Tennessee
April 20, 2022**

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

Statements of Financial Position

December 31, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 60,847	122,249
Funds held by Free Will Baptist Foundation	172,090	183,012
	<u>232,937</u>	<u>305,261</u>
Accounts receivable		
Denominational agencies	71,535	10,025
Fraudulent banking activities	-	93,096
	<u>71,535</u>	<u>103,121</u>
Investment in funds held by Board of Retirement & Insurance of the National Association of Free Will Baptists, Inc.	300,398	281,591
Prepaid expenses	13,908	1,516
Total current assets	<u>618,778</u>	<u>691,489</u>
Property, plant and equipment:		
Land and land improvements	238,728	232,228
Building	1,696,067	1,673,750
Building services equipment	86,697	86,697
Departmental workstations	77,228	77,228
	<u>2,098,720</u>	<u>2,069,903</u>
Less accumulated depreciation	1,832,775	1,816,712
Net property, plant and equipment	<u>265,945</u>	<u>253,191</u>
Deposit	<u>-</u>	<u>6,100</u>
	<u>\$ 884,723</u>	<u>950,780</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ -	26,975
Funds held in connection with other Free Will Baptist departments:		
Stewardship promotion	40,220	39,987
Security training	8,990	8,302
Employee health insurance	77,449	78,940
Total funds held in connection with other Free Will Baptist departments	<u>126,659</u>	<u>127,229</u>
Total current liabilities	<u>126,659</u>	<u>154,204</u>
Net assets:		
Net assets without donor restrictions:		
Operations	439,453	488,756
Net investment in property, plant and equipment	265,945	253,191
Designated for maintenance and building and equipment replacement	52,666	54,629
Total net assets without donor restrictions	<u>758,064</u>	<u>796,576</u>
	<u>\$ 884,723</u>	<u>950,780</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, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions			Net Assets Without Donor Restrictions		
	<u>Operations</u>	<u>Designations</u>	<u>Total</u>	<u>Operations</u>	<u>Designations</u>	<u>Total</u>
Revenues:						
Building rental	\$ 303,988	-	303,988	303,988	-	303,988
Leadership conference	42,216	-	42,216	35,925	-	35,925
Interest income	4,811	-	4,811	8,148	-	8,148
Other	10,783	-	10,783	4,362	-	4,362
Total revenues	<u>361,798</u>	<u>-</u>	<u>361,798</u>	<u>352,423</u>	<u>-</u>	<u>352,423</u>
Expenses:						
Program services						
Building operations	336,540	-	336,540	282,111	-	282,111
Leadership conference	42,282	-	42,282	32,784	-	32,784
	<u>378,822</u>	<u>-</u>	<u>378,822</u>	<u>314,895</u>	<u>-</u>	<u>314,895</u>
Supportive services						
Administration	37,747	-	37,747	4,803	-	4,803
Total expenses	<u>416,569</u>	<u>-</u>	<u>416,569</u>	<u>319,698</u>	<u>-</u>	<u>319,698</u>
Change in net assets from operating activities	<u>(54,771)</u>	<u>-</u>	<u>(54,771)</u>	<u>32,725</u>	<u>-</u>	<u>32,725</u>
Non-operating activities:						
Return on investments	18,807	-	18,807	26,170	-	26,170
PPP loan forgiven, converted to grant	-	-	-	14,634	-	14,634
Net excess (deficit) from inter- departmental billings for shared costs	(2,548)	-	(2,548)	(1,038)	-	(1,038)
Provision for replacements	(18,000)	18,000	-	(18,000)	18,000	-
Replacement reserve used	36,057	(36,057)	-	-	-	-
Funding depreciation	(16,094)	16,094	-	(12,429)	12,429	-
Change in net assets from non-operating activities	<u>18,222</u>	<u>(1,963)</u>	<u>16,259</u>	<u>9,337</u>	<u>30,429</u>	<u>39,766</u>
Change in net assets	<u>(36,549)</u>	<u>(1,963)</u>	<u>(38,512)</u>	<u>42,062</u>	<u>30,429</u>	<u>72,491</u>
Net assets:						
Beginning of year	<u>741,947</u>	<u>54,629</u>	<u>796,576</u>	<u>699,885</u>	<u>24,200</u>	<u>724,085</u>
End of year	<u>\$ 705,398</u>	<u>52,666</u>	<u>758,064</u>	<u>741,947</u>	<u>54,629</u>	<u>796,576</u>

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the years ended December 31, 2021 and 2020

2021					
	Program Services			Supporting Services	Totals
	<u>Building Operations</u>	<u>Leadership Conference</u>	<u>Totals</u>		
Employee compensation:					
Salaries	\$ 79,604	-	79,604	24,360	103,964
Payroll taxes	8,352	-	8,352	1,564	9,916
Retirement	4,912	-	4,912	1,218	6,130
Employer provided insurance	31,377	-	31,377	4,700	36,077
	<u>124,245</u>	<u>-</u>	<u>124,245</u>	<u>31,842</u>	<u>156,087</u>
Operating expenses:					
Utilities / telephone	47,901	-	47,901	-	47,901
Janitorial services	35,559	-	35,559	-	35,559
General insurance	35,718	-	35,718	-	35,718
Repairs and maintenance	43,798	-	43,798	-	43,798
Supplies and office expense	16,075	-	16,075	-	16,075
Audit and legal	-	-	-	5,905	5,905
Depreciation	16,062	-	16,062	-	16,062
Conferences	-	42,282	42,282	-	42,282
Mailroom and other	17,182	-	17,182	-	17,182
	<u>212,295</u>	<u>42,282</u>	<u>254,577</u>	<u>5,905</u>	<u>260,482</u>
Total expenses	<u>\$ 336,540</u>	<u>42,282</u>	<u>378,822</u>	<u>37,747</u>	<u>416,569</u>
2020					
	Program Services			Supporting Services	Totals
	<u>Building Operations</u>	<u>Leadership Conference</u>	<u>Totals</u>		
Employee compensation:					
Salaries	\$ 93,383	-	93,383	-	93,383
Payroll taxes	8,661	-	8,661	-	8,661
Retirement	6,233	-	6,233	-	6,233
Employer provided insurance	27,884	-	27,884	-	27,884
	<u>136,161</u>	<u>-</u>	<u>136,161</u>	<u>-</u>	<u>136,161</u>
Operating expenses:					
Utilities / telephone	38,575	-	38,575	-	38,575
Janitorial services	26,538	-	26,538	-	26,538
General insurance	28,463	-	28,463	-	28,463
Repairs and maintenance	14,178	-	14,178	-	14,178
Supplies and office expense	10,442	-	10,442	-	10,442
Audit and legal	-	-	-	4,803	4,803
Depreciation	16,094	-	16,094	-	16,094
Annual conference	-	32,784	32,784	-	32,784
Mailroom and other	11,660	-	11,660	-	11,660
	<u>145,950</u>	<u>32,784</u>	<u>178,734</u>	<u>4,803</u>	<u>183,537</u>
Total expenses	<u>\$ 282,111</u>	<u>32,784</u>	<u>314,895</u>	<u>4,803</u>	<u>319,698</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (38,512)	72,491
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	16,062	16,094
Unrealized return on investment	(18,807)	(26,170)
PPP loan forgiven and converted to grant	-	(14,634)
(Increase) decrease in:		
Receivables	31,587	(100,126)
Prepaid expenses	(12,392)	(1,516)
Deposits	6,100	-
Increase (decrease) in:		
Funds held for other Free Will Baptist departments	(570)	(21,906)
Accounts payable	(26,975)	23,364
Net operating activities	<u>(43,507)</u>	<u>(52,403)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>(28,817)</u>	<u>-</u>
Net investing activities	<u>(28,817)</u>	<u>-</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from PPP loan	<u>-</u>	<u>14,634</u>
Change in cash and cash equivalents	(72,324)	(37,769)
Cash and cash equivalents, at beginning of year	<u>305,261</u>	<u>343,030</u>
Cash and cash equivalents, at end of year	\$ <u><u>232,937</u></u>	<u><u>305,261</u></u>
Cash and cash equivalents consists of:		
Cash in bank	\$ 60,847	122,249
Funds held by Free Will Baptist Foundation	<u>172,090</u>	<u>183,012</u>
	\$ <u><u>232,937</u></u>	<u><u>305,261</u></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, 2021 and 2020

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.

The purpose of Building Services is to maintain the National Office Facility and to assess rents to Departments that occupy the facility. Further, joint services (i.e. health, disability, auto, workers comp insurance; postage and shipping costs; telephone, etc.) are provided and billed to departments based on their usage.

(1) Summary of Significant Accounting Policies

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

Building Services implemented ASU 2016-4, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities with it's effective date for the year ended December 31, 2018. As required by generally accepted accounting principles, Building Services reports information regarding its financial position and activities according to two classes of net assets, as applicable:

Net assets without donor restrictions - Net assets not subject to donor imposed stipulations. These funds may be designated for specific purposes by action of the governing body.

Net assets with donor restrictions - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Certain amounts in the prior-year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ongoing activities, including investment income. Non-operating activities are limited to resources that generate return from investment, if any, and other activities of a more unusual or non recurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in statement of activities. These expenses are presented by their natural classification in the statement of functional expenses by individual component of program service and administrative expenses. Administrative expenses consist of:

100% of legal and audit expense; and

Beginning in 2021, salary and benefits of the Accounting Administrator allocated from the Executive Office
(42% of total compensation package)

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.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Accounts Receivable

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

Investments

Investments are recorded at cost if purchased, or at fair value if donated. Thereafter, investments are reported at their values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Gains and losses on sales of investments are recorded in the statements of activities as realized if sold and as unrealized if measured by changes in market values. Investment earnings are recorded when earned.

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. All investments are held by related Free Will Baptist entities and are valued at market using Level 2 inputs - see note 3.

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.

Contributions, Including Grants

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Compensated Absences

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

Income Taxes

Building Services is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2021 and 2020. Further, management believes that Building Services has no activities which will lead to income taxes being levied.

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.

Revenue Recognition

We have reviewed the provisions of the FASB ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 20, 2022 the date these financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

The following reflects Building Service's financial assets as of balance sheet dates available for expenditure within one year from the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at end of year:		
Cash in bank	\$ 60,847	122,249
Funds held by Free Will Baptist Foundation	172,090	183,012
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.	300,398	281,591
Accounts receivable	71,535	103,121
Financial assets available to meet general expenditures the next twelve months	604,870	689,973
Less amount not available to be used within one year:		
Net assets designated for maintenance and building and equipment replacement	52,666	54,629
Funds held in connection with other Free Will Baptist departments	126,659	127,229
Amounts not available to be used within one year	179,325	181,858
Net financial assets available for expenditure within one year	\$ 425,545	508,115

Building Services' goal is to generally maintain financial assets to meet 90 days of operating expenses. Excess cash is invested with related Free Will Baptist entities - see note 3.

(3) Investments

Investments are held by the Board of Retirement and Insurance of NAFWB in grouped investment funds. The following summarized the investment activity and return on investments.

	<u>2021</u>	<u>2020</u>
Cost of investment	\$ 250,000	250,000
Market value of investment	\$ 300,398	281,591
Unrealized gain on investments	\$ 18,807	26,170

(4) Accounts Receivable - Fraudulent Banking Activities

During 2020, a criminal obtained banking information of Building Services then reproduced, wrote and cashed checks mounting to \$93,096 during the 4th quarter 2020. The bank investigated the fraud and determined it was their responsibility to replace all funds taken. These funds were replaced during 2021. The Executive Office experienced a fraud of this type also.

(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 benefits 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 Entities. 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.

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

Notes to Financial Statements, continued

(6) Funds Held in Connection With Other Free Will Baptist Departments

Building Services bills other Free Will Baptist organizations for the following purposes and future needs:

	<u>2021</u>	<u>2020</u>
Stewardship promotion		
Accumulated funds to provide material to foster special giving offerings for various other Free Will Baptist organizations	\$ 40,220	39,987
Security training		
Accumulated 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	8,990	8,302
Employee health insurance		
Excess billings of monthly premium amounts to departments housed in the National Office Facility to fund health insurance deductibles	77,449	78,940
	<u>\$ 126,659</u>	<u>127,229</u>

(7) 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 a contribution of 5% of compensation is made by Building Services. Employees may participate at date of employment. Pension expense amounted to \$6,130 in 2021 and \$6,233 in 2020. 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.

(8) Operating Leases

Building Services has entered into noncancelable lease arrangements relating to mailing equipment. Total rent expense amounted to \$7,843 for 2021 and \$8,112 in 2020.

(9) Related Party Transactions

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 \$303,988 in 2021 and 2020; rental income for 2022 will approximate \$316,050.

The Executive Office of the National Association of Free Will Baptists, Inc. provides accounting and administrative services to Building Services at no cost.

As described in note 3, investments for operations are held by the Board of Retirement and Insurance of NAFWB and had a market value of \$303,988 at 2021 and \$281,591 at 2020.

Free Will Baptist Foundation holds interest bearing funds for Building Services amounting to \$172,090 in 2021 and \$183,021 in 2020.

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

Notes to Financial Statements, continued

(10) Notes Payable - Payroll Protection Program (PPP) and

Conditional Grant (contribution) Revenue Earned From Qualified Expenses

Building Services was granted a loan from Regions Bank, Nashville Tennessee on April 30, 2020 in the amount of \$14,634 pursuant to the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020. This loan bears interest at 1%.

Under terms of the PPP, the loan will be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act. These qualifying expenses include payroll and related costs, mortgage payments, rent, utilities and interest on obligations incurred before February 15, 2020. Building Services has used all the loan proceeds for salary and related costs which will result in forgiveness of entire related loan balances as December 31, 2020. During 2021, the loan was legally forgiven.

**2023
BUILDING SERVICES
BUDGET**

PROJECTED INCOME	2021 Budget	2021 Actuals*	2022 Budget	2023 Budget
Square Footage (20,105 @ \$1.50 = \$30,157.50 mo.)	\$303,987.60	\$303,987.60	\$316,050.60	\$361,890.00
Building Security Reimbursement	3,000.00	3,000.00	3,000.00	3,000.00
Total Income	306,987.60	306,987.60	319,050.60	364,890.00

PROJECTED EXPENSES

Audit & Legal	5,800.00	5,904.66	5,000.00	6,000.00
Replacement Reserve	18,000.00	18,000.00	6,000.00	18,000.00
Building Security	3,500.00	2,312.00	3,000.00	3,000.00
Insurance (Employee)	35,086.21	36,077.43	38,000.00	40,328.50
Insurance (Plant)	30,500.00	35,718.07	30,298.06	36,500.00
Janitorial Services	35,000.00	35,558.76	32,000.00	35,500.00
Janitorial Supplies	3,500.00	2,895.72	3,000.00	3,500.00
Mail Room	9,000.00	7,843.27	8,500.00	10,000.00
Maintenance/Contingency Fund	28,491.47	7,741.18	26,000.00	27,000.00
Network Expense	3,000.00	2,477.30	2,500.00	11,000.00
Payroll Taxes (Employer's S.S.)	6,306.62	9,915.96	8,178.74	8,333.64
Postage Meter/UPS	700.00	7,081.76	1,000.00	1,000.00
Retirement	4,500.00	6,129.95	5,062.18	5,163.42
Salaries	82,439.51	103,963.96	106,911.62	108,936.49
General Supplies	5,500.00	3,619.53	5,600.00	5,600.00
Telephone	750.00	10,473.76	1,000.00	1,000.00
Utilities	37,000.00	37,427.43	37,000.00	38,000.00
Other	1,500.00	7,026.25	0.00	6,027.95
Total Expenses	\$310,573.81	\$340,166.99	\$319,050.60	\$364,890.00

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

**2023
BUILDING SERVICES
BUDGET
SALARY BREAKDOWN**

	2021	2022	2023
Maintenance Superintendent/ Mail Room Supervisor			
Salary	\$38,825.94	\$39,990.72	\$40,790.53
Social Security	2,970.18	3,059.29	3,120.48
Insurance (Dental/Health/Life)	20,500.00	22,614.17	23,019.48
Disability	229.07	235.95	261.06
Retirement	1,941.30	1,999.54	2,039.53
	64,466.49	67,899.66	69,231.08
Receptionist/Phone System Administrator/Assistant Bookkeeper			
Salary	\$35,108.84	\$36,162.10	36,885.34
Social Security	2,685.83	2,766.40	2,821.73
Insurance (Dental/Health/Life)	11,000.00	11,376.06	11,578.78
Disability	207.14	213.36	236.07
Retirement	1,755.44	1,808.11	1,844.27
	50,757.25	52,326.03	53,366.18
Accounting Administrator			
Salary	0.00	25,090.80	25,592.62
Social Security	0.00	1,919.45	1,957.84
Insurance (Dental/Health/Life)	0.00	5,089.54	5,069.32
Disability	0.00	160.58	163.79
Retirement	0.00	1,254.54	1,279.63
	0.00	33,514.91	34,063.19
Part-time Worker			
Salary	8,504.73	5,668.00	5,668.00
Social Security	<u>650.61</u>	<u>433.60</u>	<u>433.60</u>
	9,155.34	6,101.60	6,101.60
	\$124,379.08	\$159,842.20	\$162,762.06



Hill, Harper & Associates
A Professional Limited Liability Company
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the statement of financial position of One Magazine of the National Association of Free Will Baptists, Inc. - a nonprofit organization (hereafter One Magazine) as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of One Magazine, as of December 31, 2021 and 2020, and results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of One Magazine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about One Magazine's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understating of internal control relevant to the audit 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 One Magazine's internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about One Magazine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



A Professional Limited Liability Company
Franklin, Tennessee
April 20, 2022

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

Statements of Financial Position

December 31, 2021 and 2020

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and interest bearing deposits	\$ 142,443	97,741
Accounts receivable	1,136	2,050
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.	308,085	276,167
Total current assets	<u>451,664</u>	<u>375,958</u>
Other assets:		
Investment in funds held by Free Will Baptist Foundation for endowment fund purposes	25,054	22,915
Fixed assets:		
Furniture and equipment	20,061	20,061
Less accumulated depreciation	(18,547)	(16,738)
Net fixed assets	<u>1,514</u>	<u>3,323</u>
	<u>\$ 478,232</u>	<u>402,196</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Accounts payable	\$ -	329
Net assets:		
Net assets without donor restriction	453,178	371,313
Net assets with donor restriction	25,054	30,554
Total net assets	<u>478,232</u>	<u>401,867</u>
	<u>\$ 478,232</u>	<u>402,196</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, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues:						
Assessments from Free Will Baptist departments and agencies	\$ 450,331	-	450,331	384,395	-	384,395
Other	242	-	242	117	-	117
Total revenues	450,573	-	450,573	384,512	-	384,512
Expenses:						
Program services						
Magazine productions	417,264	-	417,264	409,078	-	409,078
Supportive services						
Administration	7,547	-	7,547	11,027	-	11,027
Total expenses	424,811	-	424,811	420,105	-	420,105
Change in net assets from operating activities	25,762	-	25,762	(35,593)	-	(35,593)
Non-operating activities:						
PPP loan converted to grant	-	-	-	15,501	-	15,501
Endowment distributions	546	(546)	-	1,439	(1,439)	-
Investment gain	47,918	2,685	50,603	11,930	2,530	14,460
Net assets released from restrictions	7,639	(7,639)	-	7,361	(7,361)	-
Change in net assets from non-operating activities	56,103	(5,500)	50,603	36,231	(6,270)	29,961
Change in net assets	81,865	(5,500)	76,365	638	(6,270)	(5,632)
Net assets:						
Beginning of year	371,313	30,554	401,867	370,675	36,824	407,499
End of year	\$ 453,178	25,054	478,232	371,313	30,554	401,867

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the years ended December 31, 2021 and 2020

	2021			2020		
	Program Services	Supporting Services	Totals	Program Services	Supporting Services	Totals
	<u>Magazine Production</u>	<u>Adminis- tration</u>		<u>Magazine Production</u>	<u>Adminis- tration</u>	
Employee compensation:						
Salary	\$ 76,171	-	76,171	78,767	-	78,767
Payroll Taxes	5,815	-	5,815	6,026	-	6,026
Retirement	4,756	-	4,756	4,756	-	4,756
Other employee benefits	11,278	-	11,278	10,287	-	10,287
	<u>98,020</u>	<u>-</u>	<u>98,020</u>	<u>99,836</u>	<u>-</u>	<u>99,836</u>
Expenses:						
Direct cost of publication:						
Printing	153,928	-	153,928	159,322	-	159,322
Postage and mailing services	93,765	-	93,765	90,919	-	90,919
Design	42,862	-	42,862	38,769	-	38,769
Graphics expense	6,384	-	6,384	5,491	-	5,491
Writer's fees	2,728	-	2,728	3,681	-	3,681
	<u>299,667</u>	<u>-</u>	<u>299,667</u>	<u>298,182</u>	<u>-</u>	<u>298,182</u>
Operating expenses:						
Supplies	5,097	-	5,097	3,908	-	3,908
Computer services	2,477	-	2,477	2,257	-	2,257
Promotion	3,251	-	3,251	1,017	-	1,017
Website	1,206	-	1,206	176	-	176
Travel	5,737	-	5,737	1,290	-	1,290
Audit and professional	-	6,140	6,140	-	4,600	4,600
Books, dues and registration	-	1,227	1,227	-	2,318	2,318
Other	-	180	180	-	4,109	4,109
Depreciation	1,809	-	1,809	2,412	-	2,412
Total operating expenses	<u>19,577</u>	<u>7,547</u>	<u>27,124</u>	<u>11,060</u>	<u>11,027</u>	<u>22,087</u>
Total expenses	<u>\$ 417,264</u>	<u>7,547</u>	<u>424,811</u>	<u>409,078</u>	<u>11,027</u>	<u>420,105</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 76,365	(5,632)
Adjustments to reconcile increase in net assets to net operating activities:		
Depreciation	1,809	2,412
PPP loan converted to grant	-	(15,501)
Gain from investments	(50,603)	(14,460)
Distributions from endowment funds held by Free Will Baptist Foundation	546	1,439
(Increase) decrease in:	914	15,246
Accounts receivable		
Investments distributed to operations	16,000	-
Increase (decrease) in accounts payable	(329)	329
Net operating activities	<u>44,702</u>	<u>(16,167)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of equipment	-	(3,026)
Net investing activities	-	(3,026)
<u>Cash Flows from Financing Activities</u>		
Proceeds from PPP loan	-	15,501
Increase (decrease) in cash and cash equivalents	44,702	(3,692)
Cash and cash equivalents, at beginning of year	<u>97,741</u>	<u>101,433</u>
Cash and cash equivalents, at end of year	<u>\$ 142,443</u>	<u>97,741</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2021 and 2020

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 5.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

One Magazine implemented ASU 2016-4, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities with its effective date for the year ended December 31, 2018. As required by generally accepted accounting principles, One Magazine reports information regarding its financial position and activities according to two classes of net assets, as applicable:

Net assets without donor restrictions - Net assets not subject to donor imposed stipulations. These funds may be designated for specific purposes by action of the governing body.

Net assets with donor restrictions - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Certain amounts in the prior-year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ongoing activities, including investment income. Non-operating activities are limited to resources that generate return from investment, if any, and other activities of a more unusual or non recurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in statement of activities. These expenses are presented by their natural classification in the statement of functional expenses by individual component of program service and administrative expenses. Administrative expenses consist of administration and other general expenses.

Revenue Recognition

We have reviewed the provisions of the FASB ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

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.

Accounts Receivable

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

Investments

Investments are recorded at cost if purchased, or at fair value if donated. Thereafter, investments are reported at their values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Gains and losses on sales of investments are recorded in the statements of activities as realized if sold and as unrealized if measured by changes in market values. Investment earnings are recorded when earned.

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. All investments are held by related Free Will Baptist entities and are valued at market using Level 2 inputs - see note 4.

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.

Contributions, Including Grants

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Compensated Absences

Employees of One Magazine are entitled to paid vacation, paid 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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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 2021 and 2020. Further, management believes that One Magazine has no activities which will lead to income taxes being levied.

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.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 20, 2022 the date these financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

The following reflects One Magazine's financial assets as of balance sheet dates available for expenditure within one year from the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at end of year:		
Cash in bank	\$ 142,443	97,741
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.	308,085	276,167
Funds held by Free Will Baptist Foundation for endowment	25,054	22,915
Accounts receivable	<u>1,136</u>	<u>2,050</u>
Financial assets available to meet general expenditures the next twelve months	476,718	398,873
Less amount not available to be used within one year:		
Net assets with donor restrictions	<u>25,054</u>	<u>30,554</u>
	<u>\$ 451,664</u>	<u>368,319</u>

One Magazine's goal is to generally maintain financial assets to meet 90 days of operating expenses. Excess cash is invested with related Free Will Baptist entities - see note 4.

(3) Endowment Funds

Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested indefinitely, and the income earned be expended for the mission of One Magazine. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

Notes to Financial Statements, continued

(3) Endowment Funds, continued

One Magazine is subject to the State Prudent Management of Institutional Funds Act (SPMICA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until appropriated for expenditure. The governing body has interpreted SPMIFA as requiring maintenance of only the original gift amount contributed to the endowment fund. As a result of this interpretation, One Magazine would consider the fund to be underwater if the fair value of the fund is less than the sum of the original value of the contribution and subsequent gifts donated to the fund. One Magazine has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

Investments of endowment funds are held by Free Will Baptist Foundation and are valued using Level 2 inputs (as described earlier) based on fair market valuation. As required by generally accepted accounting principles, the original donor contribution is maintained as net assets with donor restriction. All resulting net accumulated investment gains or losses are maintained separately and included as net assets with donor restrictions. The balances relating to endowment funds are as follows:

	<u>2021</u>	<u>2020</u>
Original donor investment (corpus)	\$ 21,000	21,000
Accumulated gains (losses) on endowment funds	\$ 4,054	1,915
Funds held by Free Will Baptist Foundation for Endowment and net assets with donor restriction	\$ 25,054	22,915
Amount of endowment accumulated losses (underwater balance)	\$ -	-

(4) Investments

The following is summary of investments:

	<u>2021</u>			<u>2020</u>		
	<u>Cost or Basis</u>	<u>Market Value</u>	<u>Cumulative Gain (loss)</u>	<u>Cost or Basis</u>	<u>Market Value</u>	<u>Cumulative Gain (loss)</u>
Endowment	\$ 21,000	25,054	4,054	21,000	22,915	1,915
Operations	\$ 250,000	308,085	58,085	250,000	276,167	26,167

The above investments are held by the following Free Will Baptist entities in grouped investment funds:

Endowment - Free Will Baptist Foundation

Operations - Board of Retirement and Insurance of the NAFWB

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Endowment</u>		<u>Operations</u>	
Change in annual gain (loss) market value to cost	\$ 2,139	1,951	47,918	11,930
Income distributions	546	1,043	-	-
	\$ 2,685	2,994	47,918	11,930

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

Notes to Financial Statements, continued

**(5) 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

Convention budget

Free Will Baptist Foundation

Welch College

Board of Home Missions

IM, Inc.

Master's Men

Randall House Publications

Board of Retirement and Insurance

Women Nationally Active for Christ

	<u>2021</u>	<u>2020</u>
	\$ 102,479	102,479
	18,445	18,445
	49,193	49,193
	49,141	49,141
	75,014	75,014
	64,563	64,563
	8,853	8,853
	49,193	49,193
	24,597	24,597
	8,853	8,853
	450,331	450,331
	-	65,936
	<u>\$ 450,331</u>	<u>384,395</u>

15% rebate granted to each participating agency

Revenues from these assessments are budgeted to approximate \$455,335 in 2022.

(6) Concentration of Credit Risk

One Magazine has an accounting risk of loss relating to the amount of funds held by Free Will Baptist Entities 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.

(7) Net Assets

Net assets are as follows for each of the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Net assets with donor restrictions:		
Endowment funds:		
Fund corpus	\$ 21,000	21,000
Accumulated gains (losses)	4,054	1,915
	25,054	22,915
Specific Purpose:		
Production costs from Free Will Baptist Foundation for Pulpit Magazine	-	7,639
	<u>\$ 25,054</u>	<u>30,554</u>
Net assets without donor restrictions:		
Undesignated funds	<u>\$ 453,178</u>	<u>371,313</u>
Net assets released from restrictions:		
Satisfaction of purpose restrictions		
Grant from Free Will Baptist Foundation for Pulpit Magazine expenditures	<u>\$ 7,639</u>	<u>7,361</u>

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

(8) Related Party Transactions

One Magazine is funded by assessments to other Free Will Baptist agencies and organizations who provide material to be published in the magazine. See note 5.

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

Endowment investments are held by Free Will Baptist Foundation, as further discussed in note 3 and 4 above.

Investments for operations are held by the Board of Retirement and Insurance of NAFWB which were valued at \$308,085 and \$276,167 at December 31, 2021 and 2020, respectively.

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$218,889 in 2021 and \$217,600 in 2020.

(9) Pension

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 a contribution of 5% of compensation is made by One Magazine. Employees may participate at date of employment. Pension expense amounted to \$4,756 in 2021 and \$4,756 in 2020. 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.

**(10) Notes Payable - Payroll Protection Program (PPP) and
Conditional Grant (contribution) Revenue Earned From Qualified Expenses**

One Magazine was granted a loan from Regions Bank, Nashville Tennessee on April 30, 2020 in the amount of \$15,501 pursuant to the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020. This loan bears interest at 1%.

Under terms of the PPP, the loan will be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act. These qualifying expenses include payroll and related costs, mortgage payments, rent, utilities and interest on obligations incurred before February 15, 2020. One Magazine has used all the loan proceeds for salary and related costs which will result in forgiveness of entire related loan balances at December 31, 2020. During 2021, the loan was legally forgiven.

**2023
ONE MAGAZINE
BUDGET**

REVENUE	2021 Budget	2021 Actuals*	2022 Budget	2023 Budget
Convention	\$18,445.09	\$18,445.08	\$18,629.54	\$18,815.84
Executive Office	102,479.39	102,479.40	103,504.18	104,539.22
Free Will Baptist Foundation	49,193.14	49,193.16	49,685.07	50,181.92
IM, Inc.	64,562.52	64,562.52	65,208.15	65,860.23
Master's Men	8,853.26	8,853.24	8,941.79	9,031.21
North American Ministries	75,014.39	75,014.40	75,764.53	76,522.18
Randall House Publications	49,193.14	49,193.16	49,685.07	50,181.92
Retirement & Insurance	24,596.57	24,596.52	24,842.54	25,090.97
Welch College	49,141.26	49,141.32	49,632.67	50,129.00
WNAC	8,853.26	8,853.24	8,941.79	9,031.21
Departmental Rebates	0.00	0.00	0.00	0.00
Endowment Income	0.00	2,684.76	0.00	0.00
Reimbursements	500.00	150.00	500.00	500.00
Subscription Revenue	0.00	90.00	0.00	0.00
Total Revenue	450,832.02	453,256.80	455,335.33	459,883.68
EXPENSES				
Salary & Benefits	88,427.13	92,019.57	92,394.37	93,932.81
Auto/Cell Phone Allowance	6,000.00	6,000.00	6,000.00	6,000.00
Audit & Legal	5,500.00	6,139.66	5,000.00	6,500.00
Books, Dues & Registrations	1,500.00	1,226.63	3,000.00	2,000.00
Computer Software/Services	5,000.00	2,476.60	5,000.00	3,500.00
Design	42,000.00	42,862.28	42,000.00	43,000.00
Graphics	6,250.00	6,383.88	6,000.00	6,250.00
Mail Services	4,500.00	0.00	3,000.00	2,000.00
Postage	95,000.00	93,063.22	96,000.00	100,000.00
Postal Returns	1,250.00	701.69	1,000.00	1,000.00
Printing	160,000.00	153,928.28	162,000.00	165,000.00
Promotion	2,500.00	3,251.33	2,940.98	2,500.00
<i>Pulpit Issue</i>	0.00	0.00	8,000.00	8,500.00
Supplies	5,000.00	5,097.01	5,000.00	5,000.00
Travel	7,000.00	5,737.28	8,000.00	8,000.00
Website	1,000.00	1,205.99	1,000.00	1,250.00
Writer's Fees	2,500.00	2,727.53	4,000.00	2,500.00
Other	6,644.45	179.65	5,000.00	2,950.87
Total Expenses	\$440,071.58	\$423,000.60	\$455,335.35	\$459,883.68

***Budget comparison does not include depreciation expense or Foundation Grant.**

**2023
ONE MAGAZINE
BUDGET
SALARY BREAKDOWN**

	2021	2022	2023
Salary	\$68,694.34	\$70,755.17	\$72,170.27
Auto/Cell Phone Allowance	6,000.00	6,000.00	6,000.00
Social Security	5,714.12	5,871.77	5,980.03
Retirement	3,434.72	3,537.76	3,608.51
Insurance			
Medical/Dental/Life	10,562.53	11,448.00	11,460.00
Disability	540.00	540.00	540.00
Worker's Compensation	400.00	200.00	124.00
Travel Insurance	41.67	45.45	50.00
Christmas Bonus	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	\$95,387.37	\$98,398.15	\$99,932.81

Director's Report

Breaking Asset Records

In 2021, we experienced the largest increase in assets in our history. Assets increased by more than \$23 million as we topped the \$113.6 million mark. This doubles our previous record growth of \$11.5 million in 2019. The increases came across a broad spectrum of our investment pools. Money management investments for ministries increased by \$12.5 million. Money management for individuals was up slightly by around \$400,000. Our Gift Annuities increased by more than \$370,000 as we had two new large gift annuities established. Our unitrusts increased by more than \$120,000. Our Endowment pool increased by more than \$2.8 million as we had new endowments established. However, some of the increases in the gift annuity pool, unitrusts, and endowments also represent good market returns. We also saw large gains in our unrealized gains in our dividend strategy investments. The increase in assets on a percentage basis is 25.6%, which is the highest percentage growth since 2004.

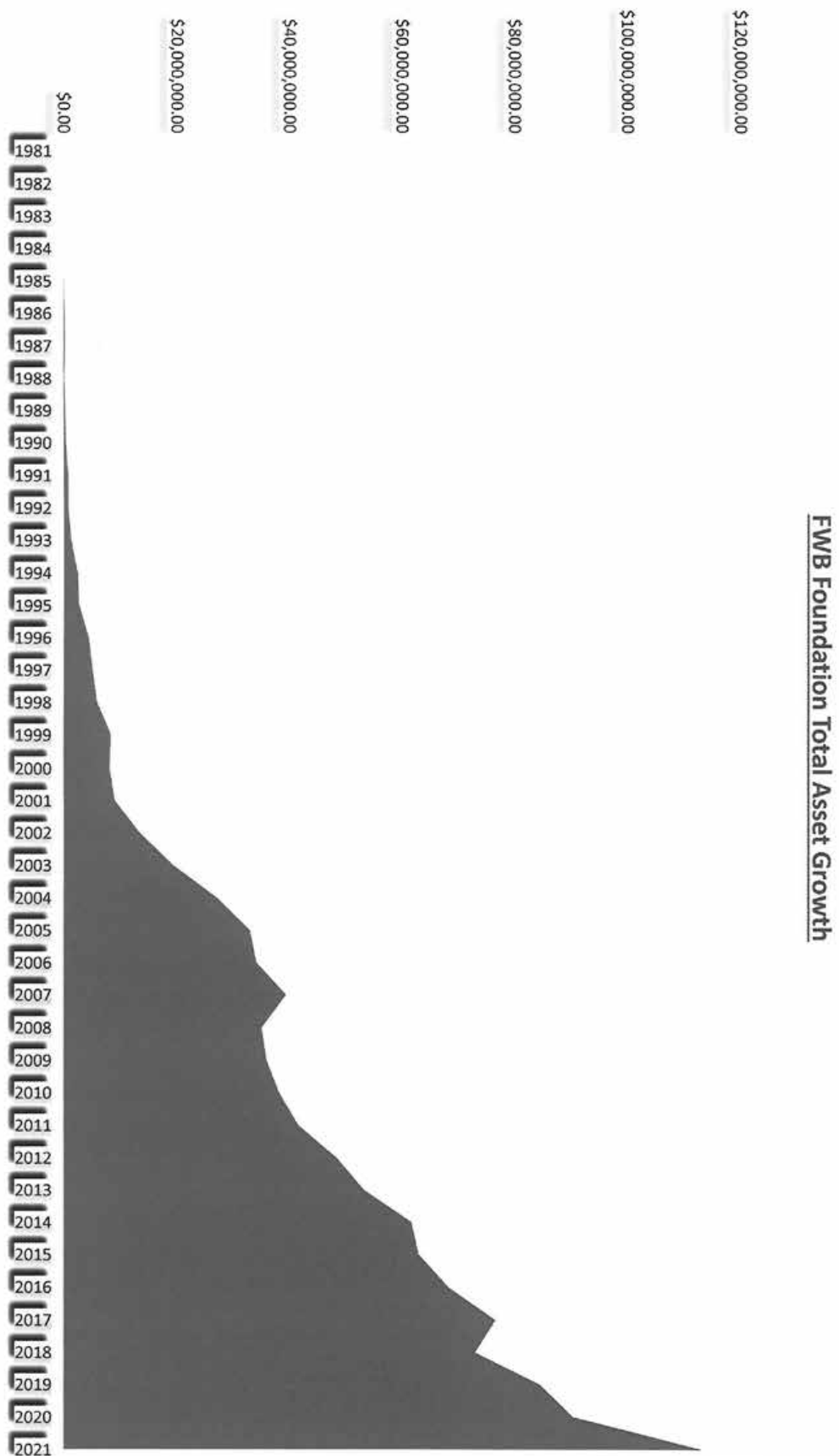
I have no explanation for this phenomenal growth. Which I view as a good thing; because it means I had nothing to do with it other than planting and watering, but God gave the increase. You can see our growth chart and-growth graph from 1980 to 2021. From the graph, you can see the mountain is getting pretty steep. We have grown by a total of more than \$40 million in the last three years. Our average growth per year by decade has dramatically increased as well. From 2001 to 2010 our average growth was a little over \$3 million a year for the decade, but from 2011 to 2020, it jumped to \$5.2 million. If 2021 is included, then over the last eleven years our growth rate was close to \$7 million a year. However, 2021 may be an outlier, and next year's growth may revert to the trend.

Breaking Income Records

We also had a record income of more than \$1.7 million. This high income requires some explanation. Since we have separated our endowment pool into quasi endowments and true endowments, the income of \$271,000 we earned on true endowments is considered Foundation income (even though it is restricted income.) We also count the \$306,000 of realized capital gains that has been added to the grant pool. Both of these areas of income are not available for general operating income. So, our-true net operating income was a little over \$1.1 million. I do not know if this type of income is repeatable. We are incredibly grateful to God to be able to have this kind of year in both income and asset growth. It is pretty incredible when you consider we closed our money management services for both ministries and individuals to open new investment accounts. Any individual or ministry that already had an account was allowed to make deposits into their accounts, but no new accounts have been set up since April of 2021.

Breaking Giving Records

We announced in December of 2021 that the board would be increasing the amount of our grant pool from \$500,000 a year to \$750,000. Which we did in April 2022. We awarded grants to 23 ministries which unfortunately means 34 ministries did not receive a grant because we had 57 requests. The total amount requested was \$4.1 million which made it a difficult task for our grant committee. You have a brochure that highlights and lists the 2022 grants but here are a few highlights.



- Hope Alive Church IM Japan \$150,000-We have all heard about the amazing work that this church has done in Japan.
- Bangladesh Conference Center IM \$100,000-Recently Free Will Baptists have partnered with a Christian group in Bangladesh that we made contact with them through a church in Michigan and Winsor, Canada that will be joining the Michigan Free Will Baptist Association. These brave soldiers of the cross have faced severe persecution and bodily harm as they continue to win the Bangladesh people and start churches.
- Pop Wiley Scholarship Fund IM \$50,000-The role of Bible Institutes on our mature international -fields has had an amazing impact on developing leaders to establish churches with national pastors. I personally saw this firsthand in Ivory Coast where close to half of our national pastors received training from the Bible Institute there. The grant will be used by international students to study here in the US at our colleges
- Northpoint Free Will Baptist Church New York \$45,000--The Northpoint Free Will Baptist Church near Buffalo, New York has established a ministry to the deaf. Recently North American Ministries has appointed Timothy and Amanda York as "Planters to the Deaf." In fulfilling this mission, they received a grant to develop podcasts in American Sign Language of sermons and Bible teaching from a Free Will Baptist and Arminian point of view. These podcasts will be available to any deaf person who has access to the internet. More importantly, they will be available to any Free Will Baptist church to establish or augment outreach to the deaf who could actually be defined as an unreached people group.
- Translation of *Quest for Truth* into Spanish \$18,000-This grant will assist in training and church planting to Hispanic churches in the US. This will help develop Hispanic leaders in teaching theology
- Faith In Action Church Star City, AR \$13,500- This grant will help a Hispanic Free Will Baptist congregation to build their building.
- NAFWB Media Commission \$39,600--We all love the fact that this very report is being streamed thanks to the Media Commission who received a grant to upgrade equipment to make our streaming better.

But Wait There's More

Normally this would be the end of my report about giving back to the denomination but not this year. In addition to the \$750,000 in grants we also did not take a service fee from the endowment pool which means an additional \$150,000 was distributed to endowments this year. This is actually the second year in a row, we have done so, and we have no reason to charge a service fee in the future as well. I have already referred to our record operating income of \$1.1 million in 2021. Many times, it is difficult for us to accurately forecast how much our income will be, and sometimes we don't know what we have earned until we close the books sometimes as late as February or March of the next year. At our April board meeting, I was lamenting the fact that we earned all this money but were unable to distribute it before the year ended. The boards response was "let's distribute it in 2022". I explained if we did so we would likely run a deficit in 2022 since we do not expect our 2022 income to be this strong. Their response was it didn't bother them because we felt this could be explained. Let me be the first to say this right here the Foundation will likely run a deficit of around \$600,000- \$700,000 in 2022. So, in addition to the \$750,000 in grants and the \$150,000 extra that was distributed to endowment income we also gave away \$1.1 million of our 2021 income in 2022.

We added \$1 million to the Together Way Endowment we also gave a \$50,000 gift to WNAC and \$50,000 to Vertical III who oversees the youth conference every year. So, we have given back to denominational causes a record \$2 million over the last few months.

2022 Financial Review

Despite the turbulent stock market, our dividend strategy investments are holding up well. The dividend income continues to average between 4.75%-5%, and even though the market was down, we were seeing our unrealized gains hold up well. Our unrealized capital gains are in excess of \$9 million, even though we have seen the gains drop by around \$500,000, which is a drop of around 0.5%. Despite the downturn in the market, our assets have continued to increase by \$3.2 million as our total assets are now at \$116.8 million. As of March 31, loans now make up only 18.57% of our money management asset.

Estate Planning Review

We have not seen our estate plan numbers bounce back as I hoped they would in 2021. We finished with 152 deliveries. and our goal was 200. More churches are now willing to let us come, and we are beginning to see better response numbers. However, in early 2022, we are seeing our numbers rebound. We are currently on pace to have 200 new estate plans in 2022, which will hopefully translate to 200 or more deliveries. If we reach our goal of 200 deliveries, this should reduce the losses we incur to sponsor this program. We continue to see large gifts being made to ministry from bequests. We have had several families who tithed on their estates leaving \$50,000-\$75,000 gifts, but one family recently left \$195,000 as an endowment gift to ministry. This endowment benefits three ministries. A recent Oklahoma estate settlement resulted in \$61,000 in gifts to two ministries in Oklahoma. We believe a total of over \$900,000 has already been given to benefit Free Will Baptist ministries from the estate planning ministry.

State Registration Process

We continue to collaborate with our attorneys on the registration process. We have our Charitable investment Pool (ChIP) document complete for Tennessee and hope to have our Individual Demand Note (IDN) document ready in short order. We have changed our balance sheet to reflect the true assets of the Foundation for this process. We will start with Tennessee, and after we have gone through the registration process with our home state, we will hopefully have a repeatable process for the rest of the states where we do business. We will be registered as a church loan fund for the IDN program, even though we have other investments in this pool besides loans. Our attorney has already advised us that some states may be a problem for the individual side, and we may not be able to do business in certain states.

Budget

Our 2023 total proposed budget from an expense standpoint is \$2,503,726, this is only slightly more than we spent in 2021. This budget does include a 5% raise for employees. We are projecting more income than expenses, and the estimated service fee income is very conservative.

Loans

All loans are up to date with no late payments. Welch College resumed their full amortized loan payments beginning in September of 2021, and their loan balance on the amortized loan is down to \$15.145 million, which over the four months went down by around \$114,000. The loan balance should go down by more than \$340,000 in 2022 from just the loan payments.

Clear Eyes, Full Hearts, Can't Lose

Our theme at the booth this year is Clear Eyes, Full Hearts, Can't Lose. We invite you to come by our booth and learn more about this theme. We should have clear eyes to see our mission to reach the world for Christ. We should have full hearts for what Jesus did on the cross, and for how he has blessed us with his goodness. We should realize that no matter what happens, we can't lose.

2022 Grant Recipients

IM, Inc. – Japan, Purchase building for Hope Alive Church	\$150,000
IM, Inc. – Bangladesh Conference Center	\$100,000
IM, Inc. – Pop Willey Scholarship	\$50,000
Ohio State Association of Free Will Baptist Renovation to office	\$50,000
NorthPoint Free Will Baptist Church develop deaf ministry	\$45,000
Randall House – D6 for At-Home Bundles.....	\$45,000
Whitney Free Will Baptist Church Food Truck	\$45,000
Free Will Baptist Media Commission upgrade equipment	\$39,600
IM, Inc. – Bulgaria to renovate the façade	\$36,000
SC State Association of Free Will Baptist – Build churches in South India.....	\$25,000
SC Friends of India – Build a school	\$25,000
Vertical Church School Kindness Program.....	\$25,000
NAM – Translate <i>The Quest for Truth</i> into Spanish	\$18,000
ONE Magazine – New Computer	\$15,000
Faith In Action Church – Roots of Faith Building Project	\$13,500
Arms of Compassion – Food trailer & Storage	\$13,500
IM, Inc – Village of Hope – To build library	\$10,500
Commission for Theological Integrity – Bulletins for FWB Pastors	\$10,000
BOR – Re:Invest Conference 2023	\$9,000
West Virginia State Association – WV Church Revitalization	\$7,500
Faith Mission - Church in Barbacena, Brazil	\$7,500
Ozark Free Will Baptist Church – Food & Pantry Distribution	\$5,400
Harmony Free Will Baptist Church – Distribution of Bibles	\$4,500
	\$750,000

Summary of Minutes

April 19, 2021

All members were present except Hubert Stafford, Clint Morgan and David Crowe.

The Executive Director, Field Director, and CFO first quarter financial reports were presented and approved. The audit was presented and approved. The Budget committee report was presented and approved. The Investment committee report was presented and approved.

The following vision statement was approved as follows: "The Free Will Baptist Foundation exist to generate gifts and contributions and use the proceeds from investments to further the advancement of all Free Will Baptist ministries.

April 27, 2021

All members were present for the zoom meeting except Scott Coghill, David Crowe, Matt Pinson, Hubert Stafford Bob Thompson and Phil Whiteaker.

The board changed the parameters of the Welch College loan to a 6-year term loan with an annual interest rate of 4.75%.

July 19, 2021

All members were present except Brent Patrick, David Crowe, Gene Williams, and Hubert Stafford.

The amount of grants given each year was proposed and passed to be raised to \$750,000 based on money available.

December 6, 2021

All members were present.

The Executive Director, Field Director, and CFO first quarter financial reports were presented and approved. The revised audit was presented and approved. The Investment Committee report was approved.

A motion was made and passed to set aside \$50,000 of the grant funds in 2022 in a disaster relief fund to be disbursed at the director's discretion in consultation with the Executive Secretary and Master Men's Director.

The board voted to give employees a 5% raise.

The new grant rubric was presented and approved.



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

Opinion

I have audited the accompanying financial statements of The Free Will Baptist Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Free Will Baptist Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Will Baptist Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Free Will Baptist Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Will Baptist Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

A handwritten signature in black ink that reads "Joel D. Collum, Jr., CPA". The signature is written in a cursive, flowing style.

Nashville, Tennessee
April 29, 2022

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,289,124	\$ 5,910,717
Other receivables	232,812	343,878
Office equipment and automobiles, net of accumulated depreciation	25,044	29,862
	<u>3,546,980</u>	<u>6,284,457</u>
Investments, at fair market value		
U.S. Government instruments	4,327,416	2,743,375
Common stocks	49,633,425	31,654,440
FWB Ministries Partnership	996,946	954,015
Real estate investments	5,140,385	4,014,295
Mutual funds	31,443,316	25,994,728
Corporate bonds	172,392	292,282
Municipal bonds	547,652	1,189,484
Total investments	<u>92,261,532</u>	<u>66,842,619</u>
Notes receivable		
Notes receivable Welch College	15,145,125	15,259,786
Notes receivable Welch College - line of credit	1,144,532	507,686
Notes receivable other	1,502,025	1,663,600
Total notes receivable	<u>17,791,682</u>	<u>17,431,072</u>
TOTAL ASSETS	<u>\$113,600,194</u>	<u>\$ 90,558,148</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES		
Operating liabilities:		
Line of credit	\$ -	\$ 605,728
Liabilities to beneficial owners		
Interest bearing notes	38,885,522	38,377,015
Charitable investment pool	44,766,757	32,239,969
Gift Annuity Pool	1,407,268	1,036,351
Funds held in trust - Unitrust Pool	2,771,507	2,655,940
Funds held in trust - Endowments	7,616,172	5,084,969
Unrealized gains and losses - unallocated	6,156,825	262,211
Total liabilities	<u>101,604,051</u>	<u>80,262,183</u>
NET ASSETS		
Without donor restrictions		
Operating	2,029,132	906,665
Board designated	1,216,089	909,999
Total net assets without donor restrictions	<u>3,245,221</u>	<u>1,816,664</u>
With donor restrictions		
Endowments	8,750,922	8,479,301
Total net assets	<u>11,996,143</u>	<u>10,295,965</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$113,600,194</u>	<u>\$ 90,558,148</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<i>WITHOUT DONOR RESTRICTIONS</i>		
REVENUE AND SUPPORT		
Investment income:		
Interest and dividends, net of investment fees	\$3,988,907	\$2,386,899
Realized gains (losses) on sale of investments	2,259,263	1,936,144
Unrealized gains (losses) from investments	6,599,770	(3,017,734)
Total investment income	<u>12,847,940</u>	<u>1,305,309</u>
Support through "The Together Way"		
Plan and other contributions	10,231	20,381
Gain (loss) on sale of property and equipment	27,800	44,500
Estate planning fees	356,695	354,110
Interest income - note receivable	732,679	777,861
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>2,013,546</u>	<u>302,328</u>
Total Support and Revenue	<u>15,988,891</u>	<u>2,804,489</u>
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(4,453,170)	(3,064,351)
Allocation to unrealized gains and losses - unallocated	<u>(5,894,614)</u>	<u>3,183,725</u>
Revenue and support after allocations	<u>5,641,107</u>	<u>2,923,863</u>
EXPENSES		
Operating	837,228	940,248
Grants	544,400	600,000
Estate Planning	817,376	859,980
Withdrawals	<u>2,013,546</u>	<u>302,328</u>
	<u>4,212,550</u>	<u>2,702,556</u>
Increase (decrease) in net assets without donor restrictions	<u>1,428,557</u>	<u>221,307</u>
<i>WITH DONOR RESTRICTIONS</i>		
REVENUE AND SUPPORT		
Contributions	1,304,155	3,466,090
Earnings on investments	981,012	824,207
Net assets released from restrictions:		
Restrictions satisfied by payments - withdrawals	<u>(2,013,546)</u>	<u>(302,328)</u>
Increase (decrease) in net assets with donor restrictions	<u>271,621</u>	<u>3,987,969</u>
Total increase (decrease) in net assets	1,700,178	4,209,276
Net assets - beginning of year - as restated	<u>10,295,965</u>	<u>6,086,689</u>
Net assets - end of year	<u><u>11,996,143</u></u>	<u><u>10,295,965</u></u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				
	With Donor Restrictions	Without Donor Restrictions			
	Withdrawals	Operating	Grants	Estate Planning	Total
EXPENSES					
Salaries and benefits	\$ -	\$ 380,427	\$ -	\$ 319,731	\$ 700,158
Equipment expense	-	13,052	-	-	13,052
Travel	-	61,072	-	99,864	160,936
Promotion	-	56,636	-	4,357	60,993
Board expense	-	21,336	-	-	21,336
Office expense	-	65,625	-	-	65,625
Rent expense	-	43,035	-	-	43,035
Printing and publications	-	2,067	-	-	2,067
One magazine	-	51,462	-	-	51,462
Interest	-	4,205	-	-	4,205
Training and education	-	15,072	-	-	15,072
Legal and accounting	-	83,817	-	-	83,817
Depreciation	-	38,654	-	-	38,654
Additional endowment distributions	-	-	-	-	-
Grants	-	-	544,400	-	544,400
Fees	-	-	-	329,026	329,026
Cancellations	-	-	-	64,398	64,398
Miscellaneous	-	768	-	-	768
Payments to beneficiaries and annuitants	2,013,546	-	-	-	2,013,546
Total expenses	<u>\$2,013,546</u>	<u>\$ 837,228</u>	<u>\$ 544,400</u>	<u>\$ 817,376</u>	<u>\$4,212,550</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020				
	With Donor Restrictions	Without Donor Restrictions			
	Withdrawals	Operating	Grants	Estate Planning	Total
EXPENSES					
Salaries and benefits	\$ -	\$ 319,143	\$ -	\$ 391,548	\$ 710,691
Equipment expense	-	15,083	-	-	15,083
Travel	-	75,241	-	74,516	149,757
Promotion	-	59,736	-	18,663	78,399
Board expense	-	15,413	-	-	15,413
Office expense	-	79,694	-	-	79,694
Rent expense	-	47,734	-	-	47,734
Printing and publications	-	-	-	-	-
One magazine	-	55,693	-	-	55,693
Interest	-	3,330	-	-	3,330
Training and education	-	8,366	-	-	8,366
Legal and accounting	-	23,426	-	-	23,426
Depreciation	-	77,069	-	-	77,069
Additional endowment distributions	-	159,000	-	-	159,000
Grants	-	-	600,000	-	600,000
Fees	-	-	-	332,784	332,784
Cancellations	-	-	-	42,469	42,469
Miscellaneous	-	1,320	-	-	1,320
Payments to beneficiaries and annuitants	302,328	-	-	-	302,328
Total expenses	<u>\$ 302,328</u>	<u>\$ 940,248</u>	<u>\$ 600,000</u>	<u>\$ 859,980</u>	<u>\$2,702,556</u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 1,304,155	\$ 3,466,090
Donations and other support	10,231	20,381
Interest and dividends	4,099,973	2,467,583
Other income	1,089,374	1,131,971
Payments to beneficiaries and annuitants	(2,013,546)	(302,328)
Cash paid to suppliers and employees	(2,160,350)	(2,346,522)
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(3,472,158)	(2,240,144)
Allocation to unrealized gains and losses - unallocated	(5,894,614)	3,183,725
Net Cash Provided (Used) By Operating Activities	<u>(7,036,935)</u>	<u>5,380,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(33,836)	(72,251)
Proceeds from the sale of office equipment and automobiles	27,800	44,500
New loans made	(681,111)	(565,860)
Principal payments received on notes receivable	320,501	877,762
Proceeds from sale or call of investment securities	9,811,917	24,024,801
Purchase of investment securities	(26,371,797)	(29,186,707)
Net Cash Provided (Used) By Investing Activities	<u>(16,926,526)</u>	<u>(4,877,755)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future gift interest and revocable trusts	68,309,785	(11,256,975)
Contributions to funds held in trust	(55,926,120)	13,188,189
Earnings allocated to funds held in trust	3,669,317	2,480,631
Change in unrealized gains and losses	5,894,614	(3,117,171)
Proceeds from line of credit	-	664,727
Repayment of line of credit	(605,728)	(58,999)
Net Cash Provided (Used) by Financing Activities	<u>21,341,868</u>	<u>1,900,402</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,621,593)	2,403,403
Cash and cash equivalents at beginning of years	<u>5,910,717</u>	<u>3,507,314</u>
Cash and cash equivalents at end of years	<u><u>\$ 3,289,124</u></u>	<u><u>\$ 5,910,717</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, 2021 AND 2020

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 as net assets with donor restrictions or net assets without donor restrictions based on the existence of donor-imposed restrictions.

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 2021 and 2020.

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.

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.

Cost Allocation

The Board believes that the expenses are properly classified as expended. Accordingly allocation of costs is not required.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. 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:

	2021		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 4,327,416	\$ 4,269,340	\$ 58,076
Common stocks	49,633,425	38,456,544	11,176,881
FWB Ministries Partnership	996,946	996,946	-
Mutual Funds	31,443,316	28,937,596	2,505,720
Corporate bonds	172,392	169,607	2,785
Municipal bonds	547,652	540,100	7,552
Real estate investment trust	5,140,385	4,724,899	415,486
Total Investments	<u>\$ 92,261,532</u>	<u>\$ 78,095,032</u>	<u>\$ 14,166,500</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. INVESTMENTS - CONTINUED

		2020	
	Market		(Depreciation)
	Value	Cost	Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 2,743,375	\$ 2,647,696	\$ 95,679
Common stocks	31,654,440	26,241,566	5,412,874
FWB Ministries Partnership	954,015	954,015	-
Mutual Funds	25,994,728	24,875,188	1,119,540
Corporate bonds	292,282	272,293	19,989
Municipal bonds	1,189,484	1,204,181	(14,697)
Real estate held for resale	186,214	186,214	-
Real estate investment trust	3,828,081	4,177,329	(349,248)
Total Investments	<u>\$ 66,842,619</u>	<u>\$ 60,558,482</u>	<u>\$ 6,284,137</u>

Total investment income (loss) amounted to \$12,847,940 for 2021, consisting of investment gains (losses) of \$8,859,033 and interest and dividends of \$3,988,907 (net of investment fees of \$429,954). This investment income (loss) represents yields of 16.15% and 18.53% based on the average market value and average cost of such investments for 2021.

Total investment income (loss) amounted to \$1,305,309 for 2020, consisting of investment gains (losses) of (\$1,081,590) and interest and dividends of \$2,386,899 (net of investment fees of \$315,656). This investment income (loss) represents yields of 2.01% and 2.26% based on the average market value and average cost of such investments for 2021.

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, 2021 no amounts were past due on any of the loans.

4. INTEREST BEARING NOTES

The Foundation maintains notes which totaled \$38,885,522 and \$38,377,015 at December 31, 2021 and 2020, respectively. The notes pay interest to the 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 notes are without maturity.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. CHARITABLE INVESTMENT POOL

The Foundation maintains a charitable investment pool which totaled \$44,766,757 and \$32,239,969 at December 31, 2021 and 2020, respectively. The pool is held in trust for Free Will Baptist ministries and pays interest to the 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.

6. FUTURE GIFTS PAYABLE

The Foundation maintains charitable unitrusts amounting to \$2,771,507 and \$2,655,940 and gift annuities amounting to \$1,407,268 and \$1,036,351 as of December 31, 2021 and 2020, respectively. These future gift interests pay interest at specified rates ranging from 5.0% to 9.5%.

7. FUNDS HELD IN TRUST

The Foundation manages endowments for other Free Will Baptist ministries. Earnings are distributed from the endowments as requested by the beneficiary. As of December 31, 2021 and 2020, the endowment funds totaled \$7,616,172 and \$5,084,969 respectively.

8. 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, 2021 and 2020:

	2021		
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 1,197,848	\$ 250,000	\$ 947,848
Short term liquid investments	2,091,276	2,091,276	-
U.S. Government instruments	4,327,416	-	4,327,416
Common Stocks	49,633,425	-	49,633,425
FWB Ministries Partnership	996,946	-	996,946
Mutual funds	31,443,316	-	31,443,316
Corporate bonds	172,392	-	172,392
Municipal bonds	547,652	-	547,652
Real estate held for resale	-	-	-
Real estate investment trust	5,140,385	-	5,140,385
Investment in Welch College loan	16,289,657	-	16,289,657
Receivables	1,502,025	-	1,502,025
Total Investments	<u>\$ 113,342,338</u>	<u>\$ 2,341,276</u>	<u>\$ 111,001,062</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

8. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

		2020	
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 1,124,240	\$ 250,000	\$ 874,240
Short term liquid investments	4,786,477	4,786,477	-
U.S. Government instruments	2,743,375	-	2,743,375
Common Stocks	31,654,440	-	31,654,440
FWB Ministries Partnership	954,015	-	954,015
Mutual funds	25,994,728	-	25,994,728
Corporate bonds	292,282	-	292,282
Municipal bonds	1,189,484	-	1,189,484
Real estate held for resale	186,214	-	186,214
Real estate investment trust	3,828,081	-	3,828,081
Investment in Welch College loan	15,767,472	-	15,767,472
Receivables	1,663,600	-	1,663,600
Total Investments	\$ 90,184,408	\$ 5,036,477	\$ 85,147,931

9. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

	2021	2020
Automobiles - five	\$ 171,020	\$ 194,352
Office equipment	57,087	57,087
Furnishings	19,463	19,463
Software	29,581	29,581
	277,152	300,483
Accumulated Depreciation	(252,108)	(270,621)
	\$ 25,044	\$ 29,862

10. 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 \$1.15 (\$1.26 in 2020) per square foot per month. The Foundation shares a portion of the space with the Free Will Baptist Board of Retirement. Total lease payments were \$43,035 and \$47,734 for the years ended December 31, 2021 and 2020, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. 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 1.00% above the prime rate. This line of credit is open ended and the advances payable were \$-0- and \$605,728 at December 31, 2021 and 2020 respectively. During 2021 the Foundation paid \$4,205 in interest payments related to borrowings on the line of credit (\$3,330 in 2020).

12. 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 \$58,341 (\$50,435 in 2020). 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.

13. DESIGNATION OF UNRESTRICTED NET ASSETS

The Foundation Board established a program where gains on the sale of stocks are designated and used to provide grants to other Free Will Baptist departments and agencies. Any excess gains are reserved as board designated net assets as part of the net assets without donor restrictions. The board designated net assets were \$1,216,089 and \$909,999 at December 31, 2021 and 2020 respectively.

14. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Endowments	<u>\$ 8,750,922</u>	<u>\$ 8,479,301</u>

The Foundation holds funds in endowments 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.

15. 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 \$-0- at December 31, 2021 (\$-0- at December 31, 2020).

16. CONCENTRATION

The notes receivable from Welch College represent 14.34% of the assets of the Foundation.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

17. 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, 2021 Using				
		Quoted Prices		
		In Active	Significant	Significant
		Markets for	Other	Unobservable
		Identical	Observable	Inputs
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Government instruments	\$ 4,327,416	\$ 4,327,416	\$ -	\$ -
Common stocks	49,633,425	49,633,425	-	-
FWB Ministries Partnership	996,946	-	996,946	-
Real estate investments	5,140,385	5,051,635	-	88,750
Mutual funds	31,443,316	31,443,316	-	-
Corporate bonds	172,392	-	172,392	-
Municipal bonds	547,652	-	547,652	-
	<u>\$92,261,532</u>	<u>\$90,455,792</u>	<u>\$ 1,716,990</u>	<u>\$ 88,750</u>

Fair Value Measurements at December 31, 2020 Using				
		Quoted Prices		
		In Active	Significant	Significant
		Markets for	Other	Unobservable
		Identical	Observable	Inputs
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Government instruments	\$ 2,743,375	\$ 2,743,375	\$ -	\$ -
Common stocks	31,654,440	31,654,440	-	-
FWB Ministries Partnership	954,015	-	954,015	-
Real estate investments	4,014,295	3,616,815	-	397,480
Mutual funds	25,994,728	25,994,728	-	-
Corporate bonds	292,282	-	292,282	-
Municipal bonds	1,189,484	-	1,189,484	-
	<u>\$66,842,619</u>	<u>\$64,009,358</u>	<u>\$ 2,435,781</u>	<u>\$ 397,480</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

17. 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 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.

Level 3 Reconciliation:

	<u>2021</u>	<u>2020</u>
Real estate investments:		
Beginning balance	\$ 397,480	\$ 396,592
Purchases	-	-
Transfer to Level 1	-	-
Gains (losses) on value	-	888
Sales	(308,730)	-
Ending balance	<u>\$ 88,750</u>	<u>\$ 397,480</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>

18. 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, 2021, 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.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

19. 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 \$15,259,787 from Welch College dated September 22, 2016. This line of credit was amended and increased to the current amount on September, 25 2018. It was amended again and decreased effective August 13, 2021. This note is due and payable in monthly payments of \$88,454 due the first day of each successive month with the final payment being due October 1, 2027. These payments include both principal and interest. All remaining principal and interest will become due on October 1, 2027. This note is secured by property owned by Welch College. The balance receivable on this note, including accrued interest, at December 31, 2021 and 2020 was \$15,145,125 and \$15,259,786.

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, 2017. 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, 2021 and 2020 was \$1,144,532 and \$507,686.

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 2021 amounted to \$641,504 (\$687,736 for 2020) net of interest paid on its line of credit of \$25,417 (\$27,674 for 2020).

20. RANDALL HOUSE PUBLICATION LINE OF CREDIT

The Foundation entered into an agreement with Randall House Publications to provide them a line of credit. The line of credit note is for \$1,500,000 and is dated May 26, 2020. The note was renewed December 31, 2021 and expires December 31, 2026. Interest accrued at a rate of 3.5% per year through December 31, 2021 and increases each year thereafter with the rate for 2022 being 3.75%. The balance on the note at December 31, 2021 and 2020 was \$497,656 and \$598,318.

21. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 29, 2022 which is the date the financial statements were available to be issued.

The pandemic caused by the COVID-19 virus that began in 2020 still continues. The future effect of the pandemic is yet to be determined.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

22. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 113,775,150	\$ 90,728,286
Less those unavailable for general expenditures within one year due to:		
Line of credit	-	(605,728)
Reserved for beneficial owners	(101,604,051)	(79,656,455)
Board designated net assets	(1,216,089)	(909,999)
Net assets with donor restrictions	(8,750,922)	(8,479,301)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,204,088</u>	<u>\$ 1,076,803</u>

23. CORRECTION OF AN ERROR

Management reviewed the other receivables account, which are receivables from the estate planning program, and determined that \$200,000 of these receivables were from individuals that had signed up for the program in prior years but had cancelled soon after signing up. As a result, the 2020 other receivables account, the 2020 net assets without donor restrictions - operating and the 2020 net assets - beginning of the year were all decreased by this amount.

FREE WILL BAPTIST FOUNDATION
Proposed 2023 Department Budget

	<u>Operations</u>	<u>Estate Planning</u>	<u>Grants</u>	<u>Total Budget</u>
INCOME				
Together Way	\$ 5,000	\$ -	\$ -	\$ 5,000
Gifts & other	2,000	-	-	2,000
Rest of the Family Offering	3,000	-	-	3,000
Capital gains	-	-	750,000	750,000
Management fees	1,250,000	-	-	1,250,000
Completed estate plans	-	480,000	-	480,000
Total Income	1,260,000	480,000	750,000	2,490,000
EXPENSES				
Salaries & benefits	386,138	350,088	-	736,226
Other employee expense	15,000	10,000	-	25,000
Travel	75,000	100,000	-	175,000
Promotion	65,000	10,000	-	75,000
ONE Magazine	52,000	-	-	52,000
Office expense	66,000	4,000	-	70,000
Rent	47,000	-	-	47,000
Subscriptions & publications	5,000	-	-	5,000
Training & education	17,000	-	-	17,000
Legal & accounting	85,000	-	-	85,000
Cornerstone Estate Planning	-	247,500	-	247,500
Attorney fees	-	100,000	-	100,000
Delivery contractors	-	12,000	-	12,000
Noncollectible fees	-	10,000	-	10,000
Grants to be awarded	-	-	750,000	750,000
Board expense	25,000	-	-	25,000
Equipment & maintenance	15,000	-	-	15,000
Depreciation	40,000	-	-	40,000
Total Expense	893,138	843,588	750,000	2,486,726
Surplus / (Deficit)	\$ 366,862	\$ (363,588)	\$ -	\$ 3,274

FREE WILL BAPTIST FOUNDATION
Consolidated Proposed Budget and Actual

	<u>Proposed 2023 Budget</u>	<u>Approved 2022 Budget</u>	<u>Approved 2021 Budget</u>	<u>2021 Actual</u>
INCOME				
Together Way	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,339
Gifts & other income	2,000	9,000	5,000	2,254
Rest of the Family Offering	3,000	4,000	4,000	2,638
Capital gains harvested	750,000	500,000	500,000	850,490
Realized gains/losses vehicles	-	-	-	27,800
Management fees	1,250,000	1,150,000	1,150,000	2,076,987
Completed Estate Plans	480,000	600,000	600,000	356,695
Total Income	<u>2,490,000</u>	<u>2,268,000</u>	<u>2,264,000</u>	<u>3,322,203</u>
EXPENSES				
Salaries & Benefits	736,226	724,941	740,255	689,293
Other employee expense	25,000	25,000	25,000	10,867
Travel	175,000	230,000	230,000	160,937
Promotion	75,000	95,000	95,000	60,993
ONE Magazine	52,000	52,000	52,000	51,462
Office expense	70,000	75,000	55,000	66,393
Rent	47,000	47,000	47,000	43,034
Subscriptions & publications	5,000	5,000	23,200	2,067
Training & education	17,000	17,000	17,000	15,072
Legal & accounting	85,000	30,000	30,000	83,817
Cornerstone Estate Planning	247,500	247,500	240,000	240,000
Attorney fees	100,000	100,000	180,000	79,226
Contractors deliveries	12,000	25,000	-	9,800
Noncollectible fees	10,000	10,000	10,000	64,399
Grants to be awarded	750,000	500,000	500,000	544,400
Future grants	-	-	-	310,292
Board expense	25,000	25,000	25,000	21,336
Equipment & maintenance	15,000	12,000	12,000	13,052
Depreciation	40,000	30,000	-	38,654
Total Expense	<u>2,486,726</u>	<u>2,236,141</u>	<u>2,245,955</u>	<u>2,505,094</u>
Surplus / (Deficit)	<u>\$ 3,274</u>	<u>\$ 31,859</u>	<u>\$ 18,045</u>	<u>\$ 817,109</u>

FREE WILL BAPTIST FOUNDATION
Compensation Package Detail - 2023 Proposed

	<u>2023</u>			<u>2022</u>			<u>2021</u>			<u>2020</u>		
Director/CEO												
Salary	\$	117,202	5%	\$	111,172	5%	\$	105,428	3%	\$	102,083	4%
Insurance replacement		9,438			9,438			9,438			9,438	
FICA/Medicare		9,688			9,227			8,787			8,531	
Retirement		12,664			12,061			11,487			11,152	
Total		<u>148,992</u>			<u>141,897</u>			<u>135,140</u>			<u>131,204</u>	

Note: Office car furnished

Chief Financial Officer												
Salary	\$	95,495	5%	\$	89,758	5%	\$	84,557	6%	\$	78,844	7%
Insurance replacement		1,190			2,380			3,307			4,234	
FICA/Medicare		7,396			7,049			6,722			6,355	
Retirement		9,669			9,214			8,786			8,308	
Health Insurance		10,284			10,284			14,000			14,000	
Total		124,034			118,685			117,372			111,742	

Note: Office car furnished

Field Coordinator												
Salary	\$	48,274	5%	\$	46,079	5%	\$	43,885	3%	\$	42,607	4%
Housing		40,788			38,934			37,080			36,000	
Retirement		8,906			8,501			8,097			7,861	
Medicare reimbursement		4,800			4,800			4,800			8,278	
Total	\$	102,768		\$	98,315		\$	93,862		\$	94,746	

Note: Office car furnished

Field Reps & Support Staff												
Salary	\$	257,504	5%	\$	247,845	5%	\$	240,693	3%	\$	182,435	4%
Housing		56,761			54,181			50,098			50,098	
Insurance Replacement		5,954			5,954			6,460			3,230	
FICA/Medicare		11,270			10,935			10,819			10,819	
Retirement		22,943			22,129			21,940			13,727	
Health Insurance		6,000			-			-			-	
Total	\$	360,432		\$	341,044		\$	334,610		\$	260,309	

Note: Office car furnished for field reps

Total Salaries & Benefits	<u>\$</u>	<u>736,226</u>		<u>\$</u>	<u>699,941</u>		<u>\$</u>	<u>680,984</u>		<u>\$</u>	<u>598,000</u>	
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North American Ministries 2022

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 2021 were almost 3 million. Thank you for your faithful support. Listed below are the top ten states that have excelled.

North Carolina	\$656,945.52
Alabama	\$547,826.37
Tennessee	\$447,493.47
Virginia	\$194,650.40
California	\$183,781.75
Missouri	\$176,106.18
Oklahoma	\$174,610.42
Georgia	\$160,855.41
Ohio	\$155,092.27
Mississippi	\$146,342.50

Faithful Church Planters

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 (CPT) Amir Ashoori, US Army Reserve
CH (CPT) Michael Beatty, US Army
CH (CPT) David Dodson, US Army
CH (MAJ) W. Lee Frye, Jr. US Army
CH (LTC) Brad Hanna, Army National Guard
Chaplain Candidate (LT) Shaun Hembree, Army National Guard
CH (LT, CHC) Hal Jones, US Navy
CH (LTC) Tracy Kerr, US Army
CH (LT, CHC) Mark McCraney, US Navy
Chaplain Candidate (LT) Matthew Saunders, US Army Reserve
CH (MAJ) Kevin Trimble, US Army
Chaplain Candidate (LT) Jonathan Truett, US Army Reserve
Terry Austin, US Army (CH COL-Retired) Chaplain Support Officer

(If you need information regarding our Chaplains, please call the North American Ministries office.)

Faithful NAM Staff

I must express my profound appreciation to our faithful staff members, Brad Ransom, Chief Training Officer; Ken Akers, Director of Men's Ministries and Chief Financial Officer; Sam McVay, Church Relations Officer; Terry Austin, Chaplain Support Officer; Rick Bowling, Cross Cultural Officer, Kathy Brown, CELF Accounting Administrator; Teresa Womack, Accounting Administrator; Bethany Douglas, Administrative Assistant; Mayan Bustamante, Chief Translation Specialist; Megan Morgan, Historical Digital Scanner and Daniel Rodriguez, Historical Digital Scanner. I appreciate their servant spirit, commitment and excellent work. Members of our North American Ministries Board have served with strength and wisdom.

Dr. # David Crowe

Executive Director
North American Ministries

January 26, 2021 (Zoom Call)

Motion, seconded and carried to approve Don and Teresa Ellerd as Joint Project with California State Association of Free Will Baptist Mission Board to plant a church in Marisposa, CA.

March 25, 2021 (Zoom Call)

Motion, second and carried that "pending approval vote of the Texas Free Will Baptist Mission Board, we will enter a contract with Jim and Tracey Kilgore as Church Planters to Waco, TX."

June 2, 2021

Motion, seconded and carried to enter contract (following assessment & approval of CTO) with Frank and Debbie Webster as a Joint Project with Florida and NAM to plant a church at The Villages, FL.

September 21, 2021 (Zoom Call)

Motion, seconded and carried to accept the employment of Ed Good as lead church planter at the work in Champaign, IL and to continue it as a joint project with the IL State Mission Board.

Motion, seconded and carried to accept employment of Almicar Castro from Honduras as a church planter to plant a Hispanic work in Athens, AL, alongside Joel Franks work as a joint project with AL State Mission Board.

December 8, 2021

Motion, seconded and carried to allow for non-ordained persons to serve as Church Planting Personnel in non-pastoral roles.



Joel D. Collum, Jr.
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Free Will Baptist North American Ministries, Inc.
Antioch, Tennessee

Opinion

I have audited the accompanying financial statements of The Free Will Baptist North American Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Free Will Baptist North American Ministries, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Free Will Baptist North American Ministries, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Will Baptist North American Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Free Will Baptist North American Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Free Will Baptist North American Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
April 28, 2022

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 190,308	\$ 276,334
Investments	3,991	3,101
Investments in Church Extension Fund	554,505	549,756
Investments in Free Will Baptist Foundation	28,513	33,750
Endowments	880,428	807,370
Inventory	16,437	24,655
Property & equipment, at cost less accumulated less accumulated depreciation of \$189,102 (\$144,417 in 2020)	<u>267,738</u>	<u>323,575</u>
TOTAL ASSETS	<u><u>\$ 1,941,920</u></u>	<u><u>\$ 2,018,541</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 31,152	\$ 38,561
Capital lease payable	<u>10,247</u>	<u>14,953</u>
Total liabilities	<u>41,399</u>	<u>53,514</u>
COMMITMENTS		
<u>NET ASSETS</u>		
NET ASSETS		
Without donor restrictions		
Operating	172,200	286,762
Total Without Donor Restrictions	<u>172,200</u>	<u>286,762</u>
With donor restrictions	<u>1,728,321</u>	<u>1,678,265</u>
Total net assets	<u>1,900,521</u>	<u>1,965,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,941,920</u></u>	<u><u>\$ 2,018,541</u></u>

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

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<i>WITHOUT DONOR RESTRICTIONS</i>		
REVENUES		
Cooperative program	\$ 215,779	\$ 162,872
Designated contributions	518,981	604,473
Dues	-	925
Fund-raising special events	12,718	11,001
Payroll Protection Program Funding	-	13,725
Management fees - Note 4	995,000	755,000
Investment income	36,493	34,533
Gain (loss) on sale of property & equipment	-	11,183
Unrealized gain (loss) on value of investment	890	(1,100)
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>3,474,368</u>	<u>3,286,976</u>
Total revenue	<u>5,254,229</u>	<u>4,879,588</u>
EXPENSES		
Home Missions' management and general expenses	1,855,278	1,644,264
Home Missions' missionary expenses	3,403,494	3,139,382
Master's Men management and general expenses	23,204	20,337
Master's Men fundraising expenses	15,641	14,178
Master's Men Ridge Church Bell Tower expenses	6,700	131,570
Master's Men disaster relief expenses	<u>64,174</u>	<u>16,024</u>
Total expenses	<u>5,368,491</u>	<u>4,965,755</u>
Increase (decrease) in net assets without donor restrictions	<u>(114,262)</u>	<u>(86,167)</u>
<i>WITH DONOR RESTRICTIONS</i>		
REVENUES		
Cooperative program	318,508	337,569
Designated contributions	3,123,979	3,297,420
Increase in value of the beneficial trust	81,637	26,704
Payroll Protection Program Funding	-	428,075
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,403,494)	(3,139,382)
Ridge Church Bell Tower	(6,700)	(131,570)
Master's Men disaster relief fund	<u>(64,174)</u>	<u>(16,024)</u>
Increase (decrease) in net assets with donor restrictions	<u>49,756</u>	<u>802,792</u>
Total increase (decrease) in net assets	<u>(64,506)</u>	<u>716,625</u>
Net assets - beginning of year	<u>1,965,027</u>	<u>1,248,402</u>
Net assets - end of year	<u><u>\$ 1,900,521</u></u>	<u><u>\$ 1,965,027</u></u>

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

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021					
	Master's Men			Home Missions		
	Program services		Operations	Program services		Total
	Disaster Relief	Ridge Church Bell Tower		Management and General	Missionaries	
EXPENSES AND OTHER DEDUCTIONS						
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ 2,671,644	\$ 3,250,287
Payroll taxes	-	-	-	-	-	15,023
Housing allowance and employee benefits	-	-	-	-	-	116,400
Retirement	-	-	-	-	60,192	78,816
Literature	-	-	(72)	-	78,106	78,179
Promotion expense	18	-	2,413	1,126	9,085	66,041
Utilities	-	-	-	-	-	35,009
Office expense	146	-	4	28	-	68,749
Printing and postage	-	-	-	-	23,563	54,694
Rent expense	-	-	3,220	-	-	67,897
Professional fees	-	-	-	-	-	10,605
Auto and travel expense	16,115	-	327	13,140	178,437	475,393
Board meeting expense	-	-	-	-	-	13,965
Power Conference expense	-	-	-	-	-	48,814
Insurance expense	318	-	413	-	68,150	212,093
Telephone	-	-	-	-	-	9,004
Scholarships	-	-	-	-	-	5,000
Flowers and gifts	-	-	-	-	-	115,394
Fund-raising special events expense	-	-	-	-	-	-
Disaster relief expenses	-	-	-	-	-	-
Resource development	-	-	-	-	-	-
Miscellaneous	47,577	6,700	328	1,347	85,086	275,191
One magazine	-	-	8,549	-	-	84,364
Missionary land and buildings	-	-	-	-	229,231	229,231
Depreciation	-	-	8,022	-	-	58,342
Total expenses and other deductions	\$ 64,174	\$ 6,700	\$ 23,204	\$ 15,641	\$ 3,403,494	\$ 5,368,491

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

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020			
	Master's Men		Home Missions	
	Program services		Program services	
	Ridge Church	Operations	Program services	Operations
	Bell Tower	Management and General	Missionaries	Management and General
	Disaster Relief	Fundraising		Total
Salaries and wages	\$ -	\$ -	\$ 2,614,636	\$ 3,189,233
Payroll taxes	-	-	-	14,555
Housing allowance and employee benefits	-	-	-	95,000
Retirement	-	-	50,821	70,398
Literature	-	-	64,720	68,597
Promotion expense	-	100	24,323	31,323
Utilities	-	85	-	30,070
Office expense	-	784	-	59,478
Printing and postage	-	918	34,168	58,869
Rent expense	-	2,716	-	64,743
Professional fees	-	-	-	9,600
Auto and travel expense	844	1,206	44,209	285,012
Board meeting expense	-	-	-	16,860
Power Conference expense	-	-	-	53,460
Insurance expense	2,524	216	70,224	208,215
Telephone	-	-	-	4,968
Scholarships	-	-	-	8,200
Flowers and gifts	-	-	-	75,564
Fund-raising special events expense	-	-	-	131,570
Disaster relief expenses	-	-	-	-
Resource development	-	-	-	-
Miscellaneous	12,656	(24)	50,472	178,204
One magazine	-	7,525	-	78,276
Missionary land and buildings	-	-	185,809	185,809
Depreciation	-	6,811	-	47,751
Total expenses and other deductions	\$ 16,024	\$ 20,337	\$ 3,139,382	\$ 4,965,755

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

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (64,506)	\$ 716,625
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	58,342	47,751
(Gain) loss on sale of property & equipment	-	(11,183)
(Gain) loss on value of investment	(14,324)	(11,482)
Changes in operating assets and liabilities:		
(Increase) decrease in inventories	8,218	2,049
Increase (decrease) in accounts payable and accrued expenses	(7,409)	36,070
Net Cash Provided (Used) By Operating Activities	<u>(19,679)</u>	<u>779,830</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments	28,788	161,931
Acquisition of investments	(87,924)	(831,021)
Purchases of property and equipment	<u>(2,505)</u>	<u>(112,187)</u>
Net Cash Provided (Used) By Investing Activities	<u>(61,641)</u>	<u>(781,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease payments made	<u>(4,706)</u>	<u>(4,148)</u>
Net Cash Provided (Used) by Financing Activities	<u>(4,706)</u>	<u>(4,148)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,026)	(5,595)
Cash and cash equivalents at beginning of years	<u>276,334</u>	<u>281,929</u>
Cash and cash equivalents at end of years	<u><u>\$ 190,308</u></u>	<u><u>\$ 276,334</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u><u>\$ 2,575</u></u>	<u><u>\$ 3,740</u></u>
Non-cash investing and financing activity:		
Total cost of purchase and equipment purchased	\$ -	\$ 124,187
Trade-in value of automobile	-	(12,000)
Purchases of property and equipment	<u><u>\$ -</u></u>	<u><u>\$ 112,187</u></u>

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

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

The Free Will Baptist North American Ministries, 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 2021 or 2020.

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 as either net assets without donor restrictions or net assets with donor restrictions.

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, 2021 and 2020.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions.

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.

Cost Allocation

The Organization believes that the expenses are properly classified as expended. Accordingly allocation of costs is not required.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2021	2020
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	183,820	187,820
Computer equipment	1,228	1,228
Equipment	43,087	43,087
Trailers	1,950	1,950
Office furniture & equipment	121,755	128,907
	456,840	467,992
Less: Accumulated depreciation	(189,102)	(144,417)
	<u>\$ 267,738</u>	<u>\$ 323,575</u>
Depreciation for the year	<u>\$ 58,342</u>	<u>\$ 47,751</u>

3. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Missionaries	\$ 1,491,791	\$ 1,441,460
Build a House program	50,181	50,181
Disaster Relief Program	151,874	145,449
Ridge Church	(66,775)	(60,075)
Life Member endowment	101,250	101,250
	<u>\$ 1,728,321</u>	<u>\$ 1,678,265</u>

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

4. 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, 2021 and 2020 amounted to \$67,897 and \$64,743.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. 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 \$995,000 (\$755,000 in 2020) 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, 2021 and 2020 was \$554,505 and \$549,756 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.

6. CONCENTRATION OF CREDIT RISK

The Board maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2021 and 2020, the excess amount over the federally insured limit was \$-0- and \$2,139. 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 \$554,505 and \$549,756 invested in a demand note of the Church Extension Loan Fund at December 31, 2021 and 2020 respectively. This note is uninsured.

7. 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 \$78,816 (\$70,398 in 2020). 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.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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 \$15,641 and \$14,178 for the years ended December 31, 2021 and 2020.

10. INVESTMENTS

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

	December 31, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 5,685</u>	<u>\$ 3,991</u>	<u>\$ (1,694)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 890</u>
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	December 31, 2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 5,685</u>	<u>\$ 3,101</u>	<u>\$ (2,584)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ (1,100)</u>
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FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

11. INVESTMENT THE FREE WILL BAPTIST FOUNDATION

The Organization is invested in three trusts and two endowments 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:

	2021	2020
Build A House	\$ 8,458	\$ 7,554
Disaster Relief Trust	18,219	17,774
Ridge Trust	1,837	8,422
East Nashville Church Endowment	757,214	692,002
Life Member Endowment	123,213	115,368
	<u>\$ 908,941</u>	<u>\$ 841,120</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 96,533</u>	<u>\$ 40,730</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.

<u>Fair Value Measurements at December 31, 2021</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>
Equity securities	\$ 3,991	\$ 3,991	\$ -
Investment in the FWB Foundation	908,941	-	908,941
	<u>\$ 912,932</u>	<u>\$ 3,991</u>	<u>\$ 908,941</u>
<u>Fair Value Measurements at December 31, 2020</u>			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>
Equity securities	\$ 3,101	\$ 3,101	\$ -
Investment in the FWB Foundation	841,120	-	841,120
	<u>\$ 844,221</u>	<u>\$ 3,101</u>	<u>\$ 841,120</u>

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 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.

13. 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, 2021, has a cost of \$22,900. The lease agreement provides for minimum annual lease payments of \$7,280.

Future minimum payments under the lease are as follows:

2022	\$ 7,280
2023	4,853
	<hr/> 12,133
Less amount representing interest	(1,886)
Present value of net minimum lease payments	<hr/> <hr/> \$ 10,247

The depreciation expense related to this office equipment amounted to \$4,580.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

14. ENDOWMENT

The Organization has two endowments with the Free Will Baptist Foundation. One endowment was established by the Organization for the benefit of the Organization. The other endowment is part of a beneficial interest in a perpetual trust. The Organization has no control over the type of investments in the endowments. 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 net assets with donor restrictions (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 net assets with donor restrictions is classified as net assets without donor restrictions 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.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donors have required the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 and 2020.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

14. ENDOWMENT - CONTINUED

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Net Assets
December 31, 2021			
Board designated endowment funds	\$ 21,963	\$ -	\$ 21,963
Donor-restricted endowment funds	-	858,465	858,465
	<u>\$ 21,963</u>	<u>\$ 858,465</u>	<u>\$ 880,428</u>
December 31, 2020			
Board designated endowment funds	\$ 14,118	\$ -	\$ 14,118
Donor-restricted endowment funds	-	793,252	793,252
	<u>\$ 14,118</u>	<u>\$ 793,252</u>	<u>\$ 807,370</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Net Assets
December 31, 2021			
Beginning balance	\$ 14,118	\$ 793,252	\$ 807,370
Total gains or losses (realized and unrealized) included in the Statement of Activities	13,433	81,638	95,071
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	(5,588)	(16,425)	(22,013)
Ending balance	<u>\$ 21,963</u>	<u>\$ 858,465</u>	<u>\$ 880,428</u>

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

14. ENDOWMENT - CONTINUED

	December 31, 2020		
Beginning balance	\$ 6,897	\$ 101,250	\$ 108,147
Total gains or losses (realized and unrealized) included in the Statement of Activities	12,582	26,704	39,286
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	(5,361)	665,298	659,937
Ending balance	<u>\$ 14,118</u>	<u>\$ 793,252</u>	<u>\$ 807,370</u>

15. 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.

	2021	2020
Total assets	<u>\$ 107,104,557</u>	<u>\$ 87,027,244</u>
Total liabilities	<u>\$ 103,847,618</u>	<u>\$ 84,179,051</u>
Net assets	<u>\$ 3,256,939</u>	<u>\$ 2,848,193</u>
Revenue	<u>\$ 5,313,661</u>	<u>\$ 4,407,137</u>
Expenses	<u>\$ 4,904,915</u>	<u>\$ 4,007,825</u>

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 28, 2022 which is the date the financial statements were available to be issued.

The pandemic caused by the COVID-19 virus that began in 2021 still continues. After the pandemic began there was a decrease in donations. The future effect of the pandemic is yet to be determined.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Board's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 1,657,745	\$ 1,670,311
Less those unavailable for general expenditures within one year due to:		
Reserved for net assets with donor restrictions	(1,728,321)	(1,678,265)
Financial assets available to meet cash needs for general expenditures within one year	<u>(\$ 70,576)</u>	<u>(\$ 7,954)</u>

18. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Organization is the beneficiary under a perpetual trust administered by the Free Will Baptist Foundation. Under the terms of the trust, the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The Organization has elected to value the trust at the fair value of the assets in the trust. The change in value of beneficial interests (net of disbursements) in the perpetual trust for 2021 was \$65,213.

19. CORRECTION OF AN ERROR

It was determined that the perpetual trust was created in October 2020 but was not recorded on the books of the Organization. As a result, the 2020 income and net assets were increased \$692,002.

20. NAME CHANGE

The Organization has been transiting from the name Board of Home Missions of the National Association of Free Will Baptists of the United States of America, Inc. to its new name, Free Will Baptist North American Ministries, Inc. for several years. This change was officially approved in July 2021 at the convention of the National Association of Free Will Baptists.

	2021	2022	2023
Chief Executive Officer: David Crowe			
Salary	\$75,177.46	\$77,432.78	\$77,432.78
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$4,900.00	\$5,000.00	\$5,000.00
Retirement	\$4,658.87	\$4,773.87	\$4,773.87
Insurance*	\$17,500.00	\$18,000.00	\$18,000.00
TOTALS	\$120,236.33	\$123,206.65	\$123,206.65
Office car furnished			
Chief Training Officer: Brad Ransom			
Salary	\$62,083.24	\$63,945.74	\$63,945.74
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$5,200.00	\$5,300.00	\$5,300.00
Retirement	\$4,004.16	\$4,119.16	\$4,119.16
Insurance*	\$17,500.00	\$18,000.00	\$18,000.00
TOTALS	\$106,787.40	\$109,364.90	\$109,364.90
Office car furnished			
Church Relations Officer: Sam McVay			
Salary	\$62,083.24	\$63,945.74	\$63,945.74
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$5,200.00	\$5,300.00	\$5,300.00
Retirement	\$4,004.16	\$4,119.16	\$4,119.16
Insurance*	\$17,500.00	\$18,000.00	\$18,000.00
TOTALS	\$106,787.40	\$109,364.90	\$109,364.90
Office car furnished			
Master's Men Director/Chief Financial Officer: Ken Akers			
Salary	\$ 56,083.24	\$ 57,945.74	\$ 57,945.74
Housing	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
Utilities	\$ 5,200.00	\$ 5,300.00	\$ 5,300.00
Retirement	\$ 4,004.16	\$ 4,119.16	\$ 4,119.16
Insurance*	\$ 17,500.00	\$ 18,000.00	\$ 18,000.00
TOTALS	\$ 106,787.40	\$ 109,364.90	\$ 109,364.90
Office car furnished			
Cross Cultural Officer: Rick Bowling			
Salary	\$ 56,083.24	\$ 57,945.74	\$ 57,945.74
Housing	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
Utilities	\$ 5,200.00	\$ 5,300.00	\$ 5,300.00
Retirement	\$ 4,004.16	\$ 4,119.16	\$ 4,119.16
Insurance*	\$ 17,500.00	\$ 18,000.00	\$ 18,000.00
TOTALS	\$ 106,787.40	\$ 109,364.90	\$ 109,364.90
Office car furnished			

Year 2022	Adm. Budget	Actual Expenses	Ch. Planter	Budget	Actual Expenses	Total Budget	Total Expenses
Salaries/Housing	\$550,000.00	\$657,707.07	\$2,700,000.00	\$2,672,005.47		\$3,250,000.00	\$3,329,712.54
Retirement	\$12,000.00	\$18,623.88	\$50,000.00	\$60,192.24		\$62,000.00	\$78,816.12
Insurance	\$100,000.00	\$143,942.25	\$55,000.00	\$69,754.87		\$155,000.00	\$213,697.12
Auto and Travel	\$275,000.00	\$290,529.37	\$150,000.00	\$183,378.66		\$425,000.00	\$473,908.03
Administrative Conference	\$80,000.00	\$48,813.81				\$80,000.00	\$73,569.21
Postage	\$15,000.00	\$10,661.00	\$20,000.00	\$3,242.81		\$35,000.00	\$13,903.81
Printing	\$15,000.00	\$11,391.21	\$65,000.00	\$20,505.14		\$80,000.00	\$31,896.35
Promotion/Advertising	\$100,000.00	\$56,957.04	\$25,000.00	\$9,426.10		\$125,000.00	\$66,383.14
Office Supplies/Maintenance	\$50,000.00	\$59,425.29				\$50,000.00	\$59,425.29
ONE Magazine	\$80,000.00	\$84,363.94				\$80,000.00	\$84,363.94
Utilities	\$25,000.00	\$35,238.95				\$25,000.00	\$35,238.95
Board Expense	\$15,000.00	\$18,740.76				\$15,000.00	\$18,740.76
Literature	\$5,000.00	\$89.39	\$200,000.00	\$78,615.19		\$210,000.00	\$78,704.58
Rent	\$70,000.00	\$67,897.64				\$70,000.00	\$67,897.64
Phone and FAX	\$7,000.00	\$9,004.22				\$7,000.00	\$9,004.22
Depreciation	\$40,000.00	\$46,655.60				\$40,000.00	\$46,655.60
Payroll Taxes	\$10,000.00	\$12,175.39				\$10,000.00	\$12,175.39
Medicare Taxes	\$2,500.00	\$2,847.47				\$2,500.00	\$2,847.47
Legal and Audit	\$8,500.00	\$10,605.00				\$8,500.00	\$10,605.00
Misc.	\$10,000.00	\$156,156.70	\$100,000.00	\$78,615.19		\$80,000.00	\$234,771.89
Scholarships	\$5,000.00	\$5,000.00				\$5,000.00	\$5,000.00
Flowers/Gifts	\$10,000.00	\$115,509.73				\$10,000.00	\$115,509.73
Misc. Receipts			\$15,000.00	\$1,619.89		\$15,000.00	\$1,619.89
Land/Building			\$120,000.00	\$230,707.24		\$150,000.00	\$230,707.24
Foreign Missions Exchange			\$15,000.00	\$11,123.34		\$15,000.00	\$11,123.34
TOTALS	\$1,485,000.00	\$1,862,335.71	\$3,515,000.00	\$3,419,186.14		\$5,005,000.00	\$5,306,277.25

2022 State Quotas

Alabama	\$500,000.00
Arizona	\$70,000.00
Arkansas	\$170,000.00
California	\$125,000.00
Canada	\$5,000.00
Colorado	\$50,000.00
Florida	\$120,000.00
FWB Foundation	\$80,000.00
Georgia	\$170,000.00
Hawaii	\$3,000.00
Idaho	\$3,000.00
Illinois	\$125,000.00
Indiana	\$50,000.00
Iowa	\$2,500.00
Kansas	\$20,000.00
Kentucky	\$130,000.00
Michigan	\$80,000.00
Mid-Atlantic	\$20,000.00
Mississippi	\$175,000.00
Missouri	\$200,000.00
Montana	\$2,500.00
New Hampshire	\$2,000.00
New Mexico	\$5,000.00
New York	\$25,000.00
North Carolina	\$750,000.00
Ohio	\$175,000.00
Oklahoma	\$250,000.00
Oregon	\$2,000.00
Other Income	\$400,000.00
Other States	\$30,000.00
Pennsylvania	\$50,000.00
Rhode Island	\$5,000.00
South Carolina	\$150,000.00
Tennessee	\$500,000.00
Texas	\$100,000.00
Utah	\$3,000.00
Virgin Islands	\$60,000.00
Virginia	\$250,000.00
Washington	\$5,000.00
West Virginia	\$125,000.00
WNAC	\$10,000.00
Wyoming	\$2,000.00
 TOTAL	 \$5,000,000.00

2022 Budget

	Administrative	Church Planter	Total
Salaries/Housing	\$550,000.00	\$2,700,000.00	\$3,250,000.00
Retirement	\$12,000.00	\$50,000.00	\$62,000.00
Insurance	\$100,000.00	\$55,000.00	\$155,000.00
Auto and Travel	\$275,000.00	\$150,000.00	\$425,000.00
Postage	\$15,000.00	\$20,000.00	\$35,000.00
Printing	\$15,000.00	\$65,000.00	\$80,000.00
Promotion/Adv.	\$100,000.00	\$25,000.00	\$125,000.00
Off. Supplies/Maint.	\$50,000.00		\$50,000.00
ONE Magazine	\$80,000.00		\$80,000.00
Utilities	\$25,000.00		\$25,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$5,000.00	\$200,000.00	\$205,000.00
Rent	\$70,000.00		\$70,000.00
Phone/Fax	\$7,000.00		\$7,000.00
Depreciation	\$40,000.00		\$40,000.00
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.	\$10,000.00	\$100,000.00	\$110,000.00
Scholarships	\$5,000.00		\$5,000.00
Flowers/Gifts	\$10,000.00		\$10,000.00
Power Conference	\$80,000.00		\$80,000.00
Misc. Receipts		\$15,000.00	\$15,000.00
Land/Building		\$120,000.00	\$120,000.00
FM Exchange		\$15,000.00	\$15,000.00
TOTALS	\$1,485,000.00	\$3,515,000.00	\$5,000,000.00



Master's Men

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

North American Ministries/Master's Men

Kenneth W Akers, Director

As 2021 began, remnants of Covid-19 remained, as we faced limited travel.

As opportunities presented themselves, we were able to start being back in the swing of things. February came with opportunities to attend a couple of men's conferences.

In March, we had planned a Disaster Response Team training event, but needed to be postponed.

In April, we took on the task of painting the exterior of the National Office building. Thanks to the North American Ministries guys and Executive Office, the job was finished in under a week.

During the year, we were able to attend several state meetings and participate in other service projects.

In July, we again led the organization for IMPACT Memphis and the ushering duties.

We had several opportunities to serve our denomination and churches through our Disaster Response Teams. We worked in the Waverly, TN area following flooding there. We were also able to serve in TN and KY following an outbreak of tornados.

As the year came to a close, we were again able to attend a few more meetings and provide churches with materials to encourage and equip their men to be better servants for the Master.

Master's Men continues to serve our churches, our denomination and our Lord. How can we help you help your men?

Kenneth W Akers, Director

2022 Proposed Budget**2022 Projected
Income****Office Operations**

Rent	3000	Gifts	9200
Equipment & Supplies	3000		
Telephone	400	Golf	7000
Misc.	1320		
Postage	2500	Sales	1420
Total	10220	Endowment Income	5000

Accounting

Audit	2000	TOTAL	22620
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Resource Development

ONE Magazine	8400
Printed Materials	1000
Total	9400

National Association **1000**

TOTAL **22620**



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

Opinion

I have audited the accompanying financial statements of The Church Extension Loan Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Church Extension Loan Fund, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Church Extension Loan Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Church Extension Loan Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Church Extension Loan Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Joel D. Collum, Jr., CPA

Nashville, Tennessee
April 28, 2022

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 11,494,466	\$ 4,495,958
Investment in the Free Will Baptist Foundation	9,409,972	1,249,202
Investment in the Free Will Baptist Board of Retirement	1,009,912	-
Investment in the Free Will Baptist Ministries Partnership	750,000	750,000
Notes receivable, net of allowance for doubtful accounts of \$879,043 (\$879,043 in 2020)	84,002,499	80,128,512
Accrued interest receivable	437,708	403,572
Property & equipment, at cost less accumulated depreciation of \$49,387 (\$49,387 in 2020)	-	-
TOTAL ASSETS	<u>\$ 107,104,557</u>	<u>\$ 87,027,244</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accrued interest	\$ 926	\$ 850
Irrevocable trusts	1,401,162	1,381,167
Notes payable	102,439,845	82,771,350
Other accrued liabilities	5,685	25,684
Total liabilities	<u>103,847,618</u>	<u>84,179,051</u>
NET ASSETS		
Without donor restrictions		
Operating	3,256,939	2,848,193
Total Net Assets	<u>3,256,939</u>	<u>2,848,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 107,104,557</u>	<u>\$ 87,027,244</u>

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

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
	Without Donor Restrictions	
REVENUES		
Investment income	\$ 165,384	\$ 59,599
Unrealized gain (loss) on value of investment	29,712	-
Interest income on notes receivable	5,118,565	4,347,538
Total revenue	5,313,661	4,407,137
EXPENSES		
Program expenses		
Interest expense	3,712,321	3,140,697
Build My Church Project expense	40,000	40,000
Bad debt expense	-	(2,750)
Total program expenses	3,752,321	3,177,947
Operating expenses		
Office expense	16,889	2,216
Management fee - Note 4	995,000	755,000
Promotion	39,418	32,500
Professional fees	74,244	29,752
Unrelated Business Income Tax	27,043	10,410
Total operating expenses	1,152,594	829,878
Total expenses	4,904,915	4,007,825
Increase (decrease) in operating net assets	408,746	399,312
Net assets - beginning of year	2,848,193	2,448,881
Net assets - end of year	<u>\$ 3,256,939</u>	<u>\$ 2,848,193</u>

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

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 408,746	\$ 399,312
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debt expense	-	(2,750)
(Gain) loss on value of investment	(29,712)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	(34,136)	(23,711)
Increase (decrease) in other accrued liabilities	(19,999)	19,999
Increase (decrease) in accrued interest payable	76	71
Net Cash Provided (Used) By Operating Activities	<u>324,975</u>	<u>392,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable	(22,108,402)	(9,897,557)
Collection on notes receivable	18,234,415	3,441,376
Purchase of Free Will Baptist Board of Retirement investment	(980,200)	-
Purchase of Free Will Baptist Foundation investment	(8,160,770)	(56,692)
Redemption of Free Will Baptist Foundation investment	<u>-</u>	<u>1,000,000</u>
Net Cash Provided (Used) By Investing Activities	<u>(13,014,957)</u>	<u>(5,512,873)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to trust	98,810	100,456
Terminations of trust	(78,815)	(78,561)
Additions to notes payable	28,824,801	18,557,622
Repayment of notes payable	<u>(9,156,306)</u>	<u>(10,148,511)</u>
Net Cash Provided (Used) by Financing Activities	<u>19,688,490</u>	<u>8,431,006</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,998,508	3,311,054
Cash and cash equivalents at beginning of years	<u>4,495,958</u>	<u>1,184,904</u>
Cash and cash equivalents at end of years	<u><u>\$ 11,494,466</u></u>	<u><u>\$ 4,495,958</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest received	<u><u>\$ 5,279,525</u></u>	<u><u>\$ 4,383,426</u></u>
Interest paid	<u><u>\$ 3,712,245</u></u>	<u><u>\$ 3,140,626</u></u>

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

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$262,815 unrelated business income for 2021 (\$266,237 for 2020).

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 as either net assets without donor restrictions or net assets with donor restrictions.

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, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Cost Allocation

The Fund believes that the expenses are properly classified as expended. Accordingly allocation of costs is not required.

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 net assets without donor restrictions.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2021	2020
Office equipment	\$ 49,387	\$ 49,387
Less: Accumulated depreciation	(49,387)	(49,387)
	<u>\$ -</u>	<u>\$ -</u>

3. NOTES PAYABLE

Notes payable consist of 2.5 - 4% (2.5 - 4% in 2020) unsecured demand notes from individuals and churches. The proceeds of these notes are then loaned to churches to help them purchase land and buildings. The Board of Trustees changes the interest rates on these notes payable as other interest rates change.

4. RELATED PARTY TRANSACTIONS

The Fund paid the Board of Home Missions of the National Association of Free Will Baptists, Inc. a management fee of \$995,000 (\$755,000 at December 31, 2020) 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, 2020).

Several directors and trustees were invested in the Church Extension Loan Fund's notes payable described in Note 3 at December 31, 2021. The interest rate paid on these notes was based on the balance of the account as prescribed by the program guidelines.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 \$60,000 (\$20,000 at December 31, 2020) 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, 2021 was \$187,750 (\$187,750 at December 31, 2020).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2021, the excess amount over the federally insured limit was \$11,224,063 (\$4,245,958 in 2020). 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 \$9,409,972 (\$1,249,202 at December 31, 2020) invested with the Free Will Baptist Foundation, Inc. at December 31, 2021.

7. CONCENTRATION

Included in notes receivable at December 31, 2021 are twenty-one loans which total \$55,837,683 (twenty-four which total \$50,509,134 in 2020). This balance represents 65.79% (62.35% in 2020) of total notes receivable.

Notes payable include thirty-eight notes which total \$45,338,845 or 44.21% (twenty-eight notes which total \$29,642,126 or 35.81% in 2020) of total notes payable.

8. 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, 2021, 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 returns filed for to the years ended December 31, 2019 through 2021 are subject to examination.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

9. 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, 2021 amounted to \$101,254 (\$101,249 at December 31, 2020).

10. 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:

	2021	2020
Investment in the Free Will Baptist Foundation	\$ 9,409,972	\$ 1,249,202
Income earned on the trust	\$ 160,771	\$ 56,691

11. 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 Free Will Baptist Ministries Partnership are as follows:

	2021	2020
Investment in the FWB Ministries Partnership	\$ 750,000	\$ 750,000
Income earned on the partnership	\$ -	\$ -

12. INVESTMENT - THE FREE WILL BOARD OF RETIREMENT

The Fund is invested in the institutional investment accounts of the Free Will Baptist Board of Retirement.

A summary of investments in the are as follows:

	2021
Investment in the FWB Board of Retirement	\$ 1,009,912
Income earned on the investment	\$ 29,712

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

13. INVESTMENTS

Investments are stated at fair value and consist of the following:

	December 31, 2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	\$ 656,050	\$ 678,799	\$ 22,749
U. S. Government bonds	320,696	327,600	6,904
Asset backed securities	3,454	3,513	59
	<u>\$ 980,200</u>	<u>\$ 1,009,912</u>	<u>\$ 29,712</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ 29,712</u>
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14. FAIR VALUE MEASUREMENTS

The Fund's investments are reported at fair value in the accompanying statement of financial position.

	Fair Value Measurements at December 31, 2021		
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 1,249,202	\$ 1,201,617	\$ 47,585
Invest. in the FWB Ministries Partnership	750,000	-	750,000
Investment in the FWB Bd of Retirement	1,009,912	678,799	331,113
	<u>\$ 3,009,114</u>	<u>\$ 1,880,416</u>	<u>\$ 1,128,698</u>

	Fair Value Measurements at December 31, 2020		
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 1,249,202	\$ 1,201,617	\$ 47,585
Invest. in the FWB Ministries Partnership	750,000	-	750,000
	<u>\$ 1,999,202</u>	<u>\$ 1,201,617</u>	<u>\$ 797,585</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.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

14. FAIR VALUE MEASUREMENTS -CONTINUED

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.

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 2020) 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 \$879,043 (\$879,043 in 2020) 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:

	2021	2020
Beginning balance	\$ 879,043	\$ 881,793
Loan written off	-	-
Current year provision	-	(2,750)
Ending balance	<u>\$ 879,043</u>	<u>\$ 879,043</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:

	2021	2020
Loans evaluated individually	<u>\$ 879,043</u>	<u>\$ 879,043</u>

The ending balance of notes evaluated individually as follows:

Loans evaluated individually	<u>\$ 13,819,184</u>	<u>\$ 16,505,947</u>
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CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 was \$-0- (\$-0- for 2019).

The following tables provide informative data at December 31, 2021 and 2019 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, 2021			For the Year Ended December 31, 2021		
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	
\$13,819,184	\$13,819,184	\$879,043	\$511,822	\$-	

Impaired loan for which an allowance
for doubtful accounts has been recognized
Notes receivable

December 31, 2020			For the Year Ended December 31, 2020		
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	
\$16,505,947	\$16,505,947	\$879,043	\$569,171	\$-	

Impaired loan for which an allowance
for doubtful accounts has been recognized
Notes receivable

**CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021. 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	Total Financing Receivables on Nonaccrual Status	Financing Receivables Past Due 90 Days or Greater and Still Accruing Interest
Notes receivable	<u>\$ 71,062,358</u>	<u>\$ 1,811,685</u>	<u>\$ 339,116</u>	<u>\$ 11,668,383</u>	<u>\$ 13,819,184</u>	<u>\$ 84,881,542</u>	<u>\$ 3,862,356</u>	<u>\$ 11,668,383</u>

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, 2021 AND 2020

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Fund's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes.

	2021	2020
Financial assets at year-end	\$ 106,666,849	\$ 86,623,672
Less those unavailable for general expenditures within one year due to:		
Reserved for holders of notes payable	(102,439,845)	(82,771,350)
Reserved for holders of irrevocable trusts	(1,401,162)	(1,381,167)
Reserved for the Build My Church program	(2,187,750)	(2,187,750)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 638,092</u>	<u>\$ 283,405</u>

19. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 28, 2022 which is the date the financial statements were available to be issued.

The pandemic caused by the COVID-19 virus that began in 2020 still continues. The future effect of the pandemic is yet to be determined.

20. WELCH COLLEGE LINE OF CREDIT

The Fund entered into an agreement with Welch College to provide them a line of credit. The line of credit note is for \$1,500,000 and is dated September 25, 2020. The interest rate on the line of credit is 4.5% per year. As of the end of the year there had been no draws on this line of credit.

BOARD OF RETIREMENT ~ *March 2022*

John Brummitt, President and CEO

Deuteronomy 6:4-5 "Hear, O Israel: The Lord our God, the Lord is one. You shall love the Lord your God with all your heart and with all your soul and with all your might."



YEAR IN REVIEW

In many ways, 2021 was a continuation of the many changes that occurred throughout 2020. It has taken arriving at the beginning of 2022 to feel as though we are emerging from the ‘fog’ of the pandemic. That is not to say we are entirely out of it; however, we seem to have turned a corner and see things beginning to reopen. In our office, 2021 brought staffing transitions, with everyone settling into their new roles by December. Being short-handed most of the year made for its own challenges, but also provided an

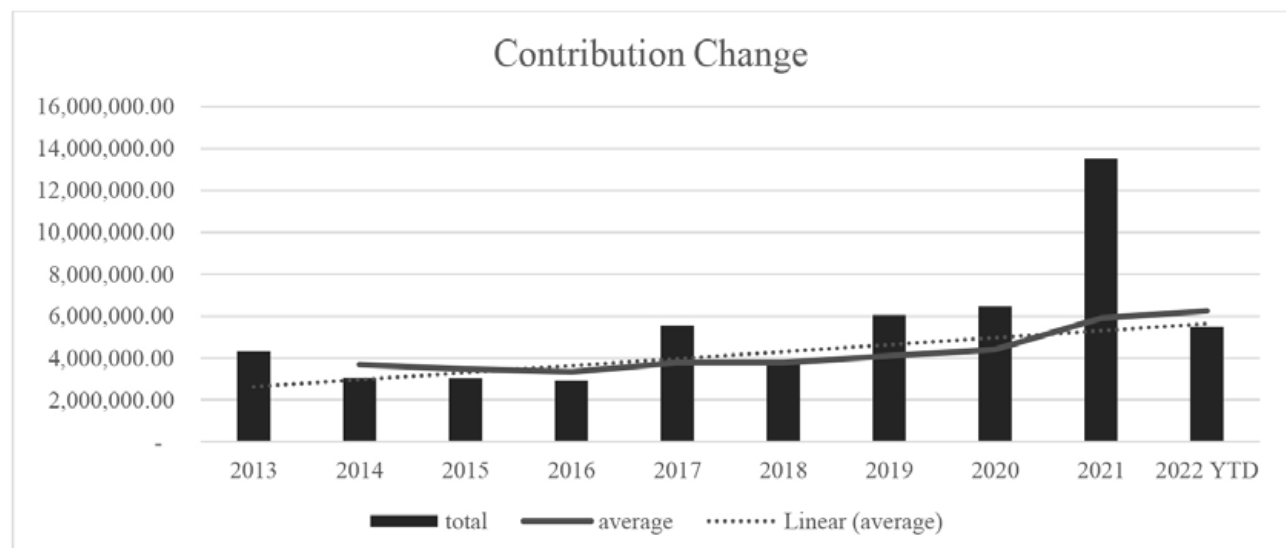
opportunity to reassess our needs, leading to new roles and positions. Our new employees are still training and learning, but as an organization we are headed in the right direction. I'm excited about the opportunities this team will allow us to provide for participants moving forward.

Overall, 2021 enrollments were flat when compared with 2020. We are relaunching our campaign to enroll employees of FWB schools and daycares. As these have not been identified and tracked within existing NAFWB databases, we are asking for your help. If you know of any or have one in your church, please let us know! We want to share how our organization can partner with them as they care for their employees.

	2016	2017	2018	2019	2020	2021	2022
ENROLLMENTS	124	125	123	183	96	95	19
CONTRIBUTIONS	\$2,441,646	\$3,716,839	\$2,961,546	\$4,008,889	\$ 4,321,421	\$ 4,123,929	1,272,821
INSTITUTIONAL	N/A	\$1,835,000	177,040	1,859,604	2,113,220	9,401,096	4,227,600
TOTAL	\$2,441,646	\$5,551,839	3,138,587	6,060,209	6,434,642	13,525,025	5,500,421

Data as of 03/2022

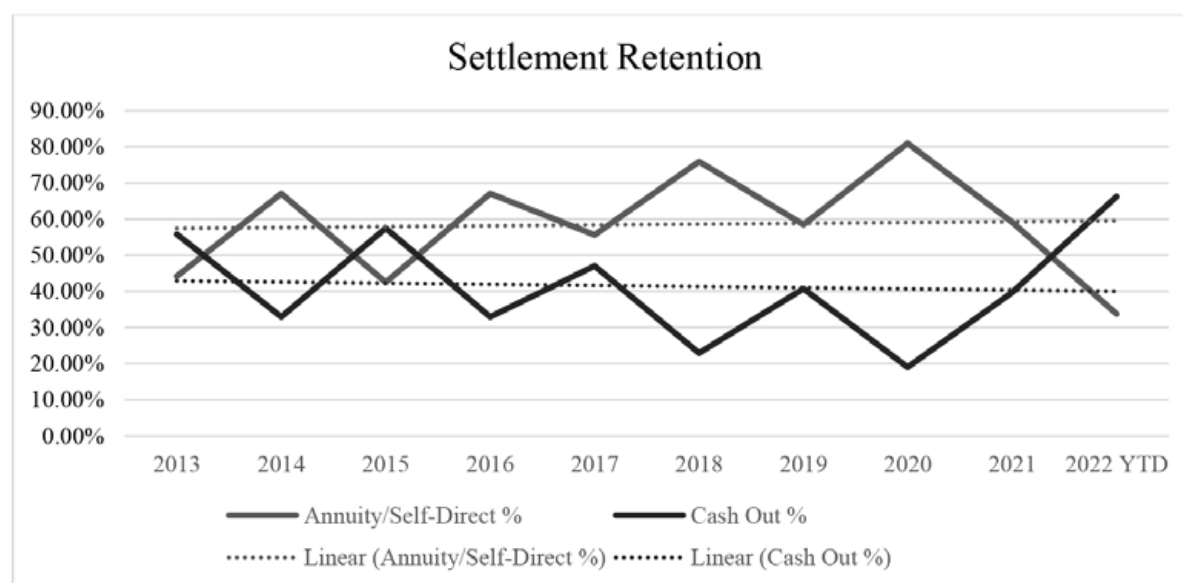
Contributions rose significantly from 2020 due to greater participation in our institutional investment program. Retirement contributions were down slightly, but still above the \$4MM mark. We have increased communication with participants about the importance of setting aside adequate savings for a stable retirement; subsequently, there has already been a noticeable uptick of participant inquiry concerning effective retirement preparation. Our relationship with NWPS has been helpful in this area, allowing detailed calculations of participants' current retirement readiness to identify areas for improvement.



Data as of 03/2022

It's encouraging to see the increase in contributions. It's also exciting to see increased interest from our churches, associations, and state offices regarding the benefits of institutional accounts. This area of our ministry is growing as Free Will Baptists recognize the benefit of a more long-term approach to investments

that will allow our assets to accomplish more for the Kingdom. We are speaking more often about the need for robust financial plans in ministry and more churches are embracing the idea of positioning themselves for future opportunities. Facing 7-8 percent inflation during the first part of 2022 - investment in the equities market is the only way to maintain buying power within our assets for the future ministry of Free Will Baptists. We are praying this will translate into tangible results for individual churches as well as the denomination. This school of thought goes hand in hand with the Executive office's drive for the *3 for 30 initiative*.



Data as of 03/2022

Settlement retention continues to trend upward in our Annuity Pool and Self-Directed options. At the same time, we are still seeing a seesaw effect year to year regarding how settlements are taken. While cash outs flip our numbers in the short term, our purpose is helping our participants prepare for the retirement years; how they choose to receive funds is a choice only they can make. We want to provide significant income when needed, but individual circumstances vary; should they need funds another way, we provide options. We want more participants to receive a monthly benefit from their account, so they have consistent income and aren't dependent solely upon social security.

In the plan sponsor world - employer sponsors of 401(k) and 403(b) plans - the last few years have seen much emphasis placed on the provision of payout/lifetime income to participants. The plan sponsor industry has seen a massive push concentrated on guaranteed income for life and even legislative bills pushing the idea this is needed for workers in retirement. These lifetime payout options are something we have been offering since the 1980s. Others are now seeing the benefit of - and the need for - the ability to care for employees during not just working years, but also into retirement. Our FWB employees, and the addition of housing allowance for ordained ministers, make our product unmatched in the open market for our people.

"Alone we can do so little, together we can do so much." – Helen Keller

INVESTMENTS

We have discussed the transition from the model investment approach to an asset class approach. Upon further conversations with our recordkeepers last year, we have built a solution to give us the best of both approaches. We currently provide multiple investment options (e.g., Default, Moderate, Maximum, and Set Rate Funds) with a set allocation for the model that participants can simply select. As of May 2022, we can separate those asset classes as stand-alone investment options for participants to create allocations. In December 2021, the board approved the move forward with this transition and we selected and hired managers to initiate the process. Changes to previous investment models and the development of a new structure was accomplished with no interruption for our participants.

These changes add new investment options for our participants, allowing customized portfolios by creating individualized allocations through separate asset classes. Large-Cap Growth, Large-Cap Value, REITs, Short-Term Fixed Income, Intermediate Fixed Income, and All-Cap Growth can be selected to build a personal portfolio mix.

The reasoning behind these moves is to ultimately give our participants more control and diversity in their portfolios. Most defined contribution plans such as ours allow participants to create their portfolio mix. This is the preferred model DC plans use. We want to be excellent, not just as a church plan retirement program, but for any retirement program. Ultimately, we want to continue adding more asset class offerings and allow participants even more options to build out portfolios; however, this type of growth requires additional assets for us to reach the required investment minimums. We understand these changes will require education, but these changes are what our participants have been asking us to provide.

PLAN DOCUMENT UPDATE

In 2020, as the Pandemic was starting to affect the world, we saw a flurry of action from Congress to provide relief for people at the moment. Their decisions created the need for changes and updates to our plan and Plan Documents. Congress allowed time for that process; we are finalizing the process of updates to our plan. Changes happening this year are as follows:

- Adding Qualified Birth or Adoption Distributions
- Clarification throughout the plan regarding the spousal consent requirement in all instances for withdrawals, distributions, loans, hardships, etc., other than RMDs or small plan cashouts
- Clarification of policy that in-service distributions over age 59½ are allowed only once in a 12-month period for employee deferrals and employer contributions
- SECURE Act changes
- CARES Act RMD suspension changes

Current Summary Plan Documents can be downloaded from our website.

COMMUNICATION

If you have been on our social media in the last few months, you will notice a marked difference in the frequency and content posted.

We have seen email opens and Facebook engagements increase, as well as added Instagram to our social media plan with the goal of increasing outreach to participants and the denomination with financial education resources from a Biblical point of view. I encourage you to follow us on Facebook and Instagram, as well as sign up for our monthly newsletter.

We are also continuing the podcast and adding additional resources for the denomination at www.reinvestfwb.com. There you will find educational materials, downloadables, and calculators to help anyone – young or old – increase financial knowledge. The website also hosts a blog for additional resources.

re:invest

The resources found there, including *Minister's Tax and Financial Guide*, *Church and Nonprofit Tax and Financial Guide*, and *Church Excel Resources*, have already proven a big help to many of our churches. As development of the site continues, our hope is for it to be uniquely beneficial to our denomination, not only for pastors, but individual church members, as well.

CHURCH BENEFITS ASSOCIATION UPDATE

At the beginning of 2022 I was elected to serve on the board of directors for the Church Benefits Association. We have been tasked with developing a strategic plan to identify opportunities for the CBA to work together on larger projects that affect many of the denominational groups. As many of you know, we are members of the Church Benefits Association and the Church Alliance.

The Church Benefits Association (CBA), formerly called the Church Pensions Conference, is a voluntary membership association of approximately 50 church pension boards, religious orders, and denominational benefit programs for clergy and church professionals.

CBA began as a yearly conference in 1915. In its over one-hundred-year history, it has grown from just a meeting to an association with activities in all areas of church benefits.

CBA Church Benefits Association

Membership in the CBA is open to any organization sponsoring or administering church benefit programs. The main activity of the CBA is an annual meeting, a forum for disseminating, studying, and discussing information relating to the efficiency of operating church employee benefits programs and the administration of those programs.

The Association is dedicated to promoting excellence and preserving the traditions of church benefit boards and church benefit plans through nonpartisan education, collaboration, and fellowship.

CONCLUSION

I am very thankful for this ministry and the work the Lord has entrusted to us for the benefit of our denomination. Retirement is something all FWB employees will face in the future, whether retiring in the traditional sense, or transitioning into a different role in ministry.

We want our ministry to be able to provide for them during whatever the Lord has for them at that time in their lives – but that requires preparation on the front end. If your church isn't providing for your pastor and church employees, I urge you to add some type of provision as part of their salary or pay package. If you are an employee of a church that isn't contributing on your behalf, you need to begin saving on your own. We would recommend both the church and the church employee do something.

No one ever got to retirement and decided they saved too much. Free Will Baptists have an excellent vehicle to help your retirement grow, but you have to make a start and make the contributions. Please visit our website or contact us if we can help you or your church get started. We want to be a go-to source that can be trusted to provide reliable, biblically-based financial information to help everyone gain and maintain a stable financial footing.

"It is our attitude at the beginning of a difficult task which, more than anything else, will affect its successful outcome." – William James

Board of Retirement Synopsis of 2021 Board Meetings

♦ March 22, 2021

All board members were present in person or via Zoom except James Beasley. Reports presented, discussed, and approved included: Director's Report, Financial Report, and Auditor's Report.

A motion was made and carried to elect the following slate of officers as a whole:

Board Officers

Danny Baer, Chair
Ron Barber, Assistant Chair
Don Myers, Secretary
Mike Gladson, Assistant Secretary

Appointments to standing committees were as follows:

Investment and Audit Committee

Ron Barber, Chair
Randy Wilson
James Beasley

Budget Committee

Don Myers, Chair
Danny Baer
Mike Gladson

In other business, legal counsel will be consulted to ensure language in the Board Member Handbook for the Board of Retirement encompasses our fiduciary duty as a retirement fund.

♦ December 8, 2021

All board members were present, with new board members introduced to serving members. The Director's Report was presented and approved.

Several motions were made and carried:

1. Conduct a manager search for a new investment asset class and initiate the transition process from risk-based models to asset classes providing more options and control to individual participants.
2. Accept the nomination of Danny Baer as Chair of the board of directors.
3. Accept the nomination of Lance Boyer as Assistant Chair of the board of directors.
4. Accept updates to the 2022 budget as reviewed by the Budget Committee.
5. Accept a recommendation from AIC to hire BKD for the 2022 audit.

Independent Auditor's Report

Board of Trustees
Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc.
and the Retirement Pension Plan of the
National Association of Free Will Baptists
Antioch, Tennessee

Opinion

We have audited the combined financial statements of Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. and the Retirement Pension Plan of the National Association of Free Will Baptists (collectively, Board), which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Board as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The 2020 financial statements, before they were restated for the matters discussed in Note 2, were audited by other auditors, and their report thereon, dated April 30, 2021, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern within one year after the date that these combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BKD, LLP

Indianapolis, Indiana
April 29, 2022

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists
Combined Statement of Financial Position
December 31, 2021**

Assets

	<u>2021</u>
Operating Assets	
Cash and cash equivalents	\$ 191,327
Investments	796,046
Receivables and other assets	249,578
Property and equipment, net of accumulated depreciation	60,632
	<u>1,297,583</u>
Retirement Assets	
Cash and cash equivalents	310,259
Investments	111,926,187
Participant loans and other receivables	564,187
	<u>112,800,633</u>
 Total assets	 <u>\$ 114,098,216</u>

Liabilities

Accounts payable and accrued expenses - operating	\$ 29,612
Accounts payable and accrued expenses - retirement	249,590
Institutional investing program	16,207,755
Held for benefit of annuitants	16,967,107
Self-direct investments	4,681,225
Total liabilities	<u>38,135,289</u>

Net Assets

Net assets without donor restrictions	1,234,055
Net assets with donor restrictions	33,916
Net assets available for benefits	74,694,956
Total net assets	<u>75,962,927</u>
 Total liabilities and net assets	 <u>\$ 114,098,216</u>

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**
Combined Statement of Activities
Year Ended December 31, 2021

	2021		
	Operations	Retirement	Total
Changes in Net Assets Without Donor Restriction			
Revenue, Gains and Other Support			
Contributions to participants accounts	\$ -	\$ 4,452,391	\$ 4,452,391
Investment income			
Net unrealized and realized gains	246,017	7,747,052	7,993,069
Interest and dividends	-	1,869,007	1,869,007
	<u>246,017</u>	<u>9,616,059</u>	<u>9,862,076</u>
Other income	92,174	-	92,174
Net assets released from restriction	17,753	-	17,753
	<u>355,944</u>	<u>14,068,450</u>	<u>14,424,394</u>
Expenses			
Participant benefits	-	6,665,906	6,665,906
Administrative expenses	574,690	879	575,569
	<u>574,690</u>	<u>6,666,785</u>	<u>7,241,475</u>
Other changes			
Actuarial change in value of annuitant liability	-	452,520	452,520
Intercompany service fee	916,462	(916,462)	-
	<u>916,462</u>	<u>(916,462)</u>	<u>-</u>
Change in Net Assets Without Donor Restriction	<u>697,716</u>	<u>6,937,723</u>	<u>7,635,439</u>
Changes in Net Assets With Donor Restriction			
Grant income	15,000	-	15,000
Net assets released from restriction	(17,753)	-	(17,753)
	<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>
Change in Net Assets With Donor Restriction	<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>
Total Changes in Net Assets	<u>694,963</u>	<u>6,937,723</u>	<u>7,632,686</u>
Net Assets, Beginning of Year, as originally stated	573,008	74,011,898	74,584,906
Restatement - Note 2	-	(6,254,665)	(6,254,665)
Net Assets, Beginning of Year, as restated	<u>573,008</u>	<u>67,757,233</u>	<u>68,330,241</u>
Net Assets, End of Year	<u>\$ 1,267,971</u>	<u>\$ 74,694,956</u>	<u>\$ 75,962,927</u>

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists
Combined Statement of Functional Expenses
Year Ended December 31, 2021**

	2021			
	Program		Supporting Services	
	Retirement	Operations	Operations	Total
Withdrawals from participants	\$ 1,924,299	\$ -	\$ -	\$ 1,924,299
Defaulted participant loans	32,414	-	-	32,414
Transfers to annuities by participants	1,289,632	-	-	1,289,632
Transfers to self-directed by participants	1,720,088	-	-	1,720,088
Income allocated to annuitant obligations	1,506,558	-	-	1,506,558
Income allocated to self-directed accounts	192,915	-	-	192,915
Service fees	879	-	-	879
Salaries	-	190,130	10,007	200,137
Housing	-	30,985	1,631	32,616
Fringe benefits	-	101,694	5,352	107,046
Travel and promotional	-	12,822	12,821	25,643
Auto maintenance and expense	-	3,645	3,645	7,290
Office supplies and expense	-	87,667	4,626	92,293
Occupancy	-	34,034	1,791	35,825
Board members expense	-	8,670	8,669	17,339
Legal and accounting	-	6,377	19,131	25,508
Grant expense	-	649	-	649
Depreciation	-	-	27,252	27,252
Annuitant benefit payments	-	655	-	655
Other	-	2,315	122	2,437
Total	\$ 6,666,785	\$ 479,643	\$ 95,047	\$ 7,241,475

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Combined Statement of Cash Flows
Year Ended December 31, 2021**

	<u>2021</u>
Operating Activities	
Change in net assets	\$ 7,632,686
Items not requiring (providing) cash	
Depreciation	27,252
Realized and unrealized gains on investments	(7,993,069)
Actuarial change in value of annuitant liability	(452,520)
Transfers to annuities by participants	1,289,632
Transfers to self-directed by participants	1,720,088
Income allocated to annuitant obligations	1,506,558
Income allocated to self-directed accounts	192,915
Changes in	
Receivables and other assets	(121,419)
Accounts payable and accrued expenses	246,153
Net cash provided by operating activities	<u>4,048,276</u>
Investing Activities	
Purchase of office equipment	(24,801)
Purchase of investments	(19,635,615)
Sales and maturities of investments	8,738,142
Net cash used in investing activities	<u>(10,922,274)</u>
Financing Activities	
Distributions to self-directed investment beneficiaries	(581,504)
Distributions to annuitants	(1,415,354)
Contributions to Institutional investing program	9,164,301
Distributions from Institutional investing program	(40,500)
Net cash provided by financing activities	<u>7,126,943</u>
Increase in Cash and Cash Equivalents	252,945
Cash and Cash Equivalents, Beginning of Year	<u>248,641</u>
Cash and Cash Equivalents, End of Year	<u>\$ 501,586</u>

See Notes to Combined Financial Statements

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists
Notes to Combined Financial Statements
December 31, 2021**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. (Corporation) is a nonprofit corporation organized under the laws of the state of Tennessee operated under the auspices of the National Association of Free Will Baptists, Inc. The combined financial statements also include the accounts of the Retirement Pension Plan of the National Association of Free Will Baptist (Plan), which is a non-ERISA church plan within the meaning of Section 414(e) of the Internal Revenue Code (collectively referred to as "the Board").

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, 2019.

Principles of Combination

The Board has determined that presenting combined financial statements are more meaningful than separately presented financial statements. The combined financial statements include the accounts of the Corporation and the Plan.

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.

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

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2021**

Contributions

Under the terms of the retirement pension plan which the Board maintains, contributions may be made to the Plan through employer contributions, employee elective contributions (salary reduction contributions and Roth contributions), after-tax contributions and rollover and transfer contributions. Total employer contributions, employee elective contributions and after-tax 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. These limits include special “catch-up” amounts after age 50.

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.

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. Transfer to annuities and participant directed accounts are reflected as benefit payments when the transfer occurs.

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 Corporation, to terminate the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2021**

Cash

At December 31, 2021, the Board's cash accounts exceeded federally insured limits by approximately \$245,000.

Investments and Investment Return

The Board measures investments at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Property and Equipment

Property and equipment acquisitions over \$1,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Office furniture and fixtures	5 - 10 years
Computer hardware and software	5 years
Automobiles	5 years

Institutional Investing Program

The Board 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 Board's institutional investing program. The funds are invested in the Board's investment account based on the investment strategy selected by the investing church or church organization, but can be withdrawn by the churches and church organizations.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**
Notes to Combined Financial Statements
December 31, 2021

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Net assets available for benefits represent the net assets of the retirement fund which are designated for payment of participant benefits.

Service Fee

The operating fund receives compensation for certain provided services through a service fee. Service fees are collected and recognized quarterly based upon services provided during the quarter.

Income Taxes

By virtue of its inclusion in the group exemption ruling of the National Association of Free Will Baptists, Inc., the Board is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Since the Board is not required to file tax returns in the U.S. federal jurisdiction, the Board could be subject to U.S. federal examinations by tax authorities for all years since incorporation.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**
Notes to Combined Financial Statements
December 31, 2021

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined statement of activities. Certain costs have been allocated among the program services and operations based on the actual direct expenditures and cost allocations based upon estimates of time spent by personnel.

Subsequent Events

As a result of the spread of the SARS-Co-V-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Board. The duration of these uncertainties and the ultimate financial effect cannot be reasonably estimated at this time.

Subsequent events have been evaluated through April 29, 2022, which is the date the combined financial statements were available to be issued.

Note 2: Change in Presentation and Restatement

The 2021 financial statements are presented on a combined basis. As a result, net assets have been presented as those with donor restriction, those without donor restriction, and those available for benefits. A statement of cash flows is also presented.

The net assets of the Board as of January 1, 2021 (beginning net assets) were restated:

1. To classify balances related to the Board's institutional investing program and subject to withdrawal by churches and church organizations from net assets to liabilities. The impact of this restatement was to decrease beginning net assets by \$5,815,292.
2. To adjust the balances related to participant loans to the estimated collectible amount. The impact of this restatement was to increase beginning net assets by \$690,521.
3. To adjust the held for benefit of annuitants liability to the actuarially calculated value. The impact of this restatement was to decrease beginning net assets by \$1,129,894.

The impact of the 2020 change in net assets could not be determined.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2021**

Note 3: Intercompany Transactions

The combined financial statements of the Board include the activities of the Board's operating fund and retirement fund. The operating fund's purpose is to provide administrative support to the retirement fund and to capture financial activity unrelated to the retirement fund. The retirement fund's purpose is to capture financial activity of the Board's 403(b)(9) program.

The retirement fund is charged a quarterly service fee from the operating fund, this fee totaled \$916,462 for 2021. The operating fund has recorded service fee revenue of this amount and the retirement fund has reflected this expense within administrative expenses on the combined statement of activities. Additionally, the fourth quarter fees totaling \$249,590 was unpaid as of December 31 and is reflected as a receivable of the operating fund and a payable of the retirement fund.

Note 4: Investments

The Board's investments are as follows:

	2021	
	Operating	Retirement
Cash sweep accounts	\$ 796,046	\$ 4,187,210
Common stocks	-	72,611,580
Equities - structured products	-	1,271,030
U.S. Government issues	-	16,928,418
Corporate bonds and notes	-	12,530,387
Asset backed securities	-	4,041,756
Municipal securities	-	175,956
Accrued interest	-	179,850
	<hr/>	<hr/>
Total investments	\$ 796,046	\$ 111,926,187
	<hr/>	<hr/>

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2021**

Note 5: Property and Equipment

Property and equipment at December 31, 2021 consists of:

	<u>2021</u>
Office furniture and fixtures	\$ 65,677
Computer hardware and software	147,921
Automobiles	<u>84,406</u>
	298,004
Less: accumulated depreciation	<u>(237,372)</u>
	<u><u>\$ 60,632</u></u>

Note 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, 2021, the recorded liability amounted to \$16,967,107. The Board uses the Mortality Table 2012 IAM and a discount rate of 5%.

The comparison of the annuity reserve account (included in investments) to the liability is as follows:

	<u>2021</u>
Annuity reserve account	\$ 17,188,293
Held for benefit of annuitants	<u>(16,967,107)</u>
Excess of annuity reserve account over liability	<u><u>\$ 221,186</u></u>

Note 7: Self-Direct 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, investments for this plan are segregated. At December 31, 2021, the recorded liability amounted to 4,681,225.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
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National Association of Free Will Baptists
Notes to Combined Financial Statements
December 31, 2021**

The comparison of the self-direct reserve account (included in investments) to the liability is as follows:

	<u>2021</u>
Self-directed reserve account	\$ 5,624,926
Self-direct liability	<u>(4,681,225)</u>
Excess of annuity reserve account over liability	<u>\$ 943,701</u>

Note 8: Leases

The Board leases 2,324 square feet of office and storage space from an affiliate on a year to year lease. Total lease payments totaled \$35,825 for the year ended December 31, 2021.

Note 9: Endowment

Interpretation of State Law

The Board has an endowment fund with the Free Will Baptist Foundation (Foundation). The endowment was established by the Board for the benefit of the Board to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
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National Association of Free Will Baptists**
Notes to Combined Financial Statements
December 31, 2021

The Board has interpreted the State of Tennessee Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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, when reviewing its donor-restricted endowment funds, the Board considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Board has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Board and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Board
7. Investment policies of the Board

Investment and Spending Policies

The Board has invested these funds at the Foundation and the investments are invested in accordance with the Foundation's investment policies. The Foundation pools its assets for investment purposes. Investment activity is allocated based on the fund's percentage share of the total portfolio.

The spending of the Board permits spending on the interest and dividend earnings of the endowment received for the benefit of annuitants. With this policy, the Board intends to protect the corpus of the endowment and allow the corpus to grow with realized and unrealized investment return.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2021**

The composition and changes in the endowment as of and for the year ended December 31, 2021 was:

	<u>2021</u>
	<u>Without Donor Restrictions</u>
Balance, beginning of year	\$ 43,525
Investment return	<u>11,104</u>
Balance, end of year	<u>\$ 54,629</u>

Note 10: Disclosures About Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

Notes to Combined Financial Statements

December 31, 2021

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying combined statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021:

		2021		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks	\$ 72,611,580	\$ 72,611,580	\$ -	\$ -
Equities - structured products	1,271,030	-	1,271,030	-
U.S. Government issues	16,928,418	16,928,418	-	-
Corporate bonds and notes	12,530,387	12,530,387	-	-
Asset-backed securities	4,041,756	-	4,041,756	-
Municipal securities	175,956	175,956	-	-
	<u>\$ 107,559,127</u>	<u>\$ 102,246,341</u>	<u>\$ 5,312,786</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying combined statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2021.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
the Retirement Pension Plan of the
National Association of Free Will Baptists**

Notes to Combined Financial Statements

December 31, 2021

Note 11: Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, comprise the following:

	<u>2021</u>
Operating cash	\$ 191,327
Operating investments	<u>796,046</u>
Total liquid financial assets	987,373
 Board designated endowment	 <u>54,629</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 932,744</u></u>

The Board manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Board forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Board of Retirement Insurance
Proposed Budget for 2023

	2021 Actual	2021 Budget	2022 Budget	2023 Proposed
Revenue				
Service Fees From Retirement	916,461.70	608,000.00	700,000.00	792,000.00
Insurance Administrative Fees	253.00	400.00	400.00	250.00
The Together Way	61,099.04	58,000.00	58,500.00	58,500.00
Other State Gifts	610.01	300.00	300.00	300.00
Rest Of The Family Offering	2,377.24	2,000.00	1,700.00	1,700.00
Interest Income - Checking	102.45	2,000.00	2,000.00	100.00
Interest Income - Future	3,721.98	-	-	-
Investment Income - Annuity	1,916.49	-	-	-
Investment Income - Endowment	5,836.65	-	-	-
Investment Income - Net Assets	15,449.21	-	-	-
Gain Loss On Sale Of Assets	23,100.00	-	-	-
Grant Income - Building Future	15,000.00	-	-	-
Miscellaneous Income	4,734.80	3,000.00	3,000.00	3,000.00
Total Revenue	1,050,662.57	673,700.00	765,900.00	855,850.00
Expenses				
Salaries and Wages	199,521.87	231,659.88	214,885.81	269,517.82
Fringe Benefits	107,045.53	127,000.00	126,000.00	130,000.00
Housing	33,231.06	32,000.28	37,000.00	37,000.00
Travel and Promotion	25,643.10	55,000.00	55,000.00	65,000.00
Auto Maintenance and Expense	7,289.61	8,000.00	8,000.00	8,000.00
Payments to Annuity	655.00	-	-	-
Plant Fund	35,824.88	37,000.00	40,000.00	40,000.00
Office Expense	42,176.68	36,000.00	36,000.00	40,000.00
Equipment	2,301.09	10,000.00	10,000.00	10,000.00
Equipment Lease	5,069.46	2,000.00	2,000.00	2,000.00
Education/Training	2,858.87	20,000.00	20,000.00	20,000.00
Publications	26,646.23	27,500.00	27,500.00	30,000.00
Communications	4,326.76	-	27,000.00	27,000.00
Board Member Expense	17,338.90	18,000.00	18,000.00	20,000.00
Website Development/Maintenance	1,509.28	7,500.00	5,000.00	7,500.00
Legal Expense	8,186.46	12,000.00	12,000.00	15,000.00
Auditing Expense	17,321.50	17,500.00	32,000.00	35,000.00
Offsite Backup Storage	624.98	1,200.00	1,200.00	1,200.00
Software Support	8,513.64	5,500.00	10,000.00	10,000.00
Depreciation Expense	-	23,839.84	82,314.19	86,632.18
Miscellaneous Expense	703.22	2,000.00	2,000.00	2,000.00
Grant Expense	649.00	-	-	-
Total Expenses	547,437.12	673,700.00	765,900.00	855,850.00
Current Year Change	503,225.45	-	-	-

Board of Retirement and Insurance

Compensation Detail 2023 Proposed

President and CEO: John Brummitt		2022 Approved	2023 Proposed
	Salary	\$101,829.00	\$112,011.90
	Christmas	\$1,958.25	\$2,154.08
	Retirement	\$7,265.11	\$7,840.83
	Total	\$111,052.36	\$122,006.81

Medical, Dental, Vision and Life Insurance is provided.

Accounting Administrator: Chris Compton		2022 Approved	2023 Proposed
	Salary/Housing	\$67,321.80	\$72,034.33
	Christmas	\$1,294.65	\$1,385.28
	Retirement	\$2,213.15	\$5,042.40
	Total	\$70,829.60	\$78,462.00

Medical, Dental, Vision and Life Insurance is provided.

Staff		2022 Approved	2023 Proposed
	Salary/Housing	\$77,982.45	\$83,441.22
	Christmas	\$1,451.26	\$1,604.64
	Retirement	\$5,333.71	\$5,840.84
	Total	\$84,767.42	\$90,886.70

Medical, Dental, Vision and Life Insurance is provided.



IM, INC.
5233 Mt. View Road • Antioch, TN 37013
www.iminc.org



Seeking organizational balance can easily be compared to trying to stack rocks in an orderly fashion, one on top of the other, on a pole. There is nothing that makes one think this would be an easy task, but the finished product is quite remarkable.

This photo is an excellent word picture of organizational balance revealing an amazing display of skill, resourcefulness, patience, and collaboration. I may be over analyzing this, but I am convinced one person could not have pulled off such an amazing feat.

It is imperative we continue to pursue and maintain organizational balance if we hope to realize IM's declared goals and objectives and ultimately bring glory to God. There are several factors that come into play as we attempt to '*stack the rocks one on top of the other on a pole*'. In order to achieve this noble objective, we as leaders at IM must:

- Never lose focus of what we are all about: 'We exist to labor with the Body of Christ to fulfill the Great Commission'
- Ensure roles, responsibilities, and relationships required to execute the plans are clearly defined, committed to, and evaluated
- Acquire the necessary resources (money, materials, and personnel) to execute the strategies and plans
- Carry out an honest and complete assessment of the process, progress, and personnel to determine if the results are what was anticipated and desired
- Make necessary adjustments and continue to 'labor with the Body of Christ to fulfill the Great Commission'.

Over the past year we have faced our fair share of challenges and changes. The key to dealing with these circumstances has been not attending to each challenge in isolation but in connecting and arranging all the elements to maintain organizational balance. Of critical

importance is understanding how collectively the elements balance off one another. A change, large or small, in one area of the Mission will often affect change in every area.

I do not think it pretentious to say our IM staff has good organizational balance, and in word picture form it just may look as asymmetrically intriguing as the intro photo. My prayer is that we continue to learn, grow, and thrive.

SOME DEGREE OF NORMALCY

Countries around the world are beginning to open their doors by reducing COVID restrictions and this means an enormous increase in travel as ETEAM, College Ministry Program (CMP), and Overseas Apprentice (OA) are almost full steam ahead. Our field teams are sensing a reprieve from the lock downs and taking advantage of new and intriguing opportunities. We had nearly 70 students going to eight different locations for the ETEAM 2022.

WORLD MISSION OFFERING

The World Mission Offering (WMO) is just a few weeks away. We have locked in the month of August as the IM emphasis month. Our WMO will be taken on August 28, 2022. We are asking our Free Will Baptist people to give to this annual offering for missions. Our goal is to have this offering generate \$1 million each year to cover budgetary demands for our partnerships, needs in the general fund, and deficit accounts.

RECORD INCOME IN 2021

The last year has brought many unprecedented blessings to IM. We had a record-breaking income in 2021 of over \$8.5 million. All but one of our missionary accounts has functioned consistently in the black. You, our Free Will Baptist people, have overwhelmingly responded to new missionary appointees raising funds to get to the field. We continue to process those who feel God is directing them to cross cultural ministries, and you join them in ministry through your prayers and support. A sincere thanks to each one who has practiced obedience giving and helped in sending out IM missionaries.

COVID SLOWDOWN

No one is ready to say COVID is eradicated but we can all attest to the fact we are getting a reprieve and taking full advantage of it. COVID has proven itself to be a formidable enemy and continues to cause sickness, stress, disruptions, and aggravations. However, at IM we stayed on task throughout this crisis and God has blessed in many ways.

MODIFIED OFFICE HOURS

In light of the skyrocketing gas prices the IM leadership team agreed to modify our 'in-office' days beginning in April. Please note, this is not a reduction of 'work hours', but uniquely the 'in-office' hours. This emergency action will be reviewed on August 1. If gas prices decrease, we will go back to normal in-office work hours. If not, we will evaluate how the present process is working and take the next steps necessary to keep expenses down.

NEW PARTNERSHIPS

Our mission statements declares that we 'labor with the Body of Christ to fulfill the Great Commission'. This has led us to expand our ministry reach by partnering with other evangelical agencies and individuals who share our passion for reaching the nations with the Good News.

Over the past year we have established several 'Memos of Understanding' (MOUs) with new partners.

- **MOU with L.EDU:** God opened the door for us to partner with LEAD EDUCATION GROUP, (L.edu) working in restricted access countries. Our collective commitment is to establish high quality international schools in creative access countries. We have officially signed the MOU and are anticipating working with this new partner to recruit schoolteachers and school administrators who desire to serve cross-culturally.
- **MOU with Bangladesh:** We as a mission staff have consistently asked God to lead us to creative access countries and contexts. God has responded and opened new opportunities for IM in creative access countries and also in Bangladesh. Director of Field Partnerships, Kenneth Eagleton has led the development of this partnership that includes churches in Michigan as well as the Michigan State mission board. The MOUs are not legally binding, but they are clear indicators of our united efforts to 'labor with the Body of Christ to fulfill the Great Commission'.
- **MOU with LANTERN LANE FARM:** Missionaries are not immune to stress and other emotional challenges. Dr. Neil Gilliland, IM's Director of Member Care, has helped many missionaries navigate events that caused stress or other emotional issues. But he has often found it necessary to refer individuals to licensed counselors for more in depth, or long-term needs. We have found Lantern Lane Farm staff to be committed to biblical principles, academically qualified, and extremely competent.

SIX STEPS TO BECOMING AND IM MISSIONARY

In order to let potential recruits know the process to becoming and IM missionary we have taken the 25+ steps they must take and organized them into six categories. We have now produced a handout presenting the 'Six Steps' to becoming an IM missionary. The six steps are:

- **Fill out a get acquainted form found on our website www.iminc.org**
- **Fill out the full application**
- **Have an interview with the IM leadership team**
- **Meet with the IM board for appointment**
- **Raise the necessary funds**
- **Go to the field**

Obviously these six steps are simplified for space. Each step has several elements, but the six steps give an overview of the process. You can pick up a document presenting the six steps at the IM booth.

SNOWS TRANSITIONING TO NEW MINISTRIES

Nathan and Linda Snow will be transitioning to new ministries in southern Japan. Nathan and Linda will be seconded to partner organizations. Nathan will be with JEMA (Japan's Evangelical Mission Association) which is made up of over 40 evangelical agencies and churches striving to reach the Japanese with the gospel. Linda will be working at an international school with a student body that is about 80% non-believers. What a great opportunity to reach the next generation of young people. The field team and IMLT fully back this transition.

MCDONALDS TO THE US

After 40+ years of service in Japan Donnie and Ruth find themselves in a major transition. They will be moving back to the US in the Fall for Ruth to take the position of Director of WNAC and Donnie will be working with the development department in the GO GLOBAL ministry as well as other efforts to provide mission focused learning opportunities to our FWB constituency. This is a major transition for the McDonalds, and they need ongoing prayers. Donnie and Ruth are strategically sound and beneficial to fulfilling the IM mission statement.

MISSIONARIES LEAVE FOR THEIR FIELDS

To use the gimmick in recent advertisements for Gatorade, this COVID beast has put a lot of people on 'PAUSE'. Unfortunately for several missionaries who were 'fully-funded', this was not a planned pause. COVID restrictions have raised the emotional stress levels for many people and for a variety of reasons. For those who know God has called them to go to another country to proclaim His name, and have acquired the needed funds, it has been tremendously taxing to wait for the doors to those countries to open due to reducing COVID or visa restrictions. We are eternally grateful that those that have been in waiting like the Duncans, Abby Walker, and Debbie Griffin are now on the field and can begin the ministries God has called them to.

OFFICE TRANSITIONS

No matter how hard we try we can't keep everyone working at IM forever. God in His infinite wisdom guides some to stay and some to leave for various reasons. The month of December will be tough for IM in that we will see two very gifted people leave our stateside team.

'Uncle Neil' will be retiring after more than 25 years of working with IM as a missionary in Cote d'Ivoire and then on staff in the office. He has, and still does, wear many hats. His present ministry roles are Director of Member Care, Candidate Shepherd, and Mobilization. That's a heavy load for anyone and he has carried out his roles with compassion, passion, and constant care for all those he encounters. Uncle Neil is like the counselor for the Free Will Baptist denomination. His intellect, quick wit, and love for all has been a great asset to our office and field team members. To say we will miss having Uncle Neil around is a gross understatement. He will be leaving us December 31, 2022. Please feel free to write or call Uncle Neil and express your love and appreciation for his many years of faithful service.

Hanna Mott will be stepping down from her role as ETEAM coordinator at the end of this year. The ETEAM program has been functioning for 30 years. Hanna has been the leader of this

student ministry for one third of the total time ETEAM has existed. She came to us straight out of college with a passion for helping guide young people in finding God's direction for their lives. Hanna has set an extremely high standard of love, care, and commitment to every ETEAMer since taking on this role. She will wrap up her time at IM on December 31, 2022. I get the feeling a lot of tears will be shed on that day with the departure of both Uncle Neil and Hanna.

Thankfully there are also additions to our home staff. In October Jacklyn Reed of our financial team, and her husband Jonathon left Nashville to enter into a new ministry role at Bethel Church in Kinston, North Carolina. Andy Yerby, from Alabama, and a recent graduate of Welch College stepped into this vacated position. Andy has proven to be an amazingly quick study for his new role and a fantastic team member. We hate to see good workers leave, but we are thankful that God sends other well qualified people to fill these roles.

GOD AT WORK ON OUR FIELDS

Satan is constantly attempting to derail our works around the world. However, God in His infinite wisdom and power has brought about some remarkable results for which we should all raise our voices in praise.

Our 2021 stats show:

- 1,628 Salvations
 - 1, 342 Baptisms
 - 24,598 Average attendance each Sunday in FWB churches outside of north America
- *These stats are not complete for 2021.

UKRAINE REFUGEES

Without a doubt the war in Ukraine has been front and center in our prayers and discussions over the past months. There was the buildup to the potential of an invasion and then it became a reality. In short order many people living in Ukraine found themselves joining the status of refugee as they fled the horrendous slaughter and bombardment by the Russian forces. Some of the refugees have found themselves in places where we have IM missionaries. Our missionary force in those areas responded compassionately and quickly to this challenge. Danny, THP director, quickly took the reins and appealed to our denomination to provide funding to help our churches and partner organizations ministering to the needs of the Ukrainian diaspora. We are very thankful for the response of our people to this need and hope they will not quickly forget those who will be in need for a long time.


HOME GOING OF IM FAMILY MEMBERS

It is always with great sadness we receive the news of the passing of dear brothers and sisters in Christ. Since the NAFWB last year we have experienced the pain of losing several 'family' members.

- **Joy Jones**, former missionary to Ivory Coast went to be with the Lord June 20, 2021.
- **Wendy Briscoe**, sister of Lea Edgmon, missionary to Spain, passed away August 24, 2021.

- **Mark Daniel**, former missionary to Ivory Coast, entered Heaven October 18, 2021.
- **Debby Abney**, sister of Ken Bailey, missionary to Japan, passed away December 6, 2021.
- **Lloyd Plunkett**, former missionary to Ivory Coast went to be with the Lord, January 20, 2022.
- **Joe Haas**, former missionary to France, entered Heaven March 25, 2022.
- **Fred Hersey**, former missionary to Japan went to be with the Lord, March 28, 2022.
- **William Cole**, grandfather to Myriam Reeves and Lydie Teague, missionaries to France, died on April 10, 2022.

We continue to praise the Lord for His clear directions and abundant blessings for IM. What an honor it is for me to serve as director of an agency with clarity of focus, commitment to excellence, and vision for the future.

A handwritten signature in black ink, reading "Clint Morgan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Clint Morgan
IM General Director

BOARD MEETING SUMMARY

The Board of IM, Inc, met three times in person, three times by Zoom, and one e-vote from May 1, 2021 to April 30, 2022. Board members for the period included: Jeff Nichols (TN, chairman), Rodney Yerby (AL, vice-chairman), Mark Price (OH, secretary), Dr. Janice Banks (TX), Casey Cariker (OK), Rick Cason (GA), Will Harmon (AR), Darren Walker (NC), and Cameron Lane (AR).

Board actions throughout the year included:

- Adopting a \$8,750,000 framework budget for 2023
- Accepted the resignation of Dr. Neil Gilliland effective December 31,2022
- Approved Tyler Justice to a two-year internship to France
- Approved Jacob and Hailee Voltz to a two-year internship
- Approved IMpact Project for Bangladesh Conference Center
- Approved IMpact Project for Pakistan Ministry Van
- Approved IMpact Project for Diez 42
- Approved IMpact Project for Pop Willey Scholarship Fund
- Approved three additional salary increments based on seniority for missionaries based on 20, 30, and 40 years
- Moved Adam and Carol Duncan to career status
- Transitioning Uruguay from a missionary receiving country to a partnership country
- Reassigned Josh Provow to Bulgaria
- Reclassified Tyler and Kellie Penn from THP to IM missionaries
- Approved Taylor Pate to a two-year internship to Japan
- Approved Hannah Goucher to a two-year internship to Japan
- Approved Bryson Foulkes to a two-year internship to France
- Appointed Blankenship CPA Group to perform 2021 audit
- Approved guidelines for large, unexpected, undesignated gifts
- Accepted Annabelle Ellis' resignation and placed her funds on hold for three years
- Approved Daniel and Shelby Culwell as career missionaries to Japan
- Approved Jack and Ashley Kettelman as career missionaries to Japan
- Approved Daniel and Kate Speer as career missionaries to Japan
- Approved Jonathan and Michelle Chereau to another two-year internship to France
- Approved Living Trust Policy
- Approved IMpact Project for New Life Church re-plant in Sapporo
- Recalled and revoked the appointment of Lydia Provow

FINANCIAL SUMMARIES:

2021 Total Unaudited Income: \$8,730,457.62

Below are the top 25 churches that gave to IM in 2021. We are thankful for every congregation and individual that gives to share the gospel around the world.

Name	City, State	2021 Donations
Unity FWB Church	Greenville, NC	\$160,753.72
Donelson FWB Church	Nashville, TN	\$109,116.87
Horse Branch FWB Church	Turbeville, SC	\$85,828.59
Bethel FWB Church	Kinston, NC	\$72,040.72
Collinsville FWB Church	Collinsville, OK	\$55,499.99
New Hope FWB Church	Joelton, TN	\$55,416.63
Calvary Fellowship FWB Ch	Fenton, MO	\$53,512.81
Lebanon FWB Church	Effingham, SC	\$43,691.62
Macedonia FWB Church	Purdy, MO	\$43,200.00
Kirby FWB Church	Flat Rock, MI	\$42,280.00
Hilltop FWB Church	Fuquay Varina, NC	\$41,950.00
First FWB Church	Washington, NC	\$37,762.96
Central Oaks Copmmunity Church	Royal Oak, MI	\$37,371.53
First FWB Church	Albany, GA	\$35,226.50
First FWB Church North Little Rock	North Little Rock, AR	\$34,909.40
Fellowship FWB Church	Bryan, TX	\$34,252.28
Mt. Zion FWB Church	Pell City, AL	\$33,641.08
Maple Grove Bible Church	Sterling Heights, MI	\$33,333.00
Zephyr Hills FWB Church	Asheville, NC	\$32,716.46
Bethany FWB Church	Broken Arrow, OK	\$30,191.96
Connect Church	Russellville, AR	\$29,501.91
Ebenezer FWB Church	Glennville, GA	\$29,410.19
Westside FWB Church	Johnsonville, SC	\$28,552.16
Blue Point FWB Church	Cisne, IL	\$28,425.09
Sutton FWB Church	Pocahontas, AR	\$27,600.89

In 2021, we recorded **\$578,405.58** in undesignated funds for the World Missions Offering (WMO). Twenty-five churches gave \$5,000 or more donating \$261,031.59.

Name	City, State	2021 WMO
Bethel FWB Church	Kinston, NC	\$39,673.72
Unity FWB Church	Greenville, NC	\$27,199.15
Sutton FWB Church	Pocahontas, AR	\$20,638.71
Zephyr Hills FWB Church	Asheville, NC	\$17,516.01
First FWB Church Poteau	Poteau, OK	\$17,411.00
Ebenezer FWB Church	Glennville, GA	\$16,000.00
Heads FWB Church	Cedar Hill, TN	\$10,364.57
Sulphur FWB Church	Sulphur, OK	\$9,029.75
Fellowship FWB Church	Bryan, TX	\$7,855.00
First FWB Church	Mountain Grove, MO	\$7,540.50
First FWB Church Checotah	Checotah, OK	\$6,976.79
Blue Point FWB Church	Cisne, IL	\$6,906.00
First FWB Church North Little Rock	North Little Rock, AR	\$6,860.39
First FWB Church	Beaufort, NC	\$6,644.00
Harrison FWB Church	Minford, OH	\$6,055.00
McCorkle FWB Church	Sod, WV	\$6,000.00
Connect Church	Tupelo, MS	\$5,955.00
First FWB Church	Dickson, TN	\$5,789.00
First FWB Church Star City	Star City, AR	\$5,700.00
Ina FWB Church	Ina, IL	\$5,550.00
Sherwood Forest FWB Church	El Sobrante, CA	\$5,257.00
Heritage FWB Church	Columbus, OH	\$5,110.00
Winfield First FWB Church	Winfield, AL	\$5,000.00
Union Grove FWB Church	Atkins, AR	\$5,000.00
Bethany FWB Church	Broken Arrow, OK	\$5,000.00



Independent Auditor's Report

Board of Directors
IM, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of IM, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

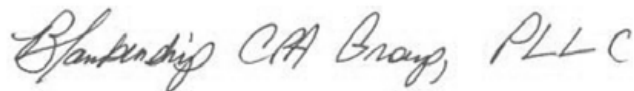
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC
Brentwood, Tennessee
April 7, 2022

IM, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 1,025,932	\$ 1,196,411
Investments in trusts	2,254,248	2,323,391
Investments, other	7,119	6,397
Endowment investments in trusts	279,398	-
Prepaid expenses	196,413	305,256
Advances and receivables	469,347	428,981
Property and equipment, net	1,553,709	949,309
Total assets	\$ 5,786,166	\$ 5,209,745
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 316,906	\$ 213,667
Accrued employee benefits	56,633	64,406
PPP loan	-	240,000
Notes payable	28,137	43,666
Total liabilities	401,676	561,739
Net assets		
Without donor restrictions	723,774	911,897
With donor restrictions	4,660,716	3,736,109
Total net assets	5,384,490	4,648,006
Total liabilities and net assets	\$ 5,786,166	\$ 5,209,745

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 1,248,787	\$ 6,939,728	\$ 8,188,515
Investment and interest income	74,221	-	74,221
Other income	240,099	-	240,099
Gain on disposal of property and equipment	26,765	-	26,765
Net assets released from restrictions	<u>6,015,121</u>	<u>(6,015,121)</u>	<u>-</u>
Total revenues, gains, and other support	7,604,993	924,607	8,529,600
Expenses			
Program services	6,660,782	-	6,660,782
Management and general	684,316	-	684,316
Fundraising	<u>448,018</u>	<u>-</u>	<u>448,018</u>
Total expenses	7,793,116	-	7,793,116
Change in net assets	(188,123)	924,607	736,484
Net assets, beginning of year	<u>911,897</u>	<u>3,736,109</u>	<u>4,648,006</u>
Net assets, end of year	\$ 723,774	\$ 4,660,716	\$ 5,384,490

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 1,432,933	\$ 5,913,530	\$ 7,346,463
Investment and interest income	50,903	-	50,903
Other income	43	-	43
Gain on disposal of property and equipment	13,314	-	13,314
Net assets released from restrictions	5,090,832	(5,090,832)	-
Total revenues, gains, and other support	6,588,025	822,698	7,410,723
Expenses			
Program services	5,732,422	-	5,732,422
Management and general	609,404	-	609,404
Fundraising	420,792	-	420,792
Total expenses	6,762,618	-	6,762,618
Change in net assets	(174,593)	822,698	648,105
Net assets, beginning of year	1,086,490	2,913,411	3,999,901
Net assets, end of year	\$ 911,897	\$ 3,736,109	\$ 4,648,006

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

		Supporting services		
	Program services	Management and general	Fundraising	Total
Compensation and benefits	\$ 3,681,623	\$ 307,013	\$ 299,436	\$ 4,288,072
Depreciation	151,224	71,467	124	222,815
Equipment and supplies	76,657	96,020	4,634	177,311
Facilities and utilities	188,611	118,374	4,135	311,120
Field housing and education	936,814	-	-	936,814
Field projects	717,620	124,477	-	842,097
Marketing and development	82,146	36,211	71,124	189,481
National convention	24,921	6,185	32,553	63,659
Professional services	2,776	16,486	-	19,262
Training	49,640	12,171	8,559	70,370
Travel	542,208	36,913	21,423	600,544
WMO campaign	50	-	5,866	5,916
Bank and credit card charges	5,174	34,658	-	39,832
Miscellaneous	22,419	3,240	164	25,823
Total expenses before allocation	6,481,883	863,215	448,018	7,793,116
Indirect missionary expense allocation	178,899	(178,899)	-	-
Total expenses	\$ 6,660,782	\$ 684,316	\$ 448,018	\$ 7,793,116

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

		Supporting services		
	Program services	Management and general	Fundraising	Total
Compensation and benefits	\$ 3,197,625	\$ 386,537	\$ 314,948	\$ 3,899,110
Depreciation	132,881	65,023	745	198,649
Equipment and supplies	38,971	87,240	7,870	134,081
Facilities and utilities	220,416	105,497	4,831	330,744
Field housing and education	859,122	-	-	859,122
Field projects	651,143	8,221	-	659,364
Marketing and development	60,265	46,494	47,639	154,398
National convention	1,096	498	1,441	3,035
Professional services	5,294	11,600	-	16,894
Training	24,756	4,106	5,460	34,322
Travel	355,457	22,313	14,158	391,928
WMO campaign	-	-	23,700	23,700
Bank and credit card charges	4,102	31,246	-	35,348
Miscellaneous	10,323	11,600	-	21,923
Total expenses before allocation	5,561,451	780,375	420,792	6,762,618
Indirect missionary expense allocation	170,971	(170,971)	-	-
Total expenses	\$ 5,732,422	\$ 609,404	\$ 420,792	\$ 6,762,618

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash, beginning of year	\$ 1,196,411	\$ 1,278,264
Cash flows from operating activities		
Change in net assets	736,484	648,105
Adjustments to reconcile change in net assets to net cash provided by (used) operating activities:		
Depreciation	222,815	198,649
Unrealized gain on investment	(74,221)	(47,451)
Gain on disposal of property and equipment	(26,765)	(13,314)
Forgiveness of PPP loan	(240,000)	-
Change in:		
Prepaid expenses	108,843	(226,522)
Advances and receivables	(40,366)	(44,652)
Account payable and accrued expenses	103,239	7,527
Accrued employee benefits	(7,773)	(15,728)
Net cash provided by (used) operating activities	782,256	506,614
Cash flows from investing activities		
Purchases of investments	(136,756)	(600,000)
Purchases of property and equipment	(864,705)	(267,912)
Proceeds from sale of property and equipment	64,255	54,072
Net cash provided (used) by investing activities	(937,206)	(813,840)
Cash flows from financing activities		
Payments on notes payable	(15,529)	(14,627)
Proceeds from PPP loan	-	240,000
Net cash provided (used) by financing activities	(15,529)	225,373
Net change in cash	(170,479)	(81,853)
Cash, end of year	\$ 1,025,932	\$ 1,196,411
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 2,195	\$ 3,097

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 1. Organization and Nature of Activities

IM, Inc. 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 from Free Will Baptist Churches.

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

Principles of Consolidation

The accompanying financial statements include the accounts of IM, Inc. and The Hanna Project, its wholly-owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

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

Investments

Investments include funds held in trusts established and maintained by the Free Will Baptist Foundation (the Foundation). The Foundation invests the trusts in debt securities, government securities, and preferred stock and values the trusts at amounts that approximate fair value. Additionally, investments are held in equity securities that are carried at fair value.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 2. Summary of Significant Accounting Policies

Property and Equipment

The Organization's policy is to capitalize all property and equipment over \$4,000. Property and equipment acquisitions are recorded at cost. Donations of equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on a trade-in) or loss is included in the statements of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of 3 to 39 years and is computed on a straight-line method.

PPP Loan

The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	Method of allocation
Compensation and benefits	Time and effort
Facilities and utilities	Time and effort
Depreciation	Time and effort
Equipment and supplies	Time and effort

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 3. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	2021	2020
Financial assets		
Cash	\$ 1,025,932	\$ 1,196,411
Investments in trusts	2,254,248	2,323,391
Investments, other	7,119	6,397
Endowment investments in trusts	279,398	-
Advances and receivables	<u>469,347</u>	<u>428,981</u>
Total financial assets	4,036,044	3,955,180
Less amounts not available to be used within one year		
Advances for long-term use	(81,037)	(65,041)
Permanently restricted portion of investments	<u>(162,997)</u>	<u>(26,241)</u>
	(244,034)	(91,282)
Financial assets available to meet cash needs for general expenditures over the next 12 months	\$ 3,792,010	\$ 3,863,898

The Organization is working towards a goal to maintain financial assets to meet six months of operating expenses. As part of its liquidity plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and churches and the Organization makes specific appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the board of directors.

Note 4. Investments in Trusts

Investments in trusts held by the Free Will Baptist Foundation are carried at quoted fair value. The Organization's trusts consist of the following:

	2021	2020
General Reserves Trust	\$ 2,251,407	\$ 2,189,914
Support Services Trust	-	130,705
MK Scholarship Trust	<u>2,841</u>	<u>2,772</u>
	\$ 2,254,248	\$ 2,323,391

The total investment income for the trusts was \$61,562 and \$47,451 for 2021 and 2020, respectively.

US GAAP requires 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). All of the Organization's investments are valued using Level 2 and 3 measurements.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 5. Investments, Other

The Organization's investments at December 31, 2021 and 2020 consisted of equity securities. Unrealized gains (losses) were \$722 and (\$459) for 2021 and 2020, respectively. There were no realized gains or losses. The equity securities are valued with level 1 inputs as more fully described in note 4.

Note 6. Endowment Investments

During 2020, the Organization created two endowment funds with The Free Will Baptist Foundation to assist in providing funds for the general operations of the Organization (IM Cornerstone Endowment) and to assist in providing start-up funds for new missionaries entering the field (IM Grow Endowment). During 2021, transfers from both restricted and unrestricted funds along with contributions by donors begin to fund the IM Cornerstone Endowment. The Organization's endowment investments at December 31, 2021 consist of the following:

Cash, not yet invested with the Free Will Baptist Foundation	\$	134,600
IM Cornerstone Endowment Trust		<u>144,798</u>
	\$	279,398

The Organization's investments include donor-restricted funds and funds designated by the board of directors to function as an endowment (see note 13). Earnings of the endowment are classified as net assets without donor restrictions as they are available for appropriation by the Organization at any time.

Changes in the endowment assets are as follows:

	Without donor restrictions	With permanent restrictions	Total
December 31, 2020	\$ -	\$ -	\$ -
Transfer of investments	105,674	25,031	130,705
Contributions	-	136,756	136,756
Investment income	<u>11,937</u>	<u>-</u>	<u>11,937</u>
December 31, 2021	\$ 117,611	\$ 161,787	\$ 279,398

Note 7. Advances and Receivables

Included in advances and receivables is \$453,948 and \$423,346 at December 31, 2021 and 2020, respectively, 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.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 8. Property and Equipment

A summary of property and equipment at December 31 is as follows:

	2021	2020
Land	\$ 178,483	\$ 165,963
Buildings	966,239	497,888
Office furniture and equipment	79,097	79,098
Cameras and projectors	98,754	68,754
Automobiles	1,267,224	1,045,632
Computer equipment and software	<u>47,648</u>	<u>47,648</u>
	2,637,445	1,904,982
Less: accumulated depreciation	<u>(1,083,736)</u>	<u>(955,673)</u>
Property and equipment, net	\$ 1,553,709	\$ 949,309

Depreciation expense amounted to \$222,815 and \$198,649 for 2021 and 2020, respectively.

Note 9. Accrued Employee Benefits

Accrued employee benefits consists of funds provided to employees at the time of separation or retirement. One program provides a cash payout upon separation based on reaching 25 years of service. The second program provides a lump sum payments to non-missionary employees at the time of separation based on the number of years of service.

Note 10. Notes Payable

Notes payable consist of the following as of December 31:

	2021	2020
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.	\$ 28,137	\$ 43,666

Annual principal maturities of notes payable are as follows:

Year ended December 31,	
2022	\$ 16,484
2023	<u>11,653</u>
Total	\$ 28,137

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 11. PPP Loan

On April 17, 2020, the Organization received a loan in the amount of \$240,000 in accordance with the PPP section of the CARES Act. On March 1, 2021, the Organization received notice that the loan was forgiven by the US Small Business Administration. Accordingly, the Organization has recognized the forgiveness as other income in 2021.

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2021	2020
Subject to expenditure for mission personnel and projects	\$ 4,497,719	\$ 3,709,868
Endowment investments in perpetuity	161,787	-
Other investments in perpetuity	<u>1,210</u>	<u>26,241</u>
	\$ 4,660,716	\$ 3,736,109

The Organization has a policy of allocating certain indirect missionary costs to missionary/field net assets. The administrative allocation totaled \$569,049 and \$533,913 for 2021 and 2020, respectively, and is recorded as a direct transfer from net assets with donor restrictions to net assets without donor restrictions. The support allocation totaled \$178,899 and \$170,917 for 2021 and 2020, respectively, and is recorded as an increase in program services and a reduction of management and general expenses on the statements of functional expenses.

Note 13. Designated Net Assets Without Donor Restrictions

Included in net assets without donor restrictions are funds designated by the board of directors to fund missionary accounts with deficit balances and to fund specific mission projects. Additional funds are designated by the board of directors to assist in funding the IM Cornerstone Endowment (see note 6). Balances at December 31 are as follows:

	2021	2020
Designated for missionary accounts	\$ 399,789	\$ 484,155
Endowment investments in perpetuity	<u>105,674</u>	<u>-</u>
	\$ 505,463	\$ 484,155

Note 14. 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 6% of gross salary for missionaries and administrative employees. Employees are allowed to contribute but are not required to contribute. Pension expenses amounted to \$106,160 and \$107,492 for 2021 and 2020, respectively. The pension plan is a defined contribution plan. Under the plan, an account is maintained for each participant and upon retirement, the participant can either receive a lump-sum distribution or purchase one of several types of annuity contracts.

Note 15. Lease

The Organization leases office space from the National Association of Free Will Baptists on a year-to-year basis. The rent expense amounted to \$107,964 and \$96,297 for 2021 and 2020, respectively.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 16. Concentrations

The Organization has cash balances in banks in excess of amounts federally insured. The uninsured balances totaled approximately \$774,000 and \$792,000 at December 31, 2021 and 2020, respectively. The Organization maintains its cash with high quality financial institutions which the Organization believes limits these risks.

The Organization's operations occur substantially in countries outside of the United States. The net book value of the Organization's cash and property and equipment residing outside of the United States totaled \$1,123,171 and \$661,104 at December 31, 2021 and 2020, respectively.

Note 17. Related Parties

The Organization is affiliated with 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 revenues and support are 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 18. Subsequent Events

The Organization has evaluated subsequent events through April 7, 2022, the date on which the financial statements were available for issuance.

IM, Inc.

2023 Operational Budget Summary

Category	2021 Approved Budget		2021 Actuals		2022 Approved Budget		2023 Proposed Budget	
Field Ministries & Projects	\$	\$1,280,000.00	\$	1,737,212.46		\$1,352,000.00		\$1,416,000.00
Missionary Compensation & Benefits	\$	4,000,000.00		\$3,612,267.02	\$	4,225,000.00	\$	4,425,000.00
Missionary Travel/Transportation	\$	1,120,000.00		\$596,196.33	\$	1,183,000.00	\$	1,239,000.00
Mobilization & Development	\$	480,000.00		\$576,511.11	\$	507,000.00	\$	531,000.00
Administration	\$	1,120,000.00		\$935,439.70	\$	1,183,000.00	\$	1,239,000.00
Grand Totals	\$	8,000,000.00	\$	7,457,626.62	\$	8,450,000.00	\$	8,850,000.00

IM Directors Compensation Proposals 2023

	2021 Actual	2022 Actual	2023 Proposed
General Director - Clint Morgan			
Salary	59,834.33	62,349.36	79,619.24
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	14,059.80	14,481.59	17,377.91
Retirement	4,191.72	4,317.47	5,180.96
Insurance	18,489.96	20,886.84	20,886.84
Christmas Bonus	1,612.20	1,660.56	1,992.68
Total Cost of Employment	122,188.00	127,695.83	149,057.62
Director of Financial Operations - Robert Conley			
Salary	73,897.11	76,114.02	83,860.36
Social Security	12,478.27	12,852.62	14,160.66
Retirement	3,694.86	3,805.70	4,193.02
Insurance	24,626.16	21,574.28	20,964.24
Christmas Bonus	1,421.10	1,463.73	1,612.70
Total Cost of Employment	116,117.49	115,810.35	124,790.98
Director of THP - Danny Gasperson			
Salary	44,686.86	46,747.47	53,822.22
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	11,519.43	11,865.01	13,051.51
Retirement	3,434.34	3,537.37	3,891.11
Insurance	18,544.08	20,964.24	20,964.24
Christmas Bonus	1,320.90	1,360.53	1,496.58
Total Cost of Employment	103,505.61	108,474.62	117,225.66
Director of Field Ministry Personnel - Curt Holland			
Salary	42,851.16	46,236.69	53,860.36
Housing and Utilities	30,000.00	30,000.00	30,000.00
Social Security	12,217.82	12,785.60	14,064.16
Retirement	3,642.56	3,811.83	4,193.02
Insurance	24,285.96	27,947.16	27,947.16
Christmas Bonus	1,400.98	1,466.09	1,612.70
Total Cost of Employment	114,398.48	122,247.38	131,677.40
Director of Member Care/Mobilization - Neil Gilliland			
Salary	70,378.20	72,489.54	79,738.50
Social Security	11,884.06	12,240.59	13,464.65
Retirement	3,518.91	3,624.48	3,986.92
Insurance	18,489.96	20,910.12	20,910.12
Christmas Bonus	1,353.43	1,394.03	1,533.43
Total Cost of Employment	105,624.56	110,658.75	119,633.62
Director of Development - Don Matchett			
Salary	34,378.19	36,489.54	43,738.49
Housing and Utilities	36,000.00	36,000.00	36,000.00
Social Security	11,803.08	12,157.17	13,372.89
Retirement	3,518.91	3,624.48	3,986.92
Insurance	24,626.16	28,287.36	28,287.36
Christmas Bonus	1,353.43	1,394.03	1,533.43
Total Cost of Employment	111,679.77	117,952.58	126,919.10
Director of Field Partnerships - Kenneth Eagleton			
Salary	50,091.12	52,133.85	59,147.24
Housing and Utilities	18,000.00	18,000.00	18,000.00
Retirement Bonus	600.00	600.00	600.00
Social Security	11,519.43	11,860.83	13,037.04
Retirement	3,434.34	4,208.03	4,628.83
Insurance	18,544.08	10,080.00	10,080.00
Christmas Bonus	1,320.90	1,348.73	1,483.60
Total Cost of Employment	103,509.87	98,231.44	106,976.71



FWB WOMEN'S MINISTRIES

A year of transition describes 2021 for WNAC. Elizabeth Hodges retired, leaving the office at the end of August. I became the interim director, and a new director was announced. Terry Hill, our auditor, commented that there were a lot of pieces to the puzzle this year.

Our cash giving was down again, partly because WNAC no longer charges dues to be a member, making participation in FWB women's ministries more appealing. In January, the board launched the WNAC Giving Tree, a fundraising campaign designed to increase the annual income of the office by \$35,000. You can join the Giving Tree by partnering with WNAC in one of the following categories of monthly giving:

White leaf: \$10 per month
Bronze leaf: \$25 per month
Silver leaf: \$50 per month
Gold leaf: \$100 per month
Platinum leaf: Over \$100 per month

To date, the campaign has generated \$1950 in new monthly support. We need your help in making this campaign successful by encouraging groups, churches, and individuals to pledge monthly.

Treasure Bible study guide is online and free. Downloadable and printable studies are available each month. International translations are offered in Spanish, French, and Portuguese. The design of the guide has changed thanks to Tori Thomsen Matlock. She is essential in designing *Treasure* each quarter.

When Dr. Eddie Moody joined the Executive Office as director, he challenged departments to increase their social media presence. You can connect with us by receiving our Eblasts highlighting current news and videos that share devotional thoughts and ministry ideas. WNAC can be found on Facebook, Instagram, and Twitter.

Shine's ministry to tween/teen girls also has a website and social media presence. Blogs are posted twice a month. Sign-up at the exhibit hall booth to receive alerts when blogs are posted or begin receiving Eblasts.

WNAC's website (www.wnac.org) and app (found in the app store) are other ways of communication opportunities.

Flourish Ladies' Day events were rescheduled due to COVID. The first one was held in Huntington, West Virginia, on March 26, 2022, at Central Free Will Baptist with 115 present representing ten states. Excitement filled the room as women renewed friendships and made new ones. Ladies from Kentucky, Ohio, and West Virginia came together to host this incredible event.

The Provision Closet remains a tangible way to love on missionaries and church planters. Current needs are posted on WNAC's website. \$21,000 in cash, gift cards, and items were given to the closet in 2021.

Our scholarship programs help to invest in the next generation of FWB leaders. The 2021 recipients were: *Miley Scholarship* - Daniel Delgado (Welch College); *Cleo Pursell Foreign Student Scholarship* - Cedars of Lebanon Bible

Institute, Cuba; and *Dr. Mary R. Wisheart Scholarship* - Katelynn Collier (Randall University), Cassidy Clary (South-eastern FWB College), and Miranda Howell (Welch College).

It has been my privilege to serve the women of our denomination as interim director. I look forward to assisting Ruth McDonald, the new director, with the everyday tasks of the office while she adjusts to a new ministry.

In Christ,

Phyllis

Phyllis York,
Interim Director

Synopsis of Board Minutes

January 19, 2021

MSC to approve Elizabeth Hodges' retirement notice effective December 31, 2021.

January 26, 2021

MSC to appoint a search committee for a new director.

March 16, 2021

MSC to approve the proposed budget for 2022.

MSC to move the Wisheart Scholarship Fund and the funds in the Marjorie Workman Endowment from the Foundation to the Board of Retirement's institutional investment account. Thus, resulting in three fund pools under the one WNAC EIN.

April 15, 2021

The Board met for informational purposes; no actions were taken.

May 18, 2021

MSC to approve the 2020 WNAC audit as presented by Terry Hill.

August 29, 2021

MSC to approve Phyllis York as acting executive director of WNAC.

MSC to approve proposed benefits for the acting director.

September 2, 2021

MSC via electronic mail vote to accept a revised pay package for the acting director.

September 30 – October 2, 2021

MSC to petition NAFWB to remove WNAC from the Rest of the Family offering to allow for a FWB Women's Ministry Emphasis Offering in May.

November 30, 2021

The Board met for informational purposes; no actions were taken.



Hill, Harper & Associates
A Professional Limited Liability Company
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.**

Opinion

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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WNAC, as of December 31, 2021 and 2020, and results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WNAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WNAC's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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Franklin, Tennessee 37068

Ernest R. Harper
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In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understating of internal control relevant to the audit 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 WNAC's internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about WNAC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hill Harper & Associates

A Professional Limited Liability Company
Franklin, Tennessee
May 4, 2022

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

Statements of Financial Position

December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 41,284	33,114
Funds held by Free Will Baptist Foundation (including \$25,304 in 2021 and \$105,202 in 2020 of funds with donor restrictions)	51,819	140,760
	<u>93,103</u>	<u>173,874</u>
Investments for operations with Board of Retirement and Insurance of NAFWB, Inc.	124,814	40,780
Accounts receivable	665	1,560
Inventory and prepaid expenses	6,530	5,934
Total current assets	<u>225,112</u>	<u>222,148</u>
Long lived assets:		
Depreciable assets:		
Vehicle	23,740	23,740
Office equipment and furniture	29,543	29,543
	53,283	53,283
Less accumulated depreciation	39,833	30,091
	<u>13,450</u>	<u>23,192</u>
Funds held by Free Will Baptist entities for endowments	62,633	59,299
Total long lived assets	<u>76,083</u>	<u>82,491</u>
	<u>\$ 301,195</u>	<u>304,639</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued payroll withholdings	\$ 4,165	4,490
Funds held for other organizations and agencies	4,968	2,633
Deferred revenues	2,199	2,199
Total current liabilities	<u>11,332</u>	<u>9,322</u>
Net assets:		
Net assets without donor restrictions	82,575	97,495
Net assets with donor restrictions	207,288	197,822
Total net assets	<u>289,863</u>	<u>295,317</u>
	<u>\$ 301,195</u>	<u>304,639</u>

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

For the year ended December 31, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total
Revenue and Support:						
Funds for other agencies and departments:						
Amount received	\$ 29,231	-	29,231	32,851	-	32,851
Amount incurred	(29,231)	-	(29,231)	(32,851)	-	(32,851)
Operations:						
Gifts, grants and offerings	80,775	16,180	96,955	84,941	12,075	97,016
Together Way Plan distribution	86,563	-	86,563	85,158	-	85,158
Interest income	1,228	3,240	4,468	1,089	2,176	3,265
Other revenue	68	-	68	2,149	-	2,149
Distributions - endowment income	1,319	(1,319)	-	1,319	(1,319)	-
Convention and retreats:						
Convention revenues	21,071	-	21,071	1,748	-	1,748
Total revenue and support	191,024	18,101	209,125	176,404	12,932	189,336
Net assets released from restrictions	13,638	(13,638)	-	17,317	(17,317)	-
Net revenue and support	204,662	4,463	209,125	193,721	(4,385)	189,336
Operating expenses:						
Program services	214,823	-	214,823	182,333	-	182,333
Supporting service	25,292	-	25,292	40,039	-	40,039
	240,115	-	240,115	222,372	-	222,372
Net change from operating activities	(35,453)	4,463	(30,990)	(28,651)	(4,385)	(33,036)
Non-operating activities:						
Grant from FWB Foundation	-	-	-	100,000	-	100,000
PPP loan forgiven to become grant	17,160	-	17,160	19,200	-	19,200
Gain from investment assets	3,373	5,003	8,376	5,780	6,364	12,144
Net change from non-operating activities	20,533	5,003	25,536	124,980	6,364	131,344
Change in net assets	(14,920)	9,466	(5,454)	96,329	1,979	98,308
Net assets:						
Beginning of year	97,495	197,822	295,317	1,166	195,843	197,009
End of year	\$ 82,575	207,288	289,863	97,495	197,822	295,317

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the year ended December 31, 2021 and 2020

	2021			2020		
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>
Operations:						
Salaries	\$ 76,373	8,722	85,095	63,024	18,284	81,308
Employee benefits, payroll taxes, and health insurance	29,748	3,212	32,960	27,609	8,000	35,609
Rent	27,594	-	27,594	27,594	-	27,594
Travel	2,083	-	2,083	2,350	-	2,350
Africa medical mission	-	-	-	544	-	544
Office expense and other	20,842	-	20,842	16,453	-	16,453
Vehicle expense	4,849	-	4,849	3,149	-	3,149
Legal and audit	-	5,500	5,500	-	5,200	5,200
Postage and shipping	1,106	-	1,106	1,133	-	1,133
WNAC Board of Trustees	-	5,274	5,274	-	6,159	6,159
Promotion	3,232	-	3,232	483	-	483
Dues, subscriptions and continuing educ	-	2,584	2,584	-	2,396	2,396
Depreciation	9,743	-	9,743	9,501	-	9,501
Support for One Magazine	8,853	-	8,853	7,722	-	7,722
Restricted expenditures:						
C. Pursell Foreign Scholarship Fund	600	-	600	750	-	750
Mary Wischart Student Scholarship Fund	4,000	-	4,000	5,000	-	5,000
Steward Provision Closet	9,038	-	9,038	11,567	-	11,567
Total expenses of operations	198,061	25,292	223,353	176,879	40,039	216,918
Convention:						
Annual convention	16,475	-	16,475	3,700	-	3,700
Retreats	287	-	287	1,754	-	1,754

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (5,454)	98,308
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	9,743	9,501
Gain on endowment funds held by Free Will Baptist Foundation	(2,491)	(6,364)
Gain on investment with FWB Board of Retirement	(8,376)	(5,780)
PPP loan forgiven	(17,160)	(19,200)
(Increase) decrease in:		
Receivables	895	(1,560)
Inventory and prepaid expenses	(596)	(1,964)
Increase (decrease) in:		
Deferred revenues	-	2,199
Funds held for other denominational agencies and organizations	2,335	(8,505)
Accounts payable and accrued expenses	(350)	(69)
Net operating activities	<u>(21,454)</u>	<u>66,566</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of investment with FWB Board of Retirement	(75,000)	(35,000)
Purchase of vehicle net of trade in	-	(23,740)
Purchase of computer	-	(3,159)
Net change in endowment investments held by Free Will Baptist Foundation	<u>(1,477)</u>	<u>(177)</u>
Net investing activities	<u>(76,477)</u>	<u>(62,076)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from PPP loan, subsequently forgiven	<u>17,160</u>	<u>19,200</u>
Increase in cash and cash equivalents	(80,771)	23,690
Cash and cash equivalents:		
Beginning of year	<u>173,874</u>	<u>150,184</u>
End of year	<u>\$ 93,103</u>	<u>173,874</u>
Cash and cash equivalents consist of:		
Cash in bank	\$ 41,284	33,114
Funds held by Free Will Baptist Foundation	<u>51,819</u>	<u>140,760</u>
	<u>\$ 93,103</u>	<u>173,874</u>

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

Notes to Financial Statements

December 31, 2021 and 2020

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 roles 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.

WNAC implemented ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities with its effective date for the year ended December 31, 2018. As required by generally accepted accounting principles, WNAC reports information regarding its financial position and activities according to two classes of net assets, as applicable:

Net assets without donor restrictions - Net assets not subject to donor imposed stipulations. These funds may be designated for specific purposes by action of the governing body.

Net assets with donor restrictions - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

Certain amounts in the prior-year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ongoing activities, including investment income. Non-operating activities are limited to resources that generate return from investment, if any, and other activities of a more unusual or non recurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in statement of activities. These expenses are presented by their natural classification in the statement of functional expenses by individual component of program service and administrative expenses. Administrative expenses consist of administration, accounting and other general expenses.

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.

**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

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.

Investments

Investments are recorded at cost if purchased, or at fair value if donated. Thereafter, investments are reported at their values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Gains and losses on sales of investments are recorded in the statements of activities as realized if sold and as unrealized if measured by changes in market values. Investment earnings are recorded when earned.

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. All investments are held by related Free Will Baptist entities and are valued at market using Level 2 inputs - see note 4.

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.

Contributions, including Grants

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contributions of assets, if any, are recorded at fair value at the date of the donation, depending upon whether or not the contribution is restricted by the donor.

Revenue Recognition

We have reviewed the provisions of the FASB ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

Accounts Receivable and Printing of Magazine (Treasure)

Printing of Treasure Magazine was terminated during 2019. The magazine is available online at no charge. Receivables, if any, are miscellaneous in nature.

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.

**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

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 2021 and 2020. 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.

Concentration of Credit Risk

WNAC has an accounting risk of loss to the extent of funds held by Free Will Baptist Foundation and investments held by Free Will Baptist Board of Retirement. 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 and has not experienced, nor does it anticipate, any losses with respect to such accounts.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through May 4, 2022, the date these financial statements were available to be issued.

(2) Liquidity and Availability of Financial Assets

The following reflects WNAC's financial assets as of balance sheet dates, reduced by the amounts not available for general use because of donor-imposed restrictions within one year from the balance sheet date as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 93,103	173,874
Gift cards included in inventory and prepaid assets	3,030	2,435
Investments with Board of Retirement and Insurance of NAFWB, Inc. (net of Endowment investment of \$60,117)	124,814	40,780
Accounts receivable	665	1,560
	<u>221,612</u>	<u>218,649</u>
Donor restricted net assets included in financial assets above		
Mary Wisehart Student Scholarship Fund	90,229	86,946
C. Pursell Foreign Scholarship Fund	915	893
Steward Provision Closet (providing supplies and other benefit to missionaries)	53,511	50,684
	<u>144,655</u>	<u>138,523</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 76,957</u>	<u>80,126</u>

WNAC continually monitors cash flow and cash balances, with an end goal to maintain positive cash flows and cash balances. Excess cash balances are invested with Free Will Baptist entities.

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

Notes to Financial Statements, continued

(3) Investments

The following is summary of investments:

	2021			2020		
	Cost or Basis	Market Value	Change Gain (loss)	Cost or Basis	Market Value	Change Gain (loss)
Endowment	\$ 52,138	62,633	10,495	52,113	59,299	7,186
Operations	\$ 112,795	124,814	12,019	35,000	40,780	5,780
Totals	\$ 164,933	187,447	22,514	87,113	100,079	12,966

The above investments are held by the following Free Will Baptist entities in grouped investment funds:

	2021	2020
Endowment:		
Free Will Baptist Foundation	2,516	59,299
Board of Retirement and Insurance of the NAFWB	60,117	-
	<u>62,633</u>	<u>59,299</u>
Operations - Board of Retirement and Insurance of the NAFWB		
	2021	2020
Change in market value to cost	\$ 9,548	12,321
Gifts invested	(2,820)	(1,496)
Income distributions	1,319	1,319
	<u>\$ 10,068</u>	<u>12,144</u>

(4) Endowment Funds

Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested indefinitely, and the income earned be expended for the mission of WNAC. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

WNAC is subject to the State Prudent Management of Institutional Funds Act (SPMICA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until appropriated for expenditure. The Board of Trustees have interpreted SPMIFA as requiring maintenance of only the original gift amount contributed to the endowment fund. As a result of this interpretation, WNAC would consider the fund to be underwater if the fair value of the fund is less than the sum of the original value of the contribution and subsequent gifts donated to the fund. WNAC has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

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. All resulting net accumulated investments gains are maintained either as net assets with donor restriction to fund appropriations which are generally calculated at approximately 5%.

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

Notes to Financial Statements, continued

(4) Endowment Funds, continued

The balances relating to endowment funds are as follows:

	<u>2021</u>	<u>2020</u>
Amounts required to be invested in perpetuity:		
Balance at beginning of year	\$ 52,113	50,617
Donor gifts	25	1,496
	<u>\$ 52,138</u>	<u>52,113</u>
Funds accumulated for appropriations:		
Balance at beginning of year	\$ 7,186	2,141
Investment earnings, including investment gains and losses	4,628	6,364
Distributions of earnings	(1,319)	(1,319)
	<u>\$ 10,495</u>	<u>7,186</u>
Total invested funds with Free Will Baptist entities as endowment	<u>\$ 62,633</u>	<u>59,299</u>

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Specific purposes:		
Mary Wisehart Student Scholarship Fund	\$ 90,229	86,946
C. Pursell Foreign Scholarship Fund	915	893
Steward Provision Closet	53,511	50,684
	<u>144,655</u>	<u>138,523</u>
Endowment fund components:		
Undesignated funds invested in perpetuity	52,138	52,113
Funds available for distributions	10,495	7,186
	<u>62,633</u>	<u>59,299</u>
Total net assets with donor restrictions	<u>\$ 207,288</u>	<u>197,822</u>

(5) Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions during the year ended December 31, 2021 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

Cleo Pursell Foreign Student Scholarship Fund	\$ 600
Mary Wisehart Student Scholarship Fund	4,000
Steward Provision Closet	9,038
	<u>13,638</u>
Net assets released	<u>13,638</u>
M. Workman Endowment funds distributed	1,319
	<u>1,319</u>
Net assets released after distributions	<u>\$ 14,957</u>

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

Notes to Financial Statements, continued

(6) 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 15% of compensation. Employees may participate at date of employment. Pension expense amounted to \$10,320 in 2021 and \$8,256 in 2020. 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.

(7) Related Party Transactions

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 \$27,594 in 2021 and \$27,594 in 2020.

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 \$8,853 in 2021 and \$7,722 in 2020. The reduction in expense in 2020 relates to a rebate of 15% extended by One Magazine.

Large Revenues From Related Parties

Larger than normal gifts and grants have been received as follows from agencies of the National Association of Free Will Baptists:

	<u>2021</u>	<u>2020</u>
Cooperative giving through the Together Way Plan	\$ 81,703	80,493
Executive Office	4,860	4,665
Free Will Baptist Foundation	-	100,000

(8) Notes Payable - Payroll Protection Program (PPP) and

Loan Forgiveness - Grant Revenue Earned From Qualified Expenses

WNAC was granted loans from Regions Bank of Nashville Tennessee in the amount of \$17,160 and \$19,200 in 2021 and 2020, respectively, pursuant to the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020. This loan bears interest at 1%.

Under terms of the PPP, the loan will be forgiven if the loan proceeds are used for qualifying expenses as described in the CARES Act. These qualifying expenses include payroll and related costs, mortgage payments, rent, utilities and interest on obligations. WNAC has used all the loan proceeds for those expenses which resulted in forgiveness of entire related loan balances in the respective years and is reported on the statement of activities and changes in net assets as PPP loan forgiven to become grant under Non- operating activities.

WOMEN NATIONALLY ACTIVE FOR CHRIST

2022 Proposed Budget

Projected Revenue	2021 Budget	2021 Actuals	2022 Proposed	2023 Proposed
Gifts, dues, and offerings	115,000.00	96,955.00	106,550.00	122,549.00
Together Way Funds	92,000.00	86,563.00	95,000.00	95,970.00
Other Revenue	500.00	68.00	150.00	150.00
Convention and Retreats	25,000.00	21,071.00	25,000.00	25,000.00
Interest Income	1,000.00	4,468.00	1,500.00	1,500.00
Endowment Income	2,000.00	1,318.00	1,500.00	1,500.00
Gain from investment assets		8,376.00		
PPP Loan		17,160.00		
Total	235,500.00	235,979.00	229,700.00	246,669.00
Projected Operating Expenses				
Salaries and Wages	82,365.00	85,095.00	85,000.00	97,865.00
Payroll Taxes and Employee Benefits	32,625.00	32,960.00	36,000.00	35,868.00
Rent	27,000.00	27,594.00	28,500.00	29,786.00
Travel	9,000.00	2,083.00	5,000.00	5,000.00
Auto Expense	5,000.00	4,849.00	3,000.00	9,000.00
Promotion	3,000.00	3232.00	1,000.00	1,000.00
Office Expense	14,500.00	20,842.00	17,000.00	20,750.00
Professional Service	5,500.00	5,500.00	5,500.00	6,500.00
Postage and shipping	3,000.00	1,106.00	1,500.00	1,100.00
WNAC Board	5,000.00	5,274.00	5,000.00	5,000.00
Dues, Subscriptions, Cont. Education	2,000.00	2,584.00	2,000.00	2,800.00
Depreciation	-	9,743.00		
Conventions & Retreats	24,000.00	16,100.00	22,000.00	20,000.00
Support for One Magazine	9,000.00	8,853.00	9,100.00	9,000.00
Shine	3,000.00	287.00	1,500.00	1,500.00
Flourish	3,000.00	375	1,500.00	1,500.00
Restricted Expenditures		13638		
Total	227,990.00	240,115.00	223,600.00	246,669.00

2021 WNAC SALARIES AND BENEFITS BREAKDOWN

	2021 (revised)	2022 (revised)	2023
Executive Director *			
Salary	46,500.00	9,333.32 *	56,000.00
Social Security/Medicare	3,558.00	714.00	4,284.00
Retirement	7,000.00	1,400.00	8,400.00
Insurance (Travel/Key Man/Health/Life)	10,500.00	166.66	1,000.00 ***
Christmas Bonus	1,000.00	1,000.00	1,000.00
Total Salary and Benefits	68,558.00	12,613.98	70,684.00
Administrative Assistant **			
Salary	36,867.00	38,865.00 **	38,865.00
Social Security/Medicare	2,820.00	2,975.00	2,975.00
Retirement	5,400.00	5,829.00	5,829.00
Insurance (Health & Life)	10,000.00	11,000.00	11,000.00
Christmas Bonus	1,000.00	1,000.00	1,000.00
Total Salary and Benefits	56,087.00	59,669.00	59,669.00
Office Staff (part time)			
Salary	3,000.00	3,000.00	3,000.00
Social Security/Medicare	230.00	230.00	230.00
Christmas Bonus	150.00	150.00	150.00
Total Salary and Benefits	3,380.00	3,380.00	3,380.00
Grand Total of Salaries and Benefits	128,025.00	75,662.98	133,733.00

*2022 actual for Salaries and Wages for Executive Director will be substantially less due to Elizabeth Hodges' retirement and the new director Ruth McDonald's start date of November 1, 2022.

**Compensation for fulfilling interim director position

***Health Insurance will be provided by IM, therefore 9,500 budgeted cost moved to salary.

WNAC Receipts 2021

		FWB Foundation Accts.															
State	Gen Fund	Emphasis	Together Way	Provision Closet Gift Cards	Provision Closet Cash	Workman Endowment	Wishart Student Scholarship	Purcell Foreign Scholarship	International Missions	Home Missions	State Programs	Children's Homes	Colleges	Total			
AL	2,308.00	200.00	462.88	1,380.00	670.00		25.00		2,162.50	662.50				7,870.88			
AR	8,589.48	250.00	16,392.78	50.00	1,180.00									26,462.26			
AZ			16.36											16.36			
CA	830.00	300.00	396.97											1,526.97			
CN	12.58		93.72											106.30			
CO														-			
DE			135.58											135.58			
FL	2,534.00		1,719.15				100.00							4,353.15			
GA	6,147.29	1,255.00	4,307.72	325.00	363.75		151.00	213.75	9,911.75	6,346.00		630.00	561.75	30,213.01			
HI														-			
IL	2,908.90	325.00	2,564.23	420.00	50.00				720.00					6,988.13			
IN	255.93		29.92	205.00										490.85			
KS	50.00		35.13											85.13			
KY	4,865.00	100.00	848.86						60.00	60.00				5,933.86			
MD														-			
MI	1,395.00		610.16	1,470.00	2,295.00									5,770.16			
MO	566.68	150.00	24,723.75		225.00									25,695.43			
MS	1,032.00		1,106.78											2,138.78			
NC	7,714.44	830.00	1,620.49				500.00						30.00	10,694.93			
NH														-			
NM	41.50		511.60											553.10			
NJ														-			
OH	10,888.14	800.00	3,817.04	200.00	20.00		50.00							15,775.18			
OK	5,964.33	40.00	17,520.38	620.00	390.00		25.00	40.00						24,599.71			
OR			243.12											243.12			
PANY	50.00						100.00							150.00			
SC	6,333.68	205.00	25.74	35.00	450.00				2,739.66	1,822.75	100.00		209.00	11,920.83			
TN	22,940.02	675.00	4,520.97	2,100.00	456.00	25.00	2,510.00	365.00						33,591.99			
TX	322.75		193.44		1,700.00									2,216.19			
UT														-			
VA	1,340.00		401.90											1,741.90			
VI			59.63											59.63			
WA														-			
WV	935.00	50.00	256.82						120.00	40.00				1,401.82			
Grant														-			
1% Exe Off			4,859.70											4,859.70			
	88,054.72	5,180.00	87,474.82	6,805.00	7,799.75	25.00	3,461.00	618.75	15,713.91	8,931.25	100.00	630.00	800.75	225,594.95			
Together Way Other: 1% Coop from Executive Office																	

REPORTED DIRECT GIVING FROM WNAC, January - December 2021

STATE	State Missions	International Missions	Home Missions	Colleges	Children's Homes	Youth Camps	Other Mission Objectives	Total
AL	14,775.88	12,210.00	2,050.00	3,661.45	8,911.43		2,404.00	44,012.76
AR	11,404.18	11,362.00	2,790.00	25.00	3,946.50	775.00	25.00	30,327.68
AZ								
CA							400.00	400.00
CANADA								
DE								
FL	1,250.00	980.00			180.00		150.00	2,560.00
GA	3,546.60	160.00	200.00	180.00				4,086.60
IL		140.00	240.00				300.00	680.00
IN								
KS								
KY	225.00	12,528.70	6,272.00		8,910.00	3,765.00	18,455.78	50,156.48
MD								
MI								
MS								
MO								
NM		106.50	9.25		90.00			205.75
NC		9,273.00	4,575.00	2,623.50			3,533.38	20,004.88
OH		3,605.50	2,210.50		625.00			6,441.00
OK	1,625.00	3,443.16	1,872.50	245.00			95.00	7,280.66
OR								
PA/NY								
SC		6,000.00						6,000.00
TN	150.00		725.75			500.00	6,650.00	8,025.75
TX								
UT								
VA		1,026.50	1,213.00			1,256.50		3,496.00
VI								
WA								
WV		5,080.00	3,315.00		700.00			9,095.00
Grant								
1% Exe. Office								
Anonymous							125.00	125.00
Total	32,976.66	65,915.36	25,473.00	6,734.95	23,362.93	6,296.50	32,138.16	192,897.56

TOTAL 2021 GIVING

Pass Through Money	WNAC RECEIPTS	Together Way Receipts	Provision Closet Gift Cards	Provision Closet Non-cash gifts	DIRECT GIVING	Grand Total
2,825.00	2,533.00	462.88	1,380.00	670.00	44,012.76	51,883.64
	8,839.48	16,392.78	50.00	1,180.00	30,327.68	56,789.94
		16.36				16.36
	1,130.00	396.97			400.00	1,926.97
	12.58	93.72				106.30
		135.58				0.00
	2,634.00	1,719.15			2,560.00	6,913.15
17,449.50	7,767.04	4,307.72	325.00	363.75	4,086.60	34,299.61
720.00	3,233.90	2,564.23	420.00	50.00	680.00	7,668.13
	255.93	29.92	205.00			490.85
	50.00	35.13				85.13
120.00	4,965.00	848.86			50,156.48	56,090.34
			1,470.00	2,295.00		0.00
	1,395.00	610.16				5,770.16
	1,032.00	1,106.78				2,138.78
	746.68	24,723.75		225.00		25,695.43
	41.50	511.60			205.75	758.85
30.00	9,044.44	1,620.49			20,004.88	30,699.81
	11,738.14	3,817.04	200.00	20.00	6,441.00	22,216.18
	6,069.33	17,520.38	620.00	390.00	7,280.66	31,880.37
		243.12				243.12
	150.00					150.00
4,871.41	6,538.68	25.74	35.00	450.00	6,000.00	17,920.83
	26,515.02	4,520.97	2,100.00	456.00	8,025.75	41,617.74
	322.75	193.44		1,700.00		2,216.19
						0.00
	1,340.00	401.90			3,496.00	5,237.90
		59.63				59.63
						0.00
160.00	985.00	256.82			9,095.00	10,496.82
						0.00
		4,859.70				4,859.70
					125.00	125.00
26,175.91	97,339.47	87,474.82	6,805.00	7,799.75	192,897.56	418,356.93

2021 WNAC Statistics

Total Giving Through WNAC

- Arkansas
- Kentucky
- Alabama
- Tennessee
- Georgia
- Oklahoma
- North Carolina
- Missouri
- Ohio
- South Carolina

Scholarships

- Miley: Daniel Delgado - Welch
Pursell: Cedars of Lebanon
Wisehart:
Cassidy Clary, Southeastern
Marianda Howell, Welch
Katelynn Collier, Randall

Provision Closet Gifts

- Gift Cards 6,805.00
Cash Gifts 7,799.75
Non-cash gifts 6,372.24
Total Gifts 20,976.99



Executive Director & CEO's Report 2022 National Association of Free Will Baptists

Executive Summary

Recently I wrote a blog post casting light on the value of D6 Family Ministry. Below is the post slightly adapted:

As troops amassed close to the border over the past several weeks, the whole world held its breath. Like kids on the playground fearing a bully, the atmosphere on the world's proverbial playground significantly changed. People began to fear for the families of Ukraine and the kids playing in the streets of Kyiv.

As Putin initiated the actual invasion, an unexpected hero emerged. Ukrainian president Zelensky took off his coat and tie and donned a military uniform complete with helmet. Unlike politicians of the past, this was not for show. This leader did not talk about battles, or watch them from afar, or run from one. Inspiring the world as well as his country, President Zelensky fought alongside the other fathers and husbands of his country. An enemy was invading, and they determined it was time to fight.

You see the parallel to how Satan is laying siege around churches and families today. We need to muster the courage of President Zelensky and the call from Nehemiah 4:14 to fight for our sons and daughters, our wives, and our homes. The reason people do not fight is not for lack of passion, it's for a lack of preparation. If you expect to be effective on the battlefield you must train, prepare, and rehearse. Not only must you know your weapons, but you must also understand a strategy for how to deploy them.

D6 Family Ministry offers the best training, equipping, and strategy-making opportunities for pastors and parents to implement Nehemiah 4:14. Upon completion of the fortification of Jerusalem, the families began to dig deep into the Word, not just on the Sabbath but every day, as spelled out in Nehemiah chapter 8. At the end of the chapter, it is noted that not since the days of Joshua had parents been teaching their kids the way God had instructed them to according to Deuteronomy chapter 6.

Let's come together and find the courage of President Zelensky and the calling of Nehemiah. Recognize the battle for our families is real and the assault can be repelled with proper preparation. Let's take off our daily attire and put on the armor of God, or we will not be able to stand.

Without a doubt, you will see God's handiwork in and through Randall House and D6 Family Ministry. We have a lot to celebrate, but very little time or bandwidth to do so. Our team continues to produce award-winning products in the areas of generational discipleship for the church and home. It's an honor

to work alongside our high-capacity team and strategically thinking board. Below you'll read about curriculum, books, the D6 Conferences—both nationally and internationally—and other aspects of our ministry. I think you'll be encouraged considering the recent challenging times.



Curriculum

There are numerous dilemmas and challenges as we discuss curriculum. Curriculum continues to be our primary source of income, but it is the most challenging source of our income. Production of our studies and devotional magazines absorbs the largest bandwidth of time. Without offering the unique Free Will Baptist distinctive of our curriculum, there really is no need for us to exist as a publisher.

Because curriculum requires a significant timeline for planning and preparation, we cannot easily pivot and do something different without careful consideration. Just for context, prior to D6 curriculum, we produced a scope and sequence that was different for every age. The adult scope and sequence was seven years, and when we released the original D6 curriculum, the sequence changed to six. We maintained the six-year scope and sequence until the release of *D6 EveryDay*, which debuted September 2020 during Covid, when many churches were still not meeting for Sunday School, Life Groups, or small groups. The planning of a curriculum typically takes between 18 and 24 months to strategize what will be taught (scope) and for how long (sequence) and to begin aligning units, ages, and writers. We are two years into the pandemic and about 18 months into *D6 EveryDay*. Now is the time for most of the big details to start falling into place for the next D6 iteration that releases in the fall of 2023. We had such good material contained inside of *D6 EveryDay* and yet most of our churches never got a chance to experience the entire first year. We're debating what to do about that material now.

We continue to work with our discipleship task force. They provide a focus group from within our denomination. The group provides feedback from short surveys to help inform our thoughts about the design of the next iteration of D6 curriculum. We ask that everyone pray for all decisions related to curriculum planning for the next scope and sequence release in the fall of 2023.

Books

In the fall of 2019, we made changes to how our book division selects manuscripts for publishing. The changes in personnel and process show we made the right call. In the previous system, one person triaged and determined what books were brought to our Publisher's board for consideration. Now, three people serve as reviewers and each brings a diverse perspective: theology, education, leadership, female, male, parenting, pastor, and numerous other nuances. The board of directors still sees and approves all titles within the production schedule. Beginning in 2020, we reduced the number of new titles we publish by 10-20% and became far more selective in what we publish.

Sales validate the changes as 2021 books sales rose by 30%, which was the first year of releases with the new process. The first quarter of 2022 has proven to be the very best book sales quarter we have ever had at Randall House. We continue to publish solid works championing Free Will Baptist doctrine, history, and books for the health of your church and families.

We balance book releases among several categories: uniquely Free Will Baptist, family ministry, theology, and academic. Our academic division continues to build its reputation as we are now working with more than one school or seminary. The *D6 Family Ministry Journal* will now be known as the *Southwestern Baptist Theological Seminary D6 Family Ministry Journal*. What does that mean? This partnership has two significant implications: huge credibility to reach people and places we could not on our own, and all costs associated with publishing the journal are now covered by our naming partner.

Our team continues to be dedicated to the mission of publishing in ways that champion our denomination, and family ministry, and promote the cause of Christ with specific emphasis on our unique value.



A quick update about the Randall House Study Bible; another working title could be the Arminian Study Bible. We will determine the title later. Work on the study Bible has been on hiatus during the pandemic as other areas of survival required our priority. While we have a couple of valid translation options, it is our intent to make a final decision by the end of this calendar year. Either we will have settled on a text (Bible translation) and direction for the study notes or we will abandon the project entirely for the foreseeable future. After Crossway told us we could not use the ESV translation, we are strongly leaning toward the New American Standard Bible as the translation. Remember that 95% of pastors study from one Bible and then use a pulpit Bible when preaching. This is a large endeavor and cannot be rushed as each decision affects the end result.

D6 Conference

The D6 Conference hosted 1,055 people in Orlando in April 2022. People want to gather for quality events. We experienced about eight weeks of a Covid surge that affected our registrations. The number of sponsors and exhibitors was at the highest point they've been in nearly a decade. As a unique honor, we hosted a delegation of Korean pastors and recognized the D6 Korea director on the main stage as he shared how D6 is helping their churches and families.



The theme of D6 2022 was RESET. We helped ministry leaders remember the biblical principles while adapting as we move forward in a potentially post-Covid climate.

Studies reveal that pastors and ministry staff are

at a high level of anxiety, frustration, and potential resignation. The D6 Conference encouraged and reinvigorated leaders and volunteers. The intentionality behind all D6 Conference themes is often based on Deuteronomy 6 or a particular slant on family ministry that needs addressing. As we move toward 2023, the theme of our D6 Conference will be **"all in"** taken from the *Shema*. Deuteronomy 6 commands us to love the Lord God with all our heart, with all our soul, and with all our might...**all in**. If each generation were more consistent and passionate about being **all in**, the effectiveness of the gospel would greatly increase the results of how our kids stick to their faith. Right now, as most of you are aware, church families tend to compartmentalize church and life leaving a dual set of values influencing their families.



D6 International

When we say D6 Conference, most people think of our annual event held in Orlando or somewhere in the United States. However, when our team thinks of the D6 Conference, we have to distinguish which country. Randall House and D6 Family Ministry help steward six annual international D6 Conference events, all called the D6 Conference. Each conference operates as a self-sustaining financial model; Randall House and D6 Family Ministry only incur supporting costs to make each of these events happen such as coaching, training, travel, graphic design, and marketing templates. Just as the American church was affected by the pandemic, so were the churches in all of our international settings. Likewise, just as our political parties have a different way of dealing with Covid, so do other countries around the world. Some have experienced more extreme lockdowns and others have tried to press on through the difficulties.

We have a new virtual D6 this year. One of the two co-founding directors of D6 Singapore is helping start yet another D6 in Asia. This director's connections helped spark interest among some 14 countries who joined together online for a 2022 event. Moving forward, the event will most likely reside in Japan, meeting in person beginning in 2023. Working with IM, Inc., we connected our missionaries to jump in on the ground floor and be part of the leadership of the movement for their region of the world. Clint Morgan designated Nathan Snow as the point person for IM Inc. in Japan. Also, there's a new mission partner in Bangladesh named Shakil, who we are connecting as well.

Host countries and the months each event is held:

- D6 United States – April (week after Easter)
- D6 Korea – June (new time of year for them)
- D6 Japan – June (new event)
- D6 Singapore – July
- D6 Malaysia – August
- D6 France – (alternate Spring and Fall every 18 months)
- D6 China – one-day event pre-pandemic, working toward an annual event

Financial

While I have noted many great achievements for the organization over the last several months, operationally we finished in the red because curriculum sales have not recovered to pre-pandemic levels. The average church attendance in America is down 20-30% from pre-pandemic attendance. Sales remain down about 16% in curriculum but are increasing around 1-2% per quarter. Curriculum sales constitute 65% of our total annual income and when sales dip, every ministry effort in our organization suffers. Our numbers worked in 2021 only because of the Paycheck Protection Program (PPP) grant, the sale of a parcel of unused land, sale of a press, and other equipment, none of which can be repeated in 2022 moving forward.

We need your support in two ways: purchase curriculum (which will benefit your church members) and include Randall House and D6 Family Ministry in your church budget. Sunday School classes could support us monthly as well. We have had several churches place us in their budget and their help makes a world of difference. Many of you are supporting our mission on a personal and church level. Thank you for partnering with us on great ministry. Nurturing development will be a focal point for the years to come.



Personnel

The US economy is facing all kinds of twists and curves such as inflation, stagflation, shrinkflation, inverted yield curve, and worker shortage. In Nashville, like most areas, every business needs employees, which results in higher wages. A friend whose son works at the newly opened What-A-Burger said they are paying \$15 an hour and will agree to any schedule requested. If they will work in the kitchen, it is \$18 an hour. Many times, people who work for a Christian or non-profit company could work elsewhere for higher wages. We are not facing workers walking out but could see the possibility of losing team members over time. We are blessed to have people who are passionate about our mission and want to make a difference, not flip burgers. I am just acknowledging the reality of what every non-profit is facing.

Building and Equipment

While we did not have millions of dollars to do renovation during Covid like many hotels, we did have to do some maintenance, repairs, and upgrades. We've added a digital press without spending any more money. Due to a grant from the Free Will Baptist Foundation, we added a new bindery machine, allowing us to complete the printing of all the book components in-house.

We are in desperate need of a warehouse upgrade, shelving, and potentially a forklift picker. I met a man in East Tennessee who is Free Will Baptist and has retired from that very industry. He is able to get us an off-lease machine at near cost. We need to purchase metal shelving much like you find at big stores like Lowes, Sam's, or Home Depot. Our current shelving is made of wood and does not allow any machinery around them. We have limited shelving space in our warehouse. Each of these items requires an investment and we are stewarding each priority in light of our greater mission.



Name Change – D6 Family Ministry

The name of an organization should represent the very best expression of who they are, what they do, and why it is done. We propose a change from "Randall House Publications of the National Association of Free Will Baptists" to "D6 Family Ministry." Since 2009, we have used D6 Family Ministry and Free Will Baptists commonly refer to us as D6 or Randall House. Operating within the greater body of Christ, however, people know us as D6 Family Ministry but do not know we are the Free Will Baptist publisher. By utilizing only D6 Family Ministry, we incorporate a biblical foundation with a name that includes a biblical framework for reaching and teaching all generations. What began in Genesis 1, continued through Deuteronomy 6, Joshua 24, Psalm 78, Daniel 1, Nehemiah 4 and 8, Luke 1, Matthew 19, Ephesians 4-6, and Titus 2 continues to be both God's heartbeat for why and how we reach generations.

The secondary reason comes down to solving the problems the local church faces: losing 50% of teenagers growing up in church, biblical illiteracy, lack of biblical worldview, compromise of Truth, and deconstruction of one's faith. The combined problems listed lead to aging congregations, few being called into ministry, and the pain of prodigals affecting nearly half our congregants. We operate as the discipleship arm of our denomination which entails curriculum for Sunday Schools, Life Groups, small group Bible studies, and we publish books as noted in that section of this report. Likewise, we provide training to various groups under other labels like CTS Ministry Expo, Youth Evangelistic Team (YET), Truth & Peace, the D6 Conference, and others. The essence of what we do will not change but our name will better represent the consistency of our primary mission. From curriculum, books, and other services, everything we do flows through the FILTER of D6 Family Ministry. Even as we work with

Vertical Three, Truth & Peace, YET, and other programs, we are focusing on generational discipleship and developing young leaders who will grow in their faith, their loyalty to the church, and our denomination.

With the name change, D6 Family Ministry will continue our current philosophy and applied strategies but will be less confusing to churches and organizations. Our book division will carry on the Randall House name as an imprint for denominationally distinctive books. We plan to utilize up to four imprints: D6, Randall House, Randall House Academic, and D6 Academic.

The change provides a biblical first impression as everyone recognizes D6 now as Deuteronomy 6; the name further reminds people that we are a Christian ministry and brings consistency to our purpose within our audiences. Likewise, the legal labels will match our operating labels. D6 Family Ministry truly is the very best expression of who we are now and who we will continue to be.

Summary

While Randall House and D6 Family Ministry continue to recover from the pandemic, we still need our churches' support. Because the pandemic may be shifting to an endemic, and possibly a recession, our battles in this arena will continue. We must treat the current climate with both a defensive and offensive posture. Being defensive by a conservative approach to financial decisions but offensive with protecting our churches and future products. Like President Zelensky, our roles should be to call our fathers and parents to fight for our homes as if our very existence depended on this intentional act of courage and commitment. Thank you for your support and love.

Leading is serving,

A handwritten signature in black ink, appearing to read "Ron Hunter Jr.", with a large, stylized initial "R" and a flourish at the end.

Ron Hunter Jr., Ph.D.
Executive Director & CEO



Hill, Harper & Associates
A Professional Limited Liability Company
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Randall House Publications of the National Association of Free Will Baptists, Inc. - a not for profit organization - (hereafter Randall House) which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Randall House, as of December 31, 2021, and results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Randall House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Randall House's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- > Exercise professional judgement and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understating of internal control relevant to the audit 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 Randall House's internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Randall House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



A Professional Limited Liability Company
Franklin, Tennessee
April 8, 2022

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

Statements of Financial Position

December 31, 2021

With comparative amounts for 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents:		
Cash and interest bearing deposits	\$ 309,347	66,760
Cash invested with the Free Will Baptist Foundation	161,413	157,284
Total cash and cash equivalents	470,760	224,044
Accounts receivable - trade, net of allowance for doubtful accounts and returns	93,280	70,496
Inventory	526,985	475,416
Prepaid expenses	147,946	169,257
Total current assets	1,238,971	939,213
Property, plant and equipment, at cost:		
Land	72,983	110,341
Building	784,070	757,170
Printing service equipment	686,460	1,299,539
Office and administrative equipment	355,960	331,531
Automobiles and trucks	66,820	59,986
	1,966,293	2,558,567
Less accumulated depreciation and amortization	1,287,498	1,907,546
Net property, plant and equipment	678,795	651,021
	\$ 1,917,766	1,590,234
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 292,805	55,848
Line of credit advances	497,656	598,318
Deferred revenues	123,542	252,575
Accrued expenses	79,249	65,675
Total current liabilities	993,252	972,416
Net assets:		
Net assets without donor restriction	924,514	617,818
	\$ 1,917,766	1,590,234
Commitments		

See accompanying notes to financial statements.

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

Statements of Activities and Changes in Net Assets

**For the year ended December 31, 2021
With comparative totals for 2020**

	2021			2020
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Totals
Revenues:				
Sales:				
RHP product lines (including curriculum)	\$ 2,463,278	-	2,463,278	2,479,600
RHP books	235,999	-	235,999	195,899
National Convention	14,501	-	14,501	-
Printing sales	505,061	-	505,061	454,118
Third party sales	36,480	-	36,480	44,528
Freight and handling	189,758	-	189,758	189,403
Total sales	3,445,077	-	3,445,077	3,363,548
Events:				
D6 Conference	205,995	-	205,995	-
Vertical 3	344,479	-	344,479	-
Total events	550,474	-	550,474	-
Other operating revenues:				
Commissions	34,838	-	34,838	43,154
Development / Donor gifts	49,524	-	49,524	12,157
Grants	-	75,000	75,000	100,000
Interest income	4,129	-	4,129	3,930
Miscellaneous revenues	1,271	-	1,271	2,641
Total other operating revenues	89,762	75,000	164,762	161,882
Total revenues	4,085,313	75,000	4,160,313	3,525,430
Net assets released	75,000	(75,000)	-	-
	4,160,313	-	4,160,313	3,525,430
Expenses:				
Program services:				
Cost of production	1,947,983	-	1,947,983	2,069,622
Distribution center	345,950	-	345,950	334,359
Events	413,667	-	413,667	95,252
Vertical 3 (Youth)	379,762	-	379,762	77,965
Customer services	248,535	-	248,535	319,939
	3,335,897	-	3,335,897	2,897,137
Supporting services				
Administrative	1,093,338	-	1,093,338	1,090,451
Total expenses	4,429,235	-	4,429,235	3,987,588
Decrease in net assets from operations	(268,922)	-	(268,922)	(462,158)
Non operating income (expense):				
PPP loan forgiven	360,205	-	360,205	360,205
Disaster relief grant	-	-	-	10,000
Gain on sale of plant assets	215,413	-	215,413	7,848
Printing contributed to the denomination	-	-	-	(2,850)
Net non operating income (expense)	575,618	-	575,618	375,203
Increase (decrease) in net assets	306,696	-	306,696	(86,955)
Net assets:				
Beginning of year	617,818	-	617,818	704,773
End of year	\$ 924,514	-	924,514	617,818

See accompanying notes to financial statements.

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

Statements of Functional Expenses

For the year ended December 31, 2021
With comparative amounts for 2020

	Program Services						2020	
	Costs of Production	Distribution Center	Events	Vertical 3	Customer Services	Program Service Totals	Administrative Totals	Totals
Employee costs:								
Salaries and wages	\$ 700,985	99,072	34,836	21,231	130,527	986,651	410,915	1,397,566
Ministers housing allowance	13,800	-	22,140	-	24,168	60,108	60,000	120,108
Payroll taxes	42,583	6,017	2,119	805	7,950	59,474	22,645	82,119
Retirement	28,895	2,271	1,292	1,292	3,185	36,935	16,591	53,526
Health insurance	147,078	16,666	9,237	15,812	35,135	223,928	65,987	289,915
	933,341	124,026	69,624	39,140	200,965	1,367,096	576,138	1,943,234
								2,086,818
Operating expenses:								
Finished products purchased, net of change in inventory	148,724	-	-	-	-	148,724	-	148,724
Raw materials	223,042	-	-	-	-	223,042	-	223,042
Expenses of D6 conferences	-	-	303,137	-	-	303,137	-	303,137
Outside services	442,568	-	-	-	-	442,568	3,084	445,652
Writers fees	13,950	-	-	-	-	13,950	-	13,950
Travel, entertainment, conventions and conferences	5,060	462	32,471	321,862	7,540	367,395	28,537	395,932
Travel for Board of Directors	-	-	-	-	-	-	25,678	25,678
Royalties	20,957	-	-	-	-	20,957	-	20,957
Supplies	19,520	17,635	1,999	1,029	1,351	41,534	16,542	58,076
Equipment maintenance	86,333	-	-	-	-	86,333	-	86,333
Software	-	-	-	-	5,782	-	-	5,782
Postage	-	20,562	2,041	-	-	22,603	-	22,603
Equipment rental	-	7,270	-	-	1,034	8,304	15,862	24,166
Freight	-	172,294	-	-	-	172,294	-	172,294
Telephone	1,401	-	350	350	22,646	24,747	2,500	27,247
Legal and professional	-	-	-	-	-	-	16,335	16,335
Advertising	-	-	-	-	-	-	43,769	43,769
Promotion	-	-	-	-	-	-	57,449	57,449
Occupancy	-	-	-	-	-	-	99,021	99,021
Interest expense	-	-	-	-	-	-	19,338	19,338
Service charges	-	-	-	-	-	-	44,661	44,661
One Magazine funding	-	-	-	-	-	-	49,193	49,193
Depreciation	38,493	-	-	-	-	38,493	56,778	95,271
Other	14,594	3,701	4,045	17,381	9,217	48,938	38,453	87,391
	\$ 1,947,983	345,950	413,667	379,762	248,535	3,335,897	1,093,338	4,429,235
								3,987,588

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

Statements of Cash Flows

**For the year ended December 31, 2021
With comparative amounts for 2020**

	2021	2020
<u>Cash Flows from Operating Activities</u>		
Increase (decrease) in net assets	\$ 306,696	(86,955)
Adjustments to reconcile decrease in net assets to net operating activities:		
Depreciation	95,271	97,155
PPP loan forgiveness	(360,205)	(360,205)
Gain on sale of property and equipment	(215,413)	-
(Increase) decrease in:		
Receivables	(22,784)	32,763
Inventories	(51,569)	118,143
Prepaid expenses	21,311	(59,209)
Increase (decrease) in:		
Accounts payable	236,957	(141,567)
Deferred revenues	(129,033)	187,887
Accrued expenses	13,574	1,509
Net operating activities	<u>(105,195)</u>	<u>(210,479)</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of property and equipment	268,478	-
Purchase of property, plant and equipment	(176,110)	(41,120)
Net investing activities	<u>92,368</u>	<u>(41,120)</u>
<u>Cash Flows from Financing Activities</u>		
Line of credit, net transactions	(100,662)	169,365
Proceeds from PPP loan, subsequently forgiven	360,205	360,205
Repayments of long term debt	-	(321,370)
Net financing activities	<u>259,543</u>	<u>208,200</u>
Increase (decrease) in cash and cash equivalents	246,716	(43,399)
Cash and cash equivalents:		
Beginning of year	224,044	267,443
End of year	<u>\$ 470,760</u>	<u>224,044</u>
Cash and cash equivalents, as reported on statement of financial position, as follows:		
Cash and interest bearing deposits	\$ 309,347	66,760
Cash invested with the Free Will Baptist Foundation	161,413	157,284
	<u>\$ 470,760</u>	<u>224,044</u>
Supplemental disclosures:		
Interest paid	<u>\$ 19,338</u>	<u>25,554</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, 2021

With comparative amounts for 2020

Randall House operates under the auspices of the National Association of Free Will Baptists and is governed by a Board of Directors. The mission of Randall House is HELPING YOU BUILD BELIEVERS THROUGH CHURCH AND HOME; accomplished in both evangelism and discipleship through curriculum, books and events.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

Randall House implemented ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. As required by these generally accepted accounting principles, Randall House reports information regarding its financial position and activities according to two classes of net assets as applicable:

Net assets without donor restrictions - Net assets not subject to donor imposed stipulations. These funds may be designated for specific purposes by action of the governing body.

Net assets with donor restrictions - Net assets whose use is subject to donor imposed stipulations and / or the passage of time.

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.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ongoing activities, including investment income. Non-operating activities are limited to resources that generate return from investment, if any, and other activities of a more unusual or non recurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in statement of activities. These expenses are presented by their natural classification in the statement of functional expenses by individual component of program service and administrative expenses. Administrative expenses consist of administration, accounting, IT, marketing, building maintenance, shared occupancy costs and other general expenses.

Cash and Cash Equivalents

For purposes of the statements 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.

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.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Contributions, Including Grants

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

We have reviewed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard.

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, 2021 and 2020, amounted to \$5,000. Changes in the valuation account have not been material to the financial statements.

	<u>2021</u>	<u>2020</u>
Accounts receivable, net of allowance of \$5,000	\$ 93,280	70,496

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 valuation to compute a two year shelf life.

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 2021 and 2020. Further, management believes there are no activities which will lead to income taxes being levied.

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.

Advertising Costs

Advertising costs are expensed as incurred and amount to \$43,769 in 2021 and \$86,250 in 2020.

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

Notes to Financial Statements, continued

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

Deferred Revenues

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

	<u>2021</u>	<u>2020</u>
D6 Conference registrations	\$ 71,505	114,820
Vertical 3 (Youth)	52,037	137,755
	<u>\$ 123,542</u>	<u>252,575</u>

The balances for 2020 are substantially greater than 2021 since the Covid 19 virus outbreak forced these events to be canceled and moved to 2021. Event revenues recognized on the statement of activities and changes in net assets increased to \$344,479 2021 from \$-0- in 2020.

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 \$161,413 in 2021 and \$157,284 in 2020 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.

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.

Subsequent Events

Subsequent events were evaluated through April 8, 2021, which is the date these financial statements were available to be issued.

To continue to mitigate the negative impact from the business disruption caused by the Covid 19 virus outbreak, the United States has implemented the second round of the Payroll Protection Program which has the same basic conditions except this program is for businesses that can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. Randall House qualifies and made application to participate in this program and has received the loan in the amount of \$360,205. As with the first loan, this loan has provisions which allow the loan to be forgiven, which occurred August 26, 2021. See note 5 for discussion of forgiveness of the loan.

(2) **Liquidity and Availability of Financial Assets**

The following reflects Randall House's financial assets as of balance sheet dates available for expenditure within one year from the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at end of year:		
Cash and interest bearing deposits	\$ 309,347	66,760
Cash invested with the Free Will Baptist Foundation	161,413	157,284
Accounts receivable	93,280	70,496
	<u>564,040</u>	<u>294,540</u>
Financial assets available to meet general expenditures the next twelve months		
	<u>564,040</u>	<u>294,540</u>

Randall House continually monitors cash flow and cash balances, with an end goal to maintain positive cash flows and cash balances. Lines of credit are available with a maximum amount of \$2,000,000 to meet cash flow needs. See note 4 for further information.

**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>2021</u>	<u>2020</u>
Current assets:		
Print inventory:		
Finished curriculum	\$ 193,201	\$ 170,064
Work in progress	69,564	93,099
Printing raw materials	81,186	47,499
Hymnals	27,387	43,544
Warehoused other books and merchandise	\$ 231,647	\$ 205,210
Less allowance for loss	76,000	84,000
	<u>155,647</u>	<u>121,210</u>
	<u>\$ 526,985</u>	<u>\$ 475,416</u>

(4) Line of Credit

During 2020, Free Will Baptist Foundation agreed to extend to Randall House a line of credit with a maximum balance of \$1,500,000. This line of credit bears interest at 3.5% and is secured by deed of trust on real property and other assets. This line of credit has a balance at 2021 of \$497,656 and 2020 of \$598,318, and expires December 31, 2026. Variable interest rate, unsecured lines of credit with two local banks with a maximum amount of \$500,000. These Lines of credit had no balance outstanding at 2021 and 2020, and expire December 2021.

**(5) Notes Payable - Payroll Protection Program (PPP) and
Loan Forgiveness - Grant Revenue Earned From Qualified Expenses**

Randall House were granted loans from Pinnacle Bank of Nashville Tennessee pursuant to the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020 bearing interest at 1%, as follows:

	<u>2021</u>	<u>2020</u>
Amount of loans made	\$ 360,205	360,205
Date loan approved by SBA	April 4, 2020	Jan 25, 2021
Date loan forgiven by SBA	Jan 6, 2021	Aug 26, 2021
Amounts included as non operating revenue on Statements of Activities and Changes in Net assets	<u>\$ 360,205</u>	<u>360,205</u>

(6) Net Assets

Net assets with donor restrictions were as follows:

	<u>2021</u>	<u>2020</u>
Purchase of perfect binding equipment	\$ 75,000	-
Net assets released of restrictions to unrestricted net assets:		
Purchase of perfect binding equipment	<u>\$ 75,000</u>	<u>-</u>

(7) Related Party Transactions

Pension

Randall House participates in the master pension plan of the Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc. The plan is contributory and a contribution of 5% of compensation is made by Randall House. Employees with one year of service may participate at anniversary date of employment. Pension expense amounted to \$53,526 in 2021 and \$59,618 in 2020. 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

(8) 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. As their share of the funding requirement Randall House provided \$49,193 in 2021 and \$41,814 in 2020. Further, Randall House designs, prints and provides mailing services for One Magazine, and reported revenues of \$213,889 and \$211,140 for these services during 2021 and 2020, respectively.

Free Will Baptist Foundation

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

	<u>2021</u>	<u>2020</u>
Interest bearing accounts	\$ 161,413	157,284
Indebtedness	\$ 497,656	598,318

Free Will Baptist Foundation has made grants to Randall House amounting to \$75,000 in 2021 and \$100,000 in 2020

(9) Commitments and Contingencies

Leased Equipment

Randall House has entered into noncancelable lease arrangements relating to mailing and copy equipment. Total rent expense amounted to \$24,166 in 2021 and \$25,896 in 2020. The minimum payments required are \$47,627 for 2022; \$43,902 in 2023, \$28,152 in 2024 and \$15,684 in 2025.

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.

Vertical 3

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

	<u>2021</u>	<u>2020</u>
Revenue from conferences and related services	\$ 344,479	-
Expenditures:		
Conferences and related costs	318,119	15,576
Expenses for facility use and other services	16,000	16,000
Operating expenses	45,643	45,389
	<u>379,762</u>	<u>76,965</u>
	<u>\$ (35,283)</u>	<u>(76,965)</u>

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
Income				ACTUAL
300 · RHP Product Lines	\$2,786,300	\$2,810,250	\$3,083,750	2,463,278.43
303 · RHP Books	\$228,450	\$197,000	\$202,250	235,999.04
305 · Event/ Off Site Sales	\$290,000	\$277,500	\$312,500	220,495.72
307 · Third Party Sales (Non RHP)	\$35,000	\$44,100	\$50,250	36,480.23
308 · Other Revenue	\$885,250	\$820,500	\$684,250	1,400,361.80
309 · Commission Income	<u>\$40,000</u>	<u>\$43,000</u>	<u>\$41,750</u>	<u>34,837.91</u>
TOTAL REVENUE	\$4,265,000	\$4,192,350	\$4,374,750	4,391,453.13
Cost of Goods Sold				
310 · COS - RHP Product Lines	\$112,900	\$149,375	\$154,650	135,702.32
313 · COS - RHP Books	\$50,585	\$42,650	\$44,800	38,498.86
315 · COS - Events/ Off Site	\$307,500	\$295,000	\$311,000	304,546.28
317 · COS - 3rd Party Sales (Non RHP)	\$22,350	\$29,250	\$31,850	21,168.75
318 · COS - Other	<u>\$4,000</u>	<u>\$4,500</u>	<u>\$5,000</u>	<u>(48,056.66)</u>
Total COGS	\$497,335	\$520,775	\$547,300	451,859.55
350 · Printing Production	\$999,600	\$903,550	\$904,450	1,008,981.18
355 · Depreciation Printing Equipment	\$40,000	\$42,000	\$44,000	38,492.99
360 · Editorial	\$425,800	\$415,300	\$356,500	406,847.30
400 · Administrative/Accounting	\$436,900	\$445,900	\$451,500	404,715.13
410 · Sales	\$273,550	\$290,050	\$343,250	248,535.63
420 · Design	\$288,050	\$304,550	\$288,750	271,768.84
425 · RHP Book Division	\$69,400	\$56,750	\$53,150	73,168.50
430 · Distribution Center	\$366,650	\$354,050	\$365,000	345,950.61
435 · IT Division	\$32,950	\$53,700	\$69,100	45,449.94
440 · Plant Maintenance	\$123,550	\$117,250	\$103,450	103,910.69
460 · Marketing	\$400,850	\$399,100	\$377,000	330,262.21
490 · General	\$202,750	\$191,000	\$222,250	209,001.62
495 · Development and Events	<u>\$113,640</u>	<u>\$96,540</u>	<u>\$116,850</u>	<u>110,530.51</u>
Total Departmental Expense	\$3,773,690	\$3,669,740	\$3,695,250	3,597,615.15
Youth Department - Vertical Three				
9100 · Vertical Three Revenue	\$376,500	\$381,500	\$392,000	344,478.90
450 · Vertical Three Expense	<u>(\$376,475)</u>	<u>(\$376,375)</u>	<u>(\$394,900)</u>	<u>(379,761.38)</u>
	\$6,025	\$5,125	-\$2,900	(35,282.48)
TOTAL EXPENSE	\$4,641,500	\$4,566,890	\$4,637,450	4,429,236.08
Annual Profit/Loss	\$0	\$6,960	\$129,300	306,695.95
Income				
300 · RHP Product Lines				
300.03 · Dated Studies/ SS-Curriculum	\$2,700,000	\$2,700,000	\$2,950,000	2,361,290.83
300.15 · Children's Church Sales	\$70,000	\$62,500	\$67,500	56,879.30
300.18 · Online Non Dated Studies-(A)	\$250	\$750	\$1,000	329.67
300.21 · D6 Plus	\$0	\$35,000	\$50,000	28,828.53
300.24 · Church Supplies	\$800	\$750	\$1,000	835.28
300.27 · RHP/D6 T-Shirts/Merchandise	\$1,000	\$1,000	\$1,000	599.78
300.30 · Vertical 3 Resources	\$10,000	\$10,000	\$13,000	9,112.84
300.33 · Miscellaneous Sales	\$250	\$250	\$250	307.95
300.36 · D6 International	\$4,000	\$0	\$0	5,094.25
Total 300 · RHP Product Lines	\$2,786,300	\$2,810,250	\$3,083,750	2,463,278.43
303 · RHP Books				
303.03 · Pastoral/Church Leadership	\$28,000	\$27,500	\$30,000	29,605.47
303.06 · Family/Parenting	\$85,000	\$62,500	\$65,000	87,220.48
303.09 · Drama/Plays	\$50	\$100	\$250	2.50
303.12 · Missions	\$150	\$150	\$250	70.40
303.15 · Small Group Studies	\$4,000	\$7,500	\$9,000	3,921.62
303.18 · Biblical Studies	\$10,000	\$12,500	\$16,000	10,297.75
303.21 · Theology/Doctrine	\$22,500	\$20,000	\$25,000	21,281.39
303.27 · Christian Living	\$12,500	\$15,000	\$7,500	11,256.08
303.30 · Fiction	\$250	\$250	\$250	35.10
303.33 · Children/Youth	\$18,000	\$14,000	\$11,000	21,433.82
303.36 · International Languages	\$1,000	\$500	\$1,500	1,474.47
303.39 · Rejoice FWB Hymnal Sales	\$27,500	\$22,500	\$30,000	29,160.25
303.42 · Rejoice Worship Hymnal Sales	\$30,000	\$25,000	\$17,500	31,452.41
303.48 · (Off Site RH Book Sales)	<u>(\$20,000)</u>	<u>(\$20,000)</u>	<u>(\$20,000)</u>	<u>(19,624.56)</u>
303.54 · RHP Titles in Software	\$7,000	\$6,500	\$5,000	7,241.25
303.60 · Miscellaneous	\$2,500	\$3,000	\$4,000	1,170.61
Total 303 · RHP Books	\$228,450	\$197,000	\$202,250	235,999.04
305 · Event/Off Site Sales				

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
305.03 · D6 Conference Registration	\$145,000	\$145,000	\$165,000	123,503.00
305.06 · D6 Conference Sponsorship	\$95,000	\$85,000	\$100,000	60,425.00
305.09 · D6 Conference Sales	\$32,500	\$30,000	\$30,000	22,067.18
305.15 · National Sales	\$17,000	\$17,000	\$17,000	14,500.54
305.21 · Misc. Event Sales	\$500	\$500	\$500	-
Total 305 · Event/ Off Site Sales	\$290,000	\$277,500	\$312,500	220,495.72
307 · Third Party Sales (Non RHP)				
307.03 · Curriculum (Dated)	\$22,500	\$35,000	\$40,000	20,417.25
307.12 · Church Supplies	\$2,500	\$2,000	\$3,000	2,659.92
307.15 · Bibles (Non RHP Imprint)	\$500	\$100	\$250	866.11
307.18 · Books (Non RHP Imprint)	\$7,500	\$5,000	\$5,000	10,618.74
307.24 · Miscellaneous	\$2,000	\$2,000	\$2,000	1,918.21
Total 307 · Third Party Sales (Non RHP)	\$35,000	\$44,100	\$50,250	36,480.23
308 · Other Revenue				
308.03 · Printing/Design Services	\$500,000	\$450,000	\$445,000	505,061.49
308.06 · Freight and Handling Income	\$200,000	\$210,000	\$230,000	189,757.92
308.09 · Interest Income	\$5,000	\$5,000	\$5,000	4,129.12
308.12 · Service Charges	\$1,500	\$1,500	\$1,500	1,077.44
308.15 · Sale/Disposal of Assets	\$3,500	\$3,500	\$2,500	215,412.82
308.18 · In House Vending	\$250	\$500	\$250	194.50
308.21 · Gifts/Grants	\$175,000	\$150,000	\$0	484,728.51
Total 308 · Other Revenue	\$885,250	\$820,500	\$684,250	1,400,361.80
309 · Commission Income				
309.03 · Bulletins	\$17,500	\$20,000	\$20,000	14,837.91
309.06 · Signs	\$0	\$250	\$0	-
309.09 · Furniture/Steeple/etc.	\$750	\$750	\$750	-
309.12 · Advertising/Other	\$22,000	\$22,000	\$21,000	20,000.00
Total 309 · Commission Income	\$40,000	\$43,000	\$41,750	34,837.91
Total Income	\$4,265,000	\$4,192,350	\$4,374,750	4,391,453.13
Cost of Goods Sold				
50000 · Cost of Goods Sold				
310 · COS - RHP Product Lines				
310.03 · COS - Dated Studies/ SS-Cur	\$82,500	\$87,500	\$100,000	76,462.97
310.15 · COS - Children's Church Sales	\$27,500	\$27,500	\$25,000	29,212.99
310.18 · COS - Online Non Dated Studies	\$500	\$500	\$500	190.00
310.21 · COS - D6 Plus	\$0	\$30,000	\$25,000	29,564.99
310.24 · COS - Church Supplies	\$400	\$375	\$650	476.04
310.27 · COS - RHP/D6 T-shirt Merch.	\$500	\$500	\$500	144.66
310.30 · COS - Vertical Three Resources	\$1,500	\$3,000	\$3,000	1,520.41
310 · COS - RHP Product Lines - Other	\$0	\$0	\$0	(1,869.74)
Total 310 · COS - RHP Product Lines	\$112,900	\$149,375	\$154,650	135,702.32
313 · COS - RHP Books				
313.03 · COS - Pastoral/Ch. Leadership	\$7,750	\$6,500	\$7,000	8,388.63
313.06 · COS - Family/Parenting	\$7,750	\$10,000	\$11,500	6,709.50
313.09 · COS - Drama/Plays	\$10	\$25	\$100	1.31
313.12 · COS - Missions	\$25	\$25	\$100	16.16
313.15 · COS - Small Group Studies	\$2,250	\$3,000	\$4,000	2,116.41
313.18 · COS - Biblical Studies	\$4,000	\$4,000	\$6,000	3,403.56
313.21 · COS - Theology/Doctrine	\$7,500	\$8,000	\$9,500	6,967.17
313.27 · COS - Christian Living	\$2,500	\$3,000	\$3,000	2,040.38
313.30 · COS - Fiction	\$50	\$100	\$100	34.74
313.33 · COS - Children/Youth	\$5,250	\$4,000	\$3,500	6,596.63
313.36 · COS - International Language	\$500	\$150	\$500	452.09
313.39 · COS - Rejoice FWB Hymnals	\$12,500	\$9,000	\$12,500	14,783.82
313.42 · COS - Rejoice Workshop Hymnals	\$15,250	\$9,500	\$9,500	15,441.31
313.60 · COS - Miscellaneous	\$250	\$350	\$1,000	137.68
313 · COS - RHP Books - Other	(\$15,000)	(\$15,000)	(\$23,500)	(28,590.53)
Total 313 · COS - RHP Books	\$50,585	\$42,650	\$44,800	38,498.86
315 · COS - Events/ Off Site				
315.03 · COS - D6 Conf Registration	\$295,000	\$280,000	\$295,000	296,565.85
315.09 · COS - D6 Conf Sales	\$10,000	\$12,500	\$13,500	6,570.93
315.15 · COS - National Sales	\$2,500	\$2,500	\$2,500	582.72
315.21 · COS - Misc. Event Sales	\$0	\$0	\$0	826.78
Total 315 · COS - Events/ Off Site	\$307,500	\$295,000	\$311,000	304,546.28

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
317 - COS - 3rd Party Sales (Non RHP)				
317.03 - COS - Curriculum (Dated)	\$14,000	\$22,500	\$25,000	12,914.61
317.12 - COS - Church Supplies	\$1,500	\$1,500	\$2,000	1,381.04
317.15 - COS - Bibles (Non RHP)	\$250	\$150	\$250	844.75
317.18 - COS - Books (Non RHP)	\$6,500	\$5,000	\$4,500	7,196.98
317.24 - COS - Miscellaneous	\$100	\$100	\$100	14.24
317 - COS - 3rd Party Sales (Non RHP) - Other	\$0	\$0	\$0	(1,182.87)
Total 317 - COS - 3rd Party Sales (Non RHP)	\$22,350	\$29,250	\$31,850	21,168.75
318 - COS - Other				
318.03 - Freight in RHP	\$4,000	\$4,500	\$5,000	3,512.65
318.15 - COS - Change In Inventory	\$0	\$0	\$0	(51,569.31)
Total 318 - COS - Other	\$4,000	\$4,500	\$5,000	(48,056.66)
Total COGS	\$497,335	\$520,775	\$547,300	451,859.55
Gross Profit	\$3,767,665	\$3,671,575	\$3,827,450	3,939,593.58
Expense				
350 - Printing Production				
350.02 - PP - Salaries	\$250,000	\$260,000	\$237,500	238,814.94
350.04 - PP - Travel Expense	\$0	\$0	\$0	-
350.06 - PP - Supplies	\$1,000	\$1,000	\$1,000	816.46
350.07 - PP - Equipment Maint.	\$150	\$150	\$150	417.07
350.12 - PP - Dues & Subscriptions	\$150	\$150	\$150	-
350.16 - PP - Entertainment	\$500	\$500	\$150	359.30
350.18 - Outside Printing	\$300,000	\$275,000	\$320,000	313,258.52
350.19 - Outside Bindery	\$67,500	\$62,500	\$42,500	68,917.07
350.26 - PP - FICA	\$16,000	\$16,000	\$16,000	14,545.93
350.29 - PP - Retirement	\$11,500	\$11,500	\$8,500	10,773.52
350.32 - PP - Insurance	\$37,500	\$35,000	\$35,000	34,297.45
350.34 - Pressroom Supplies	\$3,000	\$5,000	\$5,000	1,888.34
350.36 - Pressroom Maintenance	\$1,000	\$1,000	\$1,500	448.08
350.38 - Pressroom Parts	\$8,000	\$6,500	\$5,000	9,655.54
350.40 - Pressroom Stock	\$160,000	\$112,500	\$100,000	149,316.28
350.42 - Pressroom Ink	\$5,000	\$4,000	\$3,500	4,807.88
350.44 - Bindery Supplies	\$1,000	\$150	\$250	1,289.63
350.46 - Bindery Maintenance	\$1,000	\$150	\$250	1,003.66
350.48 - Bindery Parts	\$1,000	\$150	\$250	889.30
350.50 - Pre-Press Supplies	\$500	\$500	\$750	521.52
350.52 - Proofing Supplies	\$2,000	\$1,000	\$1,500	1,971.05
350.54 - CTP Maintenance	\$150	\$150	\$250	-
350.62 - Plates	\$17,500	\$8,000	\$10,000	21,917.44
350.88 - Outside Purchases-Ess. Pkts	\$30,000	\$17,500	\$30,000	47,000.71
350.89 - Digital Press Maintenance	\$85,000	\$85,000	\$85,000	86,071.49
350.90 - PP - Miscellaneous	\$150	\$150	\$250	-
Total 350 - Printing Production	\$999,600	\$903,550	\$904,450	1,008,981.18
355.00 - Depreciation Printing Equipment	\$40,000	\$42,000	\$44,000	38,492.99
360 - Editorial				
360.02 - Edit - Salaries	\$280,000	\$275,000	\$225,000	266,242.97
360.03 - Edit - Housing Allowance	\$13,800	\$13,800	\$31,800	13,800.00
360.04 - Edit - Travel	\$1,500	\$1,500	\$1,500	892.51
360.06 - Edit - Supplies	\$1,500	\$1,500	\$650	2,097.64
360.09 - Digital Development	\$150	\$150	\$250	-
360.10 - Edit - Conventions & Seminars	\$500	\$500	\$500	844.00
360.11 - Software Supply	\$150	\$150	\$250	-
360.12 - Edit - Dues & Subscriptions	\$4,500	\$4,500	\$1,500	3,831.67
360.15 - National Expense	\$0	\$0	\$0	-
360.16 - Edit - Entertainment	\$1,000	\$1,000	\$1,000	992.21
360.23 - Edit - Telephone	\$800	\$800	\$800	700.63
360.26 - Edit - FICA	\$18,500	\$18,000	\$11,000	17,109.41
360.29 - Edit - Retirement	\$12,000	\$12,000	\$6,750	10,578.90
360.32 - Edit - Insurance	\$51,000	\$50,000	\$40,000	49,357.25
360.34 - Curriculum Development	\$5,000	\$1,000	\$1,000	4,148.36
360.35 - Product Improvement	\$250	\$250	\$250	1,151.75
360.36 - Writer's Fees	\$15,000	\$15,000	\$12,500	13,950.00
360.37 - Register of Copyrights	\$0	\$0	\$1,500	-
360.88 - Outside Editing/Proofing	\$20,000	\$20,000	\$20,000	21,150.00
360.90 - Edit - Miscellaneous	\$150	\$150	\$250	-
Total 360 - Editorial	\$425,800	\$415,300	\$356,500	406,847.30
400 - Administrative/Accounting				
400.02 - AD/AC - Salaries	\$250,000	\$250,000	\$245,000	236,256.32

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
400.03 · AD/AC - Housing Allowance	\$60,000	\$60,000	\$60,000	60,000.00
400.04 · AD/AC - Travel Expense	\$25,000	\$32,500	\$35,000	17,981.83
400.06 · AD/AC - Supplies	\$5,000	\$5,000	\$4,000	5,525.54
400.10 · AD/AC - Conventions & Seminars	\$500	\$500	\$500	313.00
400.12 · AD/AC - Dues & Subscriptions	\$7,500	\$7,500	\$7,500	6,994.64
400.16 · AD/AC - Entertainment	\$6,500	\$5,500	\$6,500	6,746.88
400.20 · AD/AC - Postage	\$150	\$150	\$250	-
400.23 · AD/AC - Telephone	\$1,500	\$1,500	\$1,750	1,401.23
400.26 · AD/AC - FICA	\$15,500	\$16,000	\$16,000	14,396.02
400.29 · AD/AC - Retirement	\$13,500	\$13,500	\$13,500	13,202.67
400.32 · AD/AC - Insurance	\$38,000	\$40,000	\$47,500	36,034.98
400.70 · AD/AC - Automobile Expense	\$3,500	\$3,500	\$3,500	5,862.02
400.88 · D6 International Travel/Expense	\$10,000	\$10,000	\$10,000	-
400.90 · AD/AC - Miscellaneous	\$250	\$250	\$500	-
Total 400 · Administrative/Accounting	\$436,900	\$445,900	\$451,500	404,715.13
410 · Sales				
410.02 · Sales - Salaries	\$145,000	\$160,000	\$185,000	130,527.28
410.03 · Sales - Housing Allowance	\$25,000	\$25,000	\$25,000	24,168.00
410.04 · Sales - Travel Expense	\$6,000	\$5,000	\$15,000	5,598.41
410.06 · Sales - Supplies	\$2,000	\$2,000	\$3,500	1,351.20
410.08 · Sales - Equipment Rental	\$2,000	\$3,500	\$1,500	1,033.87
410.11 · Sales - Conventions & Seminars	\$750	\$750	\$750	264.00
410.12 · Sales - Dues & Subscriptions	\$9,000	\$7,500	\$7,500	9,217.04
410.15 · Sales - CRM Software	\$10,000	\$15,000	\$15,000	5,781.60
410.20 · Sales - Postage	\$150	\$150	\$250	-
410.23 · Sales - Telephone	\$21,000	\$20,000	\$20,000	22,646.28
410.26 · Sales - FICA	\$9,000	\$9,000	\$11,000	7,950.27
410.29 · Sales - Retirement	\$4,000	\$5,000	\$6,000	3,185.05
410.32 · Sales - Insurance	\$37,500	\$35,000	\$50,000	35,134.61
410.88 · Sales - Entertainment	\$2,000	\$2,000	\$2,500	1,678.02
410.90 · Sales - Miscellaneous	\$150	\$150	\$250	-
Total 410 · Sales	\$273,550	\$290,050	\$343,250	248,535.63
420 · Design				
420.02 · Design - Salaries	\$187,500	\$205,000	\$190,000	179,140.42
420.04 · Design - Travel Expense	\$150	\$150	\$250	-
420.06 · Design - Supplies	\$750	\$750	\$1,000	324.90
420.10 · Design - Conventions & Seminars	\$150	\$150	\$250	-
420.12 · Design - Dues & Subscriptions	\$2,500	\$2,500	\$2,500	2,143.08
420.14 · Art Services	\$32,500	\$32,500	\$35,000	29,323.26
420.16 · Design - Entertainment	\$1,000	\$1,000	\$1,500	711.32
420.26 · Design - FICA	\$12,000	\$13,000	\$11,750	10,927.25
420.29 · Design - Retirement	\$6,500	\$6,500	\$6,500	5,856.44
420.32 · Design - Insurance	\$45,000	\$43,000	\$40,000	43,342.17
Total 420 · Design	\$288,050	\$304,550	\$288,750	271,768.84
425 · RHP Book Division				
425.02 · RB - Salaries	\$17,500	\$18,000	\$17,500	16,786.46
425.04 · RB - Travel Expense	\$750	\$750	\$750	996.89
425.06 · RB - Supplies	\$100	\$100	\$100	146.88
425.10 · RB - Conventions & Seminars	\$250	\$250	\$150	264.00
425.11 · Royalty Payments	\$17,500	\$15,000	\$19,000	20,957.14
425.12 · RB - Dues & Subscriptions	\$500	\$500	\$500	842.42
425.23 · RB - Telephone	\$800	\$800	\$800	700.61
425.26 · RB - FICA	\$0	\$0	\$0	-
425.29 · RB - Retirement	\$1,750	\$1,500	\$3,500	1,686.18
425.32 · RB - Insurance	\$21,000	\$14,000	\$5,000	20,080.63
425.66 · Editing/Proofing	\$6,500	\$3,600	\$3,600	6,168.75
425.88 · RB - Entertainment	\$250	\$250	\$250	-
425.89 · Product Development	\$2,500	\$2,000	\$2,000	4,538.54
Total 425 · RHP Book Division	\$69,400	\$56,750	\$53,150	73,168.50
430 · Distribution Center				
430.02 · DC - Salaries	\$110,000	\$94,000	\$81,500	99,072.26
430.04 · DC - Travel Expense	\$0	\$0	\$0	161.28
430.06 · DC - Supplies	\$18,000	\$22,500	\$21,000	17,635.36
430.07 · DC - Equipment Maintenance	\$150	\$150	\$250	-
430.08 · DC - Equipment Rental	\$7,500	\$7,500	\$9,000	7,270.14
430.09 · DC - Software Fees and Services	\$500	\$0	\$0	602.18
430.12 · DC - Dues & Subscriptions	\$3,000	\$2,500	\$3,000	3,098.94
430.16 · DC - Entertainment	\$250	\$150	\$250	300.91

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
430.20 · DC - Postage	\$22,500	\$25,000	\$27,500	20,562.32
430.26 · DC - FICA	\$6,750	\$6,250	\$5,000	6,016.94
430.29 · DC - Retirement	\$3,000	\$2,500	\$2,500	2,270.64
430.32 · DC - Insurance	\$17,500	\$16,000	\$15,000	16,666.07
430.40 · DC - Freight Expense	\$177,500	\$177,500	\$200,000	172,293.57
Total 430 · Distribution Center	\$366,650	\$354,050	\$365,000	345,950.61
435 · IT Division				
435.02 · IT - Salaries	\$28,000	\$35,000	\$47,000	35,754.48
435.04 · IT - Travel	\$0	\$100	\$100	-
435.06 · IT - Supplies	\$2,000	\$1,000	\$2,500	2,341.24
435.08 · IT - Software Services	\$100	\$100	\$100	-
435.10 · IT - Conventions/Seminars	\$100	\$100	\$100	-
435.12 · IT - Dues & Subscriptions	\$2,500	\$5,500	\$6,000	2,318.96
435.23 · IT - Telephone	\$0	\$400	\$400	398.49
435.26 · IT - FICA	\$250	\$2,250	\$3,000	1,081.65
435.29 · IT - Retirement	\$0	\$1,750	\$2,400	693.12
435.32 · IT - Insurance	\$0	\$7,500	\$7,500	2,862.00
Total 435 · IT Division	\$32,950	\$53,700	\$69,100	45,449.94
440 · Plant Maintenance				
440.02 · PM - Salaries	\$16,000	\$10,000	\$13,000	16,323.54
440.06 · PM - Supplies	\$6,000	\$7,500	\$7,500	5,675.80
440.07 · PM - Equipment Maintenance	\$250	\$250	\$500	-
440.08 · PM - Overhead (Youth Department)	\$0	\$0	(\$16,000)	(16,000.00)
440.23 · PM - Telephone	\$0	\$0	\$0	-
440.26 · PM - FICA	\$800	\$750	\$950	810.39
440.32 · PM - Insurance	\$0	\$250	\$500	(1,919.89)
440.34 · PM - Building Maintenance	\$17,500	\$16,500	\$18,000	18,314.46
440.40 · Utilities	\$50,000	\$52,000	\$52,000	47,907.39
440.45 · Building Insurance	\$33,000	\$30,000	\$27,000	32,799.00
Total 440 · Plant Maintenance	\$123,550	\$117,250	\$103,450	103,910.69
460 · Marketing				
460.02 · Mkt - Salaries	\$130,000	\$130,000	\$117,000	122,580.29
460.04 · Mkt - Travel Expense	\$1,500	\$3,500	\$6,000	960.35
410.05 · Mkt - Conventions & Seminars	\$500	\$500	\$500	684.14
460.06 · Mkt - Supplies	\$2,500	\$2,000	\$3,000	2,374.31
460.07 · Mkt - Equipment Maintenance	\$100	\$100	\$100	-
460.08 · Mkt - Equipment Rental	\$100	\$100	\$250	-
460.12 · Mkt - Dues & Subscriptions	\$12,500	\$10,000	\$10,000	12,637.19
460.20 · Mkt - Postage	\$100	\$100	\$100	-
460.23 · Mkt - Telephone	\$800	\$800	\$800	700.62
460.26 · Mkt - FICA	\$7,000	\$7,000	\$6,750	6,357.14
460.29 · Mkt - Retirement	\$3,000	\$3,000	\$3,000	2,695.53
460.32 · Mkt - Insurance	\$31,000	\$30,000	\$17,500	29,009.61
460.34 · Mkt - Advertising	\$80,000	\$80,000	\$80,000	43,769.41
460.35 · Mkt - Wholesale Mkt	\$0	\$0	\$0	-
460.36 · Mkt - Promotion	\$80,000	\$80,000	\$80,000	57,449.38
460.40 · Mkt - Entertainment	\$2,000	\$2,500	\$2,500	1,851.08
460.46 · Mkt - ONE Magazine	\$49,750	\$49,500	\$49,500	49,193.16
Total 460 · Marketing	\$400,850	\$399,100	\$377,000	330,262.21
490 · General				
490.06 · GE - Supplies	\$1,000	\$1,500	\$3,000	625.19
490.08 · GE - Equipment Rental	\$16,000	\$17,000	\$17,500	15,862.02
490.10 · Honorariums	\$1,500	\$0	\$0	1,500.00
490.14 · Depreciation	\$57,500	\$60,000	\$60,000	56,777.52
490.15 · Interest Expense	\$17,000	\$22,500	\$40,000	19,338.10
490.18 · Bank Service Charges	\$45,000	\$35,000	\$40,000	44,661.18
490.20 · Insurance	\$250	\$500	\$500	36.75
490.25 · RHP - Board Expense	\$22,500	\$15,000	\$17,500	25,678.46
490.30 · Legal & Audit	\$16,000	\$16,000	\$18,000	16,335.00
490.35 · GE - Automobile Expense	\$2,000	\$2,000	\$2,500	2,362.97
490.40 · Bad Debts	\$250	\$250	\$250	27.22
490.45 · In House Functions	\$12,500	\$15,000	\$15,000	12,938.64
490.50 · Taxes	\$7,500	\$2,000	\$3,250	9,584.49
490.55 · Payroll Services	\$3,250	\$3,250	\$3,750	3,083.83
490.88 · GE - Church Directory Printing	\$0	\$0	\$0	-
490.90 · GE - Miscellaneous	\$500	\$1,000	\$1,000	190.25
Total 490 · General	\$202,750	\$191,000	\$222,250	209,001.62

	Budget 2023	Budget 2022	Budget 2021	Jan - Dec 21
495 - Development and Events				
495.02 - Dev/Events - Salaries	\$37,500	\$20,000	\$42,000	34,836.01
495.03 - Dev/Events - Housing	\$22,140	\$22,140	\$30,000	22,140.00
495.04 - Dev/Events - Travel Expense	\$10,000	\$10,000	\$3,000	9,600.54
410.06 - Dev/Events - Supplies	\$1,500	\$1,000	\$1,500	1,998.70
495.11 - Dev/Events - Conventions & Seminars	\$250	\$250	\$500	264.00
495.12 - Dev/Events - Dues & Subscriptions	\$4,000	\$3,000	\$3,000	3,862.93
495.15 - Dev/Events - National Expense	\$22,500	\$27,500	\$27,500	21,479.35
495.20 - Dev/Events - Postage	\$0	\$0	\$0	2,041.37
495.23 - Dev/Events - Telephone	\$350	\$3,750	\$350	350.36
495.26 - Dev/Events - FICA	\$2,750	\$2,250	\$2,500	2,118.77
495.29 - Dev/Events - Retirement	\$1,500	\$2,000	\$2,500	1,292.04
495.32 - Dev/Events - Insurance	\$10,000	\$4,000	\$3,000	9,236.95
495.70 - Dev/Events - Miscellaneous	\$150	\$150	\$250	182.32
495.88 - Dev/Events - Entertainment	\$1,000	\$500	\$750	1,127.17
Total 495 - Events	\$113,640	\$96,540	\$116,850	110,530.51
9000 -Verticle Three				
9100 - V3 Revenue				
300.62 - V3 Conference Income	\$110,000	\$125,000	\$130,000	88,062.50
300.64 - Truth & Peace Fees	\$235,000	\$225,000	\$230,000	227,145.28
300.66 - NYET Fees	\$30,000	\$30,000	\$30,000	28,329.00
300.70 - Youth Collections	\$500	\$500	\$1,000	-
300.73 - Buck-A-Week Revenues	\$1,000	\$1,000	\$1,000	942.12
300.74 - V3 Misc. Events	\$0	\$0	\$0	-
Total 9000 - Verticle 3 Revenue	\$376,500	\$381,500	\$392,000	344,478.90
450 - Verticle Three Expense				
450.02 - V3 - Salaries	\$22,500	\$20,000	\$22,000	21,230.76
450.04 - V3 - Travel Expense	\$2,500	\$5,000	\$5,000	2,541.87
450.06 - V3 - Supplies	\$1,000	\$750	\$1,500	1,028.63
450.07 - V3 - Equipment Maint.	\$0	\$0	\$0	-
450.08 - V3 - Overhead	\$0	\$0	\$16,000	16,000.00
450.10 - V3 - Conventions & Seminars	\$750	\$0	\$0	892.57
450.12 - V3 - Dues & Subscriptions	\$1,000	\$500	\$1,500	1,380.65
450.16 - V3 - Entertainment	\$250	\$250	\$250	309.04
450.23 - V3 - Telephone	\$375	\$375	\$400	350.29
450.26 - V3 - FICA	\$850	\$750	\$1,500	804.75
450.29 - V3 - Retirement	\$1,500	\$1,750	\$750	1,292.04
450.32 - V3 - Insurance	\$16,500	\$19,000	\$17,500	15,811.96
450.34 - V3 Conf. Expense	\$120,000	\$122,500	\$122,500	120,914.55
450.36 - Truth & Peace Expense	\$172,500	\$175,000	\$175,000	167,626.58
450.38 - NYET Expense	\$30,500	\$30,000	\$30,000	29,577.69
450.45 - V3 - Scholarships	\$0	\$0	\$500	-
450.88 - Buck-A-Week Expenses	\$250	\$500	\$500	-
450.90 - V3 - Miscellaneous	\$0	\$0	\$0	-
Total 450 -Verticle 3 Expense	\$370,475	\$376,375	\$394,900	379,761.38

Executive Director & CEO Ronald Hunter Jr.	2022 Package	2023 Projected Package*
Salary	\$50,937	\$54,503
Housing Allowance	\$60,000	\$64,200
Retirement	<u>\$13,840</u>	<u>\$13,840</u>
COMPENSATION TOTAL	\$124,777	\$132,543
Christmas Bonus	<u>\$1,995</u>	<u>\$2,135</u>
TOTAL PAY PACKAGE	\$126,772	\$134,677

Medical, Dental, Vision and Life insurance in 2022 is \$14,388. An increase is projected for 2023.

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

Curriculum Director Katie Greenwood	2022 Package	2023 Projected Package*
Salary	<u>\$58,648</u>	<u>\$60,994</u>
COMPENSATION TOTAL	\$58,648	\$60,994
Retirement	\$2,932	\$3,050
Christmas Bonus	<u>\$880</u>	<u>\$915</u>
	\$3,812	\$3,965
TOTAL PAY PACKAGE	\$62,460	\$64,958

Medical, Dental, Vision and Life insurance in 2022 is \$17,739. An increase is projected for 2023.

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

Director of Events & Development Derek Altom	2022 Package	2023 Projected Package*
Salary	\$32,390	\$33,686
Housing Allowance	<u>\$22,140</u>	<u>\$23,026</u>
COMPENSATION TOTAL	\$54,530	\$56,711
Retirement	\$2,727	\$2,836
Christmas Bonus	<u>\$818</u>	<u>\$851</u>
	\$3,544	\$3,686
TOTAL PAY PACKAGE	\$58,074	\$60,397

Medical, Dental, Vision and Life insurance in 2022 is \$17,410. An increase is projected for 2022.

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

**Summary of the Minutes
Randall House Board
2021-2022**

The Randall House Board met July 21, 2021, during the National Association meeting. Executive Director Dr. Ron Hunter provided a summary of the financial position YTD 2021 and indicated that Randall House will continue a development strategy moving forward. John Brummit presented an update concerning the potential relocation of the National Association offices. Dr. Hunter presented a proposal to change the name of Randall House Publications of the National Association of Free Will Baptists, Inc. to D6 Family Ministry. The board agreed to consider this regularly at each board meeting until the National convention of 2022. The board discussed updates to the board manual and unanimously approved tabling the approval of updates to December. Officers were elected and committees were assigned.

The RHP Board met on December 8, 2021, at the Randall House offices in Nashville, Tennessee. Executive Director Dr. Ron Hunter opened the meeting by commending the RHP team on a tremendous effort during these tough times. The team has worked incredibly well, and the morale has been great considering the difficulty associated with Covid. The board received reports from the Executive Director and staff. All reports were accepted. Notable items included new product releases, partnerships, initiatives, and celebration moments. The development goal of \$100,000 has been exceeded this year and hopes are that this will continue into the coming years. Truth & Peace will be celebrating Allen Pointer's 25th year as Director. The board received reports from three separate committees: Curriculum, Vertical Three, and Finance. Discussion of the proposal to change the name of RHP continued. The consensus is the name change is a good change for the organization and helps focus on the true vision of the organization. All board members agreed to think and pray about the issue and discuss again at the April 2022 meeting. The Board voted unanimously to provide whole-hearted support for Dr. Hunter's work and effort in leading Randall House Publications.

The Randall House Board met April 22-23, 2022, following the D6 Conference. Chairman Mike Trimble called the meeting to order and led the board in a time of reflection and prayer. The board received reports from the Executive Director and staff and all reports were accepted. The board also met with Terry Hill, auditor, and reviewed the audit and all financials. The budget for 2023 was adopted. The board received reports from three committees: Curriculum, Vertical Three, and Finance. There was significant discussion about the potential name change. It was decided that another meeting would be necessary since three members were absent. The board agreed to meet again in the next few weeks to further the discussion. In light of the 2021 National Association of Free Will Baptists adopting a National Board Member manual, the board examined and unanimously adopted a number of Randall House Policies.

The Randall House Board met May 3, 2022, via Zoom. All board members were present. Chairman Mike Trimble called the meeting to order, and the board discussed the proposed name change. Motion made by Jay Baines, seconded by Darin Gibbs, and carried unanimously. The Motion: In reflecting on the best expression of who Randall House Publications is, the Randall House Board moves to change the organization's name from "Randall House Publications of the National Association of Free Will Baptists" to "D6 Family Ministry." The motion was made to adjourn, and the meeting closed in prayer.

Music Commission Report

The Music Commission exists to assist Free Will Baptist churches in the development of their worship ministries. Most worship leaders in our churches are volunteer or part-time. They are the primary group we consider as we provide resources.

Our website, fwbworship.com, offers a growing number of tutorials, articles, and links to help regular people become better worship leaders. The website has also provided a point of communication among Free Will Baptist musicians. We are pleased to assist the Executive Office through the website in enlisting and equipping musicians for the national convention.

At the convention last July we announced the launch of a new project to assist churches, the Onsite Worship Workshop. A member of our commission would come for a two-day workshop to provide training and coaching for the worship team of the host church. During the fall months we interviewed several interested churches. Not all followed through, but we scheduled workshops to be held in early 2022. Many of the needs expressed involved media areas. We reached out to the Media Commission to partner with us as possible.

Each of the workshops has been well received by the host churches. The number of workshops will small due to the limitations of commission members' availability. But following the first year we will evaluate and see how to assist more churches.

We invite your suggestions and requests related to the resources we work to provide as we serve to "help everyday people become better worship leaders." Join us in praying that Free Will Baptist churches will grow in their experience of true worship to the glory of the Lord Jesus Christ.

Respectfully submitted,

The Free Will Baptist Music Commission

Doug Little, Chairman

Bryan Hughes

Kevin Justice

Joshua Riggs

James Stevens

MUSIC COMMISSION FINANCIAL SUMMARY 2021

Beginning Balance (01/01/2021)		\$10,088.55
Income		\$ 5,868.42
Together Way (undesignated)	4,604.93	
Together Way (designated)	772.00	
Rest of the Family offering	12.71	
Endowment gifts	53.78	
Expenses		\$ 3,648.67
Meetings	1,168.76	
Convention	558.00	
Projects	1,921.91	
Office Expenses	-0-	
Ending Balance (12/31/2021)		\$12,308.30

MUSIC COMMISSION BUDGET COMPARISONS

	2021 Budget	2021 Actual	2022 Budget	2023 Budget
Income				
Together Way (undesignated)	\$5,700.00	\$4,875.57	\$5,000.00	\$5,500.00
Together Way (designated)	\$300.00	\$408.00	\$1,000.00	\$1,000.00
Rest of the Family Offering	\$20.00	\$22.32	\$20.00	\$20.00
Direct gifts	-0-	\$175.00	\$500.00	\$500.00
Projects	-0-	-0-	\$2,000.00	\$2,000.00
Other	\$300.00	\$56.04	\$300.00	\$300.00
Totals	\$6,300.00	\$5,536.93	\$8,820.00	\$9,320.00
Expenses				
Meetings	\$2,500.00	\$1,168.76	\$2,500.00	\$2,000.00
Convention	\$500.00	\$558.00	\$500.00	\$2,000.00
Projects	\$3,200.00	\$1,921.91	\$3,200.00	\$4,200.00
Office Expenses and Misc	\$200.00	-0-	\$100.00	\$620.00
Totals	\$5,800.00	\$3,648.67	\$6,300.00	\$8,820.00

**Free Will Baptist Media Commission Report
for the National Association of Free Will Baptists
Birmingham, Alabama
July, 2022**

2022 marks the 40th anniversary of the Free Will Baptist Media Commission.

40 years ago at the 1982 National Convention in Fort Worth, TX. Resolution 3 stated:

“Whereas radio and television are effective means to convey the Gospel to great numbers simultaneously.

Be it resolved that the moderator appoint a five man study commission to investigate the feasibility of the National Association sponsoring a radio/television outreach, and report their findings to the 1983 session of the National Association.” *Adopted*

That was the beginning of what is now called the Media Commission, formerly known as the Radio/Television Commission. We are grateful to the National Association for their commitment to outreach through technology. In 1983, the original committee members: Raymond Riggs, George Lee, Guy Owens, Sandy Goodfellow, and Larry Hampton, began the work on creating a thirty minute program consisting of music and preaching called “Victorious Living” later called “Victorious Faith.”

The commission has always been committed to highlighting and distributing content that was created and produced by those within the Free Will Baptist denomination. The founding commission had big dreams of spreading the Gospel and promoting the Free Will Baptist denomination. They selected 7 cities across the US to broadcast from so they would have maximum impact.

Over the past 39 years, the Free Will Baptist Media Commission has been led by members who were willing to lean in and adapt to changing technologies to help churches and the denomination spread the Gospel. In the 1990’s, Sandy Goodfellow led the commission to begin distributing audio tapes of the convention services. Mike Anderson joined Sandy with this massive undertaking. In the late 90’s and early 2000’s these men began providing DVD purchases of the convention services. In 2010 under the leadership of Keith Fletcher, the Commission began streaming the Convention Services. That year more than 2,000 viewers from 16 countries watched the convention from their homes or churches.

As the original members of the commission dreamed of reaching those across the United States with the Gospel through radio/television programming, we now have the opportunity to reach the world like they never imagined with the ability to produce digital content.

In 2021 we continued to stream the Convention Services. We added a live pre-show with two hosts interact-acting with viewers at home before the services begins. We are happy to report that we saw over 41,000 views between all evening services last year. We are providing this pre-show again this year. We were privileged to provide Audio, Recording and Streaming Support to the Executive Office at the 2021 Leadership Conference.

Also in 2021, we welcomed Adrian Holland to the board. We thanked Daniel Edwards for his 5 years of service.

As we celebrate 40 years we would like to thank all of the former and current members of the Commission.

All previous and current members with years of service.

Raymond Riggs*	1 year (1983)
Larry Hampton*	7 years (1983 -1990)
Sandy Goodfellow*	17 years (1983-1996, 2003-2007)
Guy Owens*	4 years (1983-1987)
George Lee*	4 years (1983-1987)
James Vallance	15 years (1984-1999)
Bill Gardner	14 years (1987-2001)
Terry Boyd	6 years (1987-1993)
Bob Shockey	5 years (1990-1995)
Steve Faison	10 years (1993-2003)
Doug Kite	13 years (1995-2008)
Ron Hunter	6 years (1996-2002)
Mike Jones	8 years (1999-2007)
Kevin Norris	11 years (2001-2012)
Monte McKenzie	10 years (2002-2012)
Mark Ousley	4 years (2007-2011)
Keith Fletcher	5 years (2007-2012)
Travis Penn	9 years (2008-2017)
Adam Carnes	5 years (2011-2016)
Daniel Edwards	5 years (2016-2021)
Stephen Lopes**	(2012-present)
Josh Owens**	(2012-present)
Marc Neppi**	(2012-present)
Jeremy Smith**	(2017-present)
Adrian Holland**	(2021-present)

*Founding Member

**Current Member

Thank you for allowing us to serve our denomination and our Lord.

Respectfully Submitted,

Stephen Lopes (TN), Chairman
Josh Owens (TN), Treasurer
Marc Neppi (VA)
Adrian Holland (TN)
Jeremy Smith (NC)

FWB Media Commission Comparative Budget Analysis

April 1, 2021-March 31, 2022

	2021 Budget	2020 Actual	Difference	2022 Budget
INCOME				
Together Way (Undesignated)	\$4,600.00	4,859.94	\$259.94	\$4,750.00
Together Way (Designated)	\$100.00	\$73.00	-\$27.00	\$100.00
Rest of the Family Offering	\$15.00	\$23.25	\$8.25	\$15.00
Bill Gardner Memorial Gift	\$45.00	\$48.86	\$3.86	\$45.00
Other Gifts	\$15.00	\$15.00	\$0.00	\$4,515.00
TOTAL INCOME	\$4,700.00	\$4,932.94	\$232.94	\$9,425.00
EXPENSES				
Office Supplies	\$75.00	\$0.00	\$75.00	\$75.00
Video Hosting (Vimeo)	\$225.00	\$217.41	\$7.59	\$225.00
Digest of Reports	\$75.00	\$39.58	\$35.42	\$75.00
Convention Mobile Giving (Tithe.ly)	\$120.00	\$76.00	\$44.00	\$0.00
Convention Streaming Service (Internet & Rental)	\$850.00	\$0.00	\$850.00	\$850.00
Streaming Video Equipment Upgrades	\$2,500.00	\$3,651.95	-\$1,151.95	\$2,500.00
Convention Supplies	\$150.00	\$0.00	\$150.00	\$150.00
Convention/Leadership Conference Travel and Lodging	\$900.00	\$2,370.48	-\$1,470.48	\$3,500.00
Convention/Leadership Conference Meals	\$850.00	\$814.54	\$35.46	\$1,000.00
Convention Seminar	\$0.00	\$0.00	\$0.00	\$0.00
Software/Hardware	\$500.00	\$216.32	\$283.68	\$500.00
Development and Training	\$500.00	\$297.00	\$203.00	\$500.00
TOTAL EXPENSES	\$6,745.00	\$7,683.28	-\$938.28	\$9,375.00

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 4–5, 2021, we sponsored our twenty-fourth annual Theological Symposium. The Symposium featured papers on music in the thought of the church father Clement of Alexandria, the nature of pastoral authority in Hebrews 13:17, aspects of moral imagination in Edmund Burke, assurance in Reformed Arminianism, the marriage covenant and Reformed Arminianism, the Free Will Baptist church covenant, Jesus and the Jewish wisdom tradition, and Francis Schaeffer's public theology. The meeting also featured the reading of a yet-unpublished paper by fifty-year-long Commission member F. Leroy Forlines on the Abrahamic Covenant, read by his granddaughter Anna Forlines.

Our twenty-fifth annual Theological Symposium will meet October 3–4, 2022, on the campus of Welch College in Gallatin, Tennessee. We invite paper proposals for this Symposium. The theme for this year will be the thought of Robert E. Picirilli. Paper proposals on that topic will be given priority. However, papers on all theologically and Christian worldview-related topics will be considered. All those interested in submitting papers for possible inclusion in the Symposium program are encouraged to contact program chairman Cory Thompson at fwbtheology@gmail.com.

We are planning another issue of *Integrity: A Journal of Christian Thought* later this year. Soon, owing to a generous grant from the Free Will Baptist Foundation, the Commission will begin issuing occasional supplements to *Integrity* that will consist of substantive theological articles that are not as long as typical *Integrity* articles. We also encourage you to read theologically related essays at our blog, FWBTheology.com.

This year's Theological Integrity Seminar at the Annual Session of the National Association of Free Will Baptists will consist of a panel discussion on "Men's and Women's Roles in the Home and Church." The panel will comprise the five members of the Commission.

Respectfully submitted,

The Commission for Theological Integrity

Matt Pinson (chairman)

Kevin Hester (secretary)

Rodney Holloman

Cory Thompson

Jackson Watts

2021
Commission for Theological Integrity
Financial Report

Bank Balance - January 1, 2021		\$5,619.06
Commission Income		
The Together Way	\$4,993.41	
Theological Symposium Papers	365.37	
Gifts	<u>23.26</u>	
Total Commission Income	5,382.04	
Journal Income	<u>0.00</u>	
Total Income		5,382.04
Commission Expenses		
Bookkeeping	400.00	
National Seminar/Digest of Reports	808.97	
Annual Meeting and Symposium Expenses	1,960.48	
Miscellaneous Office Expenses	<u>216.49</u>	
Total Commission Expenses	3,385.94	
Journal Expenses	<u>0.00</u>	
Total Expenses		<u>3,385.94</u>
Bank Balance - December 31, 2021		<u>\$7,615.16</u>

2022-2023
Commission for Theological Integrity
Budgets

	2021 Budget	2021 Actuals	2022 Budget	2023 Budget
Income				
Gifts	\$100.00	\$23.26	\$10,100.00	\$700.00
Journal Income	100.00	0.00	200.00	250.00
Theological Symposium Papers	200.00	365.37	200.00	250.00
Together Way Plan	<u>4,800.00</u>	<u>4,993.41</u>	<u>5,300.00</u>	<u>5,600.00</u>
Total Income	<u>5,200.00</u>	<u>5,382.04</u>	<u>15,800.00</u>	<u>6,800.00</u>
Expenses				
Annual Meeting/Symposium	2,800.00	1,960.48	2,500.00	2,800.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	100.00	0.00	11,000.00	2,500.00
National Seminar/Digest	750.00	808.97	750.00	750.00
Office Expenses	<u>250.00</u>	<u>216.49</u>	<u>350.00</u>	<u>350.00</u>
Total Expenses	<u>\$4,300.00</u>	<u>\$3,385.94</u>	<u>\$15,000.00</u>	<u>\$6,800.00</u>



2021-2022 Historical Commission Report

Thank you! Over the past two years, Free Will Baptist districts, quarterly meetings, and state associations have been sending a greater number of minutes, both historical and current. Phillip Morgan, curator of the Free Will Baptist Historical Collection at Welch College shares the following update:

We had a good year in the Historical Collection. Due to encouragement from the Executive Office, several new associations and quarterly meetings sent minutes to us, especially from the state of Ohio and the Hispanic Association in Florida. We also had significant individual donations from Susan B. Aller, Thurmon Murphy, John Murray, and Larry and Myrna Simpkins. We are so thankful for the local and state clerks and promotional directors; like Jean McCraney, who recently stepped down from her long work as the clerk in the North Alabama Association; Duane Littlefield in the Central Association of Florida; and David Taylor in Arkansas; who consistently send us new minutes each year. They ease our work significantly and help us achieve success in our task.

The commission continues to scan and publish online the ever-expanding collection of national, state, district, and quarterly minutes in the collection. Through April 2022, minutes have been scanned well into North Carolina (alphabetically) and posted online. Additionally, the commission has begun scanning and posting *The Morning Star*, long-running 19th and early 20th century newspaper published by northern Free Will Baptists.

The digital collection may be accessed in person at Welch College, by visiting FWBHistory.com, or by searching the Welch College library site: welchlibrary.wordpress.com. To donate historical materials, contact curator Phillip Morgan: pmorgan@welch.edu. Again, the commission thanks individuals and organizations that contributed during the past year. Thank you for helping us preserve the amazing Free Will Baptist story.

2021-2023 Budgets | Free Will Baptist Historical Commission

	2021 Budget	2021 Actuals	2022 Budget	2023 Budget
Income				
Gifts (Together Way)	\$5,500.00	\$5,459.04	\$5,500.00	\$5,500.00
Interest	50.00	1.75	15.00	10.00
Sale of Pamphlets	300.00	103.21	300.00	150.00
Rest of the Family Offering	20.00	20.46	15.00	20.00
Total Income	5,885.00	5,584.46	5,830.00	5,680.00
Expenses				
Librarian/Curator Expense	2,100.00	1,500.00	2,100.00	2,500.00
Materials, Postage, Software	1,500.00	449.69	1,500.00	1,500.00
Publishing Projects	1,635.00	0.00	1,600.00	1,100.00
Meeting Expenses	250.00	50.00	250.00	200.00
NAFWB Digest	100.00	61.07	80.00	80.00
Website Expense	300.00	125.00	300.00	300.00
Total Expenses	\$5,885.00	\$2,124.69	\$5,830.00	\$5,680.00

Financial Report 2021

Free Will Baptist Historical Commission

Balance on hand (checking at Regions Bank) 12/31/2020..... \$11,355.30

Deposits

FWB Coop/Together Way (12 months)..... 5,359.04

Interest (Regions Bank) 1.75

Sales of booklets (Randall House) 103.21

Rest of Family offering..... 20.46

Gift (Anna L. Berglen)..... 100.00

Total..... \$5,584.46

Expenditures

Phillip Morgan: stipend 1,500.00

(actually 2,000; check outstanding 12/31)

Integrity Coding 125.00

Randall House, NAFWB Seminar Fee 50.00

R. E. Picirilli:

Postage (two years) 18.15

2020 Adobe software 196.56

2021 Adobe software..... 163.80

Gas for Missouri Trip..... 71.18

Total \$2,124.69

Balance on hand (checking at Regions Bank) 12/31/2021..... \$14,815.07

Add: Trust at FWB Foundation 12/31/2019 (gained \$1,049.88 in 2019) \$39,834.58

Total on hand 12/31/2021 \$54,669.65

Submitted by Robert E. Picirilli, Treasurer

2022 President's Report Welch College

This past year has been a rewarding year for Welch College. While it has been difficult because of the impact of COVID-19 on the college's finances, Welch has been blessed with increases in every qualitative area of its mission.

Qualitative Growth

Despite the difficulties of the pandemic, our wonderful faculty and staff at Welch managed to improve in every measurable metric in the higher education industry. This has caused us, for the first time, to enter the top-ten in the *U.S. News and World Report's Best Colleges* ranking among the 93 institutions in the Regional Colleges—South category. Most remarkable is that we were ranked #1 in our graduation rate for students from economically disadvantaged backgrounds.

Our comparison to the other 93 institutions in our category gives parents, students, and supporters confidence in the quality and value of a Welch College degree. In addition to having the highest graduation rate for students from economically disadvantaged backgrounds, we ranked #1 in student-faculty ratio and classes with fewer than 50 students. We ranked #3 in graduation rate, #5 in classes under 20 students, and #8 in freshman-to-sophomore retention and alumni giving.

Furthermore, our internal data shows that the number of students whose parents are alumni went up. It was 28% percent this year, more than twice as high as that of most Christian colleges.

In December, our two accrediting bodies, the Southern Association of Colleges and Schools (SACS) Commission on Colleges and the Association for Biblical Higher Education (ABHE) Commission on Accreditation, fully reaffirmed our accreditation for the next ten years. We received a special commendation from ABHE for the faculty, staff, and student support of our mission.

Ministry and Spiritual Formation

Given our core mission of educating leaders to serve the church, what was especially gratifying is that the number of ministry students went up. This was one of only three categories of enrollment that increased over the past two years when overall enrollment decreased more than 20 percent.

One of the most exciting developments for this year was the launch of Welch Divinity School and the initiation of the Master of Divinity (M.Div.) program. Twelve students enrolled in the program. It has increased our reputation in the evangelical theological community, on which we want to have an impact. Yet more importantly, it has brought excitement and momentum to our student body.

Our new joint B.A.-to-M.Div. program has dovetailed with the recently initiated \$10,000 scholarship for Free Will Baptist pastoral and youth ministry students who are on the ordination track to foster the above-mentioned increase in ministry enrollment. This is crucial in a time when fewer high school students are answering the call to ministry, and those who do often choose free or lower-cost community college options closer to home, intending to transfer to Welch after two years. Yet most never do and often never enter the ministry.

This scholarship provides opportunities for Free Will Baptist students who are anticipating a ministry vocation to be in an environment of faith and learning conducive to that goal. It is helping us fulfill the objective that is at the very heart of our mission. We are forming and shaping young ministers of the gospel who are serious about the teaching of Scripture and how it changes lives, who are committed to living out the Great Commission and leading churches to a zeal for the gospel, and who heartily embrace the doctrine, practice, and heritage of the Free Will Baptist Church.

Spiritual formation also took a leap forward this past year as students began to be able to see each other's faces again and have daily chapel and normal dormitory prayer groups. Student morale was high this year, especially as compared to last year with masks and social distancing. Spiritual formation, in the context of the shaping of the whole person—thinking Christianly about all of life, feeling deeply about that, and making moral choices that are consistent with it—is at the center of what we do. And it is needed more than ever in a culture that is increasingly devoid of Christian virtue.

This is a difficult time to be involved in Christian higher education. We are in a more secular context in the wider culture than we were twenty years ago when I started as president here. This means that our students are coming out of that culture and those schools. We also have lost 40% of the membership of our denomination over the past four decades. All this makes the ministry of Christian higher education challenging.

Still, Welch College is experiencing the blessings of God. In a time when the general trend in dorm students and graduation rates is down in private higher education, our general trend, adjusted for COVID-19, is up. In a trend toward secularism and progressivism in the wider academy and secular culture, our students are responding positively to our education that is self-consciously steeped in the teaching of Holy Scripture and the Judeo-Christian tradition, as well as the constitutional tradition that has shaped our country.

Our students are growing up here. They are becoming more spiritually mature. They are becoming leaders—ministry leaders for churches and missions around the world and lay leaders who bear witness to Christ across the professions. It is a joy to witness this growth firsthand and to see students take up the mantle of Christian leadership in increasingly difficult times in our culture.

Enrollment and Finances

The pandemic arrested the enrollment and financial growth Welch was experiencing before its onset. In the fall semester before COVID hit, Welch marked its highest fall enrollment in thirty-six years with a headcount of 426. Two years later, this past fall, enrollment had plummeted to just 336. From the 2020 to the 2021 fiscal year, the college's tuition, room, and board income decreased by around 15%, and from last year to this year it went down about 12%, for a total drop of about 27% in tuition, room, and board revenue over the past two years.

Our general fund—the *Welch Fund*—stayed on track. However, the *Building on the Legacy* capital campaign we were in the middle of, to fund the construction of the new campus, was hit hard, with people wary of making new pledges or unable to fulfill existing pledges.

Yet, in the larger scheme of things, given the dire circumstances of COVID and the fact that many small Christian colleges have been driven out of business by the pandemic, things have gone surprisingly well. Last year, for example, we budgeted a deficit of around \$750,000, ending the year with a deficit of only around \$90,000. While this year was not as good as last year, we project we will still end the year with a deficit that is lower than the approximately \$750,000 we budgeted for the 2021–2022 fiscal year.

While our capital campaign has continued to suffer this year, things are beginning to pick back up with the launching of *Building on the Legacy—The Next Step*, and we feel confident next year will be much better. Most importantly, the number of admitted students for the Fall 2022 entering class is back up to pre-COVID norms. While our entering class was in the 50s last fall, and in the 60s the fall before that, the current number of admitted students suggests we will be back in the 70s this fall. That means next year will begin our ascent back to normalcy and then to growth, though it will take a few years to recover what COVID has taken from us in students, fundraising, and momentum.

Still, there are major donors who want to come alongside Welch whom God has blessed with the financial ability to be a tremendous help to the college. Though COVID, supply chain issues, and the microchip shortage have cut into their reserves and ability to fund charities, they assure us that their businesses are doing well and that they plan to make some very large gifts to the college once things normalize post-COVID. So I predict that in the next few years Welch College will enter the most productive season of growth and mission fulfillment in its history.

Thank You

Now more than ever, we need your prayers and financial support and your recommendation of Welch to students and their parents. Thank you so much for your continued support of Welch and its mission to educate leaders to serve Christ, His Church, and His world through biblical thought and life.

Sincerely,

Matt Pinson
President

Registration Report 2021-2022

ENROLLMENT 371

States

Alabama	11
Arkansas	5
California	2
Florida	10
Georgia	6
Illinois	8
Indiana	2
Kansas	1
Kentucky	4

Louisiana	1
Michigan	6
Mississippi	6
Missouri	5
New York	1
North Carolina	35
Ohio	5
Oklahoma	2
Rhode Island	3

South Carolina	5
Tennessee	220
Virginia	11
West Virginia	3
US Virgin Islands	1
International	18

The student body represents 22 states, 1 territory (USA), and 6 international countries (Bulgaria, Japan, Indonesia, Mexico, Panama, and Spain).

Classification

Freshman	74
Sophomore	55
Junior	56
Senior	50
Graduate (Degree-seeking)	43
Non-degree Part-time	32
Dual Enrollment	72

Vocational*

Christian Ministry (Grad)	25
Christian Ministry (Bach)**	45
Christian Ministry (Assoc)	10
Christian Ministry (Certificate)	18
Missions	9
Biology (TE Licensure: 4)	9
Business	43

English (TE Licensure: 5)	10
Exercise Science (TE Licensure: 1)	15
General Studies	25
History	7
Humanities	6
Math (TE Licensure: 7)	7
Music (BME Licensure: 3)	8

Psychology	11
Science/Nursing	12
Teacher Education***	41
Non-degree Part-time	14
Dual Enrollment	72

Other Categories

Full-Time	193
Part-Time	178
Male	179
Female	192
Single	292
Married	79

Dorm	127
Commuter	48
Residential Graduate	10
Non-residential Graduate	34
Adult Studies	31
Online Studies	49
Dual Enrollment	72

New	86
Transfer	12
Continuing	201
Dual Enrollment	72
Free Will Baptist	196
Other	175

*Multiple students pursuing multiple degrees.

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

***This number includes all undergraduate and graduate teacher education students, including those pursuing secondary education, who are also counted in their respective programs of study.

Synopsis of Minutes

Board of Trustees

June 2021-May 2022

June 4, 2021

The Board of Trustees met via video conference and approved the hiring of Dr. Jesse Owens as a full-time faculty member for Welch Divinity School.

July 19, 2021

The Board of Trustees met at the Annual Session of the National Association of Free Will Baptists to approve the college's financial audit.

October 19, 2021

The Board of Trustees met via video conference to approve the repurchase of the 17-acre-plus tract of land at the northwest corner of the Welch property.

December 8, 2021

The Board of Trustees met on the Welch campus, received reports, updated the college's conflict-of-interest policy; directed the administration to reexamine the institution's investment policies via a special committee with Vice President for Financial Affairs Craig Mahler as chairman, and approved the new Master of Arts (M.A.) degree in Humanities.

May 4–5, 2022

The Board of Trustees met on the Welch campus, received reports, approved the 2021–2022 budget, approved the promotion of Anna Rose Robertson to Assistant Professor, and approved the hiring of Todd Parrish as Vice President for Institutional Advancement.

Salary Breakdowns

	2019-2020	2020-2021	2021-2022	2022-2023
President*				
Salary	\$71,539	\$71,539	\$71,539	\$71,540
Social Security	5,473	5,473	5,473	5,473
Retirement	2,146	2,146	2,146	2,146
Medical Insurance	14,090	15,412	16,336	19,746
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$93,608	\$94,930	\$95,584	\$99,265
Provost				
Salary	\$55,590	\$55,590	\$55,590	\$61,986
Social Security	4,253	4,253	4,253	4,253
Retirement	1,667	1,667	1,667	1,667
Medical Insurance	14,090	15,412	16,336	19,746
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$75,960	\$77,282	\$78,206	\$88,012
Vice President for Financial Affairs				
Salary	\$54,060	\$54,060	\$54,060	\$58,061
Social Security	4,136	4,136	4,136	4,442
Retirement	1,621	1,621	1,621	1,742
Medical Insurance	4,642	5,078	5,383	6,506
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$64,819	\$65,255	\$65,560	\$71,111
Vice President for Institutional Advancement				
Salary	\$57,723	\$57,723	\$59,223	\$56,774
Social Security	4,416	4,416	4,531	4,125
Retirement	1,731	1,731	1,777	1,777
Medical Insurance	9,748	10,664	5,383	6,506
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$73,978	\$74,894	\$71,274	\$69,542

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

2022 Election Schedule For Standing Boards and Commissions

Board of IM, Inc.

2024 — Darren Walker (North Carolina)
Mark Price (Ohio)
Casey Cariker (Oklahoma)

2026 — Janice Banks (Texas)
Rick Cason (Georgia)
Jeff Nichols (Tennessee)

To be elected in 2022:

2028 — _____

Welch College Board of Trustees

2024 — Will Beauchamp (Florida)
Theron Scott (South Carolina)
Tim Campbell (Arkansas)

2026 — Jeff Crabtree (Atlantic-Canada)
Shiloh Hackett (Tennessee)
Chris Truett (North Carolina)

To be elected in 2022:

2028 — _____

Board of Women Nationally Active for Christ

2024 — Amy Johnson (Illinois)
Khristi Shores (Oklahoma)
Sarah Sargent (Ohio)

2026 — Jessica Edwards (Tennessee)
Katie Postlewaite (South Carolina)
Tracy Payne (Oklahoma)

To be elected in 2022:

2028 — _____

Board of Randall House Publications

2024 — Kendall Ross (Arkansas)
Mike Mounts (Ohio)
Mike Trimble (Michigan)

2026 — Paul Bryant (Mississippi)
Ryan Giles (Oklahoma)
Rick Taylor (Alabama)

To be elected in 2022:

2028 — _____

Music Commission

2023 – James Stevens (Tennessee)

2024 – Kevin Justice (North Carolina)

2025 – Bryan Hughes (North Carolina)

2026 – Joshua Riggs (Oklahoma)

2027 – _____

Media Commission

2023 – Stephen Lopes (Tennessee)

2024 – Josh Owens (Tennessee)

2025 – Jeremy Smith (North Carolina)

2026 – Adrian Holland (Oklahoma)

2027 – _____

Commission for Theological Integrity

2023 – Matt Pinson (Tennessee)

2024 – Cory Thompson (Oklahoma)

2025 – Rodney Holloman (Tennessee)

2026 – W. Jackson Watts (Missouri)

2027 – _____

Historical Commission

2023 –David Crowe (Tennessee)

2024 –Robert Picirilli (Tennessee)

2025 –Eric Thomsen (Tennessee)

2026 –Jim McComas (Tennessee)

2027 – _____

General Board

2023 — 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

2024 — North Carolina:	Reuben Cason
Northeast:	Bill Reynolds
Northwest:	_____
Ohio:	Ben Crabtree
Oklahoma:	Dick Terry
South Carolina:	Chris Todd
Tennessee:	Chris Dotson
Texas:	John Collier
Virginia:	Bruce Barnes
West Virginia:	James Cox, Jr.

To be elected in 2022:

2025 —Alabama: _____

Arizona: _____

Arkansas: _____

Assn. of Mexico: _____

Atlantic-Canada: _____

California: _____

Colorado: _____

David Marks Heritage: _____

Florida: _____

Georgia: _____

Idaho: _____

Illinois: _____

Executive Committee

2023 — Stan Bunch (Missouri)
Wayne Hale (Mid-Atlantic)
Daniel Edwards (Indiana)

2024 — Chris Todd (South Carolina)
Chris Dotson (Tennessee)
Reuben Cason (North Carolina)

To be elected in 2022:

2025 — _____

General Officers do not elect in 2022

2025 - Moderator: Tim York (Tennessee)
2023 - Assistant Moderator: William Smith (Georgia)
2023 - Clerk: Randy Bryant (Florida)
2025 - Assistant Clerk: Ernie Lewis (Illinois)

The following boards do not elect members in 2022:

Board of FWB Foundation

(Members include directors of national agencies.)

2023 — Bobby Edwards (Tennessee)
Melissa Haralson (Arkansas)
Bob Thompson (Oklahoma)

2025 — Brent Patrick (Virginia)
Hubert Stafford (Georgia)
Corey Minter (Tennessee)

2027 — Gene Williams (North Carolina)
Scott Coghill (North Carolina)
Lee Allen (Arkansas)

Board of North American Ministries

2023 — Bob Lewis (Tennessee)
Josh Baer (North Carolina)
David Sexton (Virginia)

2025 — Jeff Jones (North Carolina)
Bob Brown (Florida)
Frank Wiley (Oklahoma)

2027 — Jose Rodriguez (Tennessee)
Mike Cash (Arizona)
Marshall Boney (Virginia)

Board of Retirement and Insurance

2023 — Danny Baer (North Carolina)
James Beasley (South Carolina)
Mike Gladson (Ohio)

2025 — Lance Boyer (Missouri)
Don Myers (Michigan)
Randy Wilson (Oklahoma)

2027 — Joel Franks (Alabama)
Brent Nix (Northwest)
Clayton Hampton (Northwest)

Minutes of the 85th National Association of Free Will Baptists

July 18-21, 2021, Memphis, Tennessee

Proceedings

The 85th annual session of the National Association of Free Will Baptists, Inc. met July 18-21, 2021, at the Renasant Convention Center in Memphis, Tennessee. "Overcome" was the theme of the meeting. Ryan Lewis served as convention manager, and Kevin Justice was music coordinator.

Sunday School – July 18, 2021

Sunday School began at 10:00 a.m. with Kevin Justice leading the congregation in singing "Blessed Be the Name." Eddie Moody welcomed the body to the convention. Mike Wade introduced Sunday School teacher, Dr. Danny Conn, director of editorial and strategic projects for Randall House. Dr. Conn brought the lesson from James 3:1-4:12 on "Faith Chooses Godly Conduct." Sunday School was dismissed in prayer by Eddie Moody.

Morning Worship – July 18, 2021

The service began at 11:00 a.m. with Kevin Justice leading the congregation in singing, "Revive Us Again." Eddie Moody welcomed the body and lead in prayer. Craig Batts read Romans 12. The congregation sang, "Take My Life," and "King of Kings." Eddie Moody called for the offering and a men's ensemble sang "Worthy Is the Lamb." The congregation sang "Worthy, You Are Worthy." Mike Wade introduced the speaker. Rev. Melvin Moon, senior pastor of the Hartville Free Will Baptist Church, Hartville, Missouri, preached on "Sowing the Seed in Difficult Times," from Matthew 13:1-9. Eddie Moody dismissed the service with prayer.

Feet Washing Service – July 18, 2021

A special feet washing service was held at 3:00 p.m. The service began with Eddie Moody sharing comments about the practice. Kevin Justice led the group in singing, "How Firm a Foundation," and Jackson Watts read the account from John 13. The ordinance was practiced by the group.

Sunday Evening – July 18, 2021

The service began with the praise team singing, “Cleansed” with soloist Tommi Jo Ryan. Kevin Justice led the congregation in singing, “Nothing But the Blood.” Eddie Moody welcomed the body and prayed before the offering. “Jesus Messiah” was sung by the congregation and Rebekah Talbot read Luke 22:14-23. The praise team sang “Come Behold the Wondrous Mystery.” The ordinance of communion was observed with Eddie Moody leading the observance. Jonathan Locklear read I Corinthians 11:23-26 and Terry Hines reading 1 Corinthians 11:27-32. “Thank You Jesus for the Blood” with soloist Lyndsey Riggs was sung.

Marcus Osuna introduced the speaker and the praise team featuring a trio of Sarah Marcum, Audrey Hollifield, and Chad Donoho sang “Lost.” Christian Powell, senior pastor at Faith Free Will Baptist Church in Goldsboro, North Carolina, brought the message on “Overcome by Focusing on the Good Shepherd” from Matthew 18:1-14. Eddie Moody dismissed the service in prayer.

Monday Evening – July 19, 2021

The service began with Kevin Justice leading in singing, “Great Things.” Chris Dotson welcomed the body on behalf of the state of Tennessee and offered a prayer for the pastors in attendance. Clerk Randy Bryant called the 85th annual session to order and introduced the moderator, Dr. Tim York, who named the following committees:

Resolution Committee

Matthew Pinson (TN) – Chairman

Bob Thompson (OK)

Nate Ange (NC)

Timothy Powell (CA)

Bob Brown (FL)

Nominating Committee

Johnny Miller (AR) – Chairman

Ben Crabtree (OH)

Jonathan Locklear (MI)

Shirley Jackson (MO)

Todd Black (SC)

Curtis Smith (IL)

Kent Barwick (GA)

The congregation sang, “How Great Thou Art” and Corey Minter read Mark 9:33-41. The praise team with soloist Katelyn Stocks led the congregation in singing “King of Kings.” Doug Little sang, “King of Kings” joined by the congregation.

Eddie Moody introduced the speaker and prayed over the offering. The praise team and virtual choir sang, "The Church Triumphant" with Carol Reid and Jeff Manning providing a reading with the song. The congregation sang "We Believe." Keith Burden, executive secretary emeritus, brought the message from Matthew 18:15-35 on "We Overcome by Working Together." Eddie Moody dismissed the service in prayer.

Tuesday Afternoon – July 20, 2021

Moderator Tim York called the business session to order at 1:30 p.m. He brought a message on "The Church's Test" from Revelation 2:8-13. Carl Cheshier led in prayer.

The clerk read the Credentials Committee report. Motion carried to adopt the report and seat the delegates.

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

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

Executive Secretary Eddie Moody gave reports of the Executive Office, ONE Magazine, and Building Services. Auditor Terry Hill gave the financial reports. Motion carried to receive the reports and adopt the budget.

Edwin Hayes, Mike Wade, and Glenn Poston were recognized for their years of service on the Executive Committee.

President Matt Pinson gave the Welch College report. Craig Mahler gave the financial report. Motion carried to receive the report.

Director Elizabeth Hodges gave the Women Nationally Active for Christ report. Terry Hill gave the financial report. Motion carried to receive the report. Diana Bryant and Janie Campbell were recognized for their years of service on the board, which ended in 2020. Board Chairman Amy Johnson recognized Elizabeth Hodges for eleven years of service as the director.

The clerk read the nominations for the 2024 General Board. The slate nominated was elected.

The clerk read the nominations for 2024 terms on the Executive Committee. Chris Todd (SC), Chris Dotson (TN) and Reuben Cason (NC) were elected.

The clerk read Item 2 of the General Board report. Motion made and seconded.

A substitute motion was offered and seconded. It reads:

"The officers of this National Association shall consist of a moderator, an assistant moderator, a clerk, an assistant clerk, and an executive secretary who shall also serve as treasurer, each of whom, with the exception of the executive secretary, shall be elected for a four-year term. The moderator and assistant clerk shall be elected at the close of each fourth regular business session and two years later the clerk and assistant moderator shall be elected. Except for the executive secretary, who shall be elected for an indefinite period, no officer shall serve for more than two consecutive terms."

Motion carried to amend by adding the word "full" before the final word 'term.'

The recommendation now reads:

"The officers of this National Association shall consist of a moderator, an assistant moderator, a clerk, an assistant clerk, and an executive secretary who shall also serve as treasurer, each of whom, with the exception of the executive secretary, shall be elected for a four-year term. The moderator and assistant clerk shall be elected at the close of each fourth regular business session and two years later the clerk and assistant moderator shall be elected.

Except for the executive secretary, who shall be elected for an indefinite period, no officer shall serve for more than two consecutive full terms."

Motion carried to table Item 2 as amended.

The clerk read Item 3 from the General Board report. Motion carried to amend the item to read, "Commission members will serve no more than two full terms consecutively."

Motion carried to table Item 3.

The clerk read Item 4 of the General Board report. Motion carried to receive. Motion carried to table this motion.

The clerk read Item 6 of the General Board report. Motion carried to receive Item 6. Motion carried to table this item.

Eric Thomsen gave the Historical Commission report. Motion carried to receive the report. Jim McComas (TN) was elected to the 2026 term on the commission.

Marc Neppl gave the Media Commission report. Motion carried to receive the report. Daniel Edwards was recognized for his service on the commission. Adrian Holland (OK) was elected to the 2026 term on the commission.

Session closed in prayer by Gary Hill.

Tuesday Evening - July 20, 2021

The service began with the praise team, featuring a trio of Nick and Cheyenne Layton and Crosby Burns singing, "Chain Breaker." Daniel Edwards welcomed the body. The directors of the national departments recognized Elizabeth Hodges for her service as Director of WNAC upon her retirement. Daniel Edwards called for the offering and prayed for the offering. The praise team and a virtual choir sang, "Say the Name." Daniel Edwards read 1 Peter 4:7-11 and the congregation sang "Behold the Lamb," and "O Praise the Name." Keith Burden introduced the speaker. The congregation sang "Is He Worthy?" Eddie Moody brought the message on "Overcoming by Being a Good Steward" from Matthew 25:14-30. Rufo Gomez closed the service with prayer for the Refresh coaches, pastors, and deacons.

Wednesday Morning - July 21, 2021

The morning business session began at 9:00 a.m. with Assistant Moderator William Smith reading Galatians 5:16, 22-26 and leading in prayer.

Director Ron Hunter gave the Randall House report. Michael Lytle gave the financial report. Motion carried to receive the report. Steve Lindsay and Randy Scott were recognized for their service on the board which ended in 2020.

Director Clint Morgan gave the IM, Inc. report. Rob Conley gave the financial report. Motion carried to receive the report. Cheri Ham was recognized for 24 years of service in the IM office. In light of his retirement from missionary service, Carlisle Hanna was recognized for 70 plus years of missionary service in India. He was joined by his family as he was presented a plaque honoring his service.

Director David Crowe gave the North American Ministries report. Board chairman Jeff Jones made a motion to allow the department to officially change its name to Free Will Baptist North American Ministries. Motion carried. Mike Cash (AZ), Jose Rodriguez (TN), and Marshall Boney (VA) were elected to 2027 terms on the board. Robert Brown (FL) was elected to the unexpired 2025 term for Frank Webster.

Director John Brummitt gave the Board of Retirement report. Chris Compton gave the financial report. Joel Franks (AL),

Brent Nix (Northwest), and Clayton Hampton (MT) were elected to 2027 terms on the board.

Director David Brown gave the FWB Foundation report. Richard Davis gave the financial report. Motion carried to receive the report. Phil Whiteaker and Elizabeth Hodges were recognized for their service on the board. Lee Allen (AR), Gene Williams (NC), and Scott Coghill (NC) were elected to 2027 terms on the board.

Wednesday Afternoon, July 21, 2021

The afternoon business session began at 1:30 p.m. with Assistant Clerk Ernie Lewis reading Romans 8:31-39 and leading in prayer.

Matt Pinson gave the Commission for Theological Integrity report. Motion carried to receive the report. Jackson Watts (MO) was elected to the 2026 term on the commission and Cory Thompson (OK) was elected to the unexpired 2024 term on the commission.

Doug Little gave the Music Commission report. Motion carried to receive the report. Joshua Riggs (OK) was elected to the 2026 term on the commission.

Ron Hunter gave the Vertical Three report. Motion carried to receive the report.

Eddie Moody gave the Registration report. Motion carried to receive the report.

Eddie Moody gave the Budget Committee report. Motion carried to receive the report.

The Obituary Committee report was given in video form. Following a moment of silence, Jim Patton led in a prayer in remembrance of those who have passed away.

The Resolution Committee report was presented. Motion carried to adopt the report and act item by item.

Resolution 1 - Adopted

Resolution 2 - Adopted

Resolution 3 - Adopted

Motion carried to remove Item 2 of the General Board report from the table. Motion carried to adopt as amended.

Motion carried to remove Item 3 of the General Board report from the table. Motion carried to adopt as amended.

Motion carried to remove Item 4 of the General Board report from the table.

Motion carried to amend Nominating Guidelines, Section 1 by replacing "Nominating Committee will be appointed by the Moderator" with "the Nominating Committee will be appointed by officers of the NAFWB at the National Convention."

Motion passed as amended.

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

Motion carried that "The Moderator of the NAFWB and Chair of standing boards will function as a committee to review all changes to board manuals to ensure the changes adhere to the intent of the NAFWB Manual for Board Members."

The clerk read the Nominating Committee report for officers. The Moderator and Assistant Clerk are now elected to a four-year term and Assistant Moderator and Clerk to two-year terms. Moderator-Tim York (TN), Assistant Moderator-

William Smith (GA), Clerk- Randy Bryant (FL), and Assistant Clerk- Ernie Lewis (IL) were elected.

Motion carried to adjourn. Tim York closed in prayer

Wednesday Evening – July 21, 2021

Prior to the service, a video on IMPACT Memphis was shown. The evening worship service began with the praise team and a virtual choir singing, “Nobody” as missionaries marched in. Brad Ransom introduced North American Ministries church planters and Curt Holland introduced IM, Inc. missionaries. A commissioning ceremony was held for new missionaries and church planters with Brad Ransom offering the charge and Curt Holland praying the commissioning prayer. Carlisle Hanna was honored for 70 years as a missionary to India. The congregation sang, “Christ Be Magnified” and Dean Jones read 1 Peter 4:12-19. Stan Bunch introduced the speaker and prayed over the offering. John Weaver, disciple-making coach/ trainer with Youth With a Mission, brought the message from Luke 14:15-24 on “We Overcome by Reaching Out.” “Christ Be Magnified” and “Thank You Jesus for the Blood” were sung as an invitation was given. Ed-die Moody reminded the body of next year’s convention, July 24-27, in Birmingham and closed the convention in prayer.

2021 Credentials Committee Report

The letters have been examined and representation fees paid from the following state associations, districts, and local churches and found to be in order as presented below:

1. From the following state associations, which are entitled to be represented by five (5) delegates: Alabama, Arkansas, California, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Mexico Association, Michigan, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.
2. From the following district associations, which are entitled to be represented by three (3) delegates: David Marks, Iowa, Mid-Atlantic, Northwest.
3. From the following local churches, which are entitled to be represented by one (1) delegate: Harvest Time Free Will Baptist Church of South Dakota and the Free Will Baptist Church of St. Croix, Virgin Islands.
4. We recommend delegates from the Arizona District, Atlantic Canada District, Colorado District, Association of Mexico, Northeast District, the Waipahu Free Will Baptist Church of Hawaii, and the Twin Valley Free Will Baptist Church of Wisconsin, be seated upon reception of fees and/or reports being received.
5. We recommend delegates from the countries, state associations, district associations, and local churches listed above be seated for this session, along with other delegates who are properly registered.
6. We recommend all lay delegates entitled to representation by virtue of their positions on standing boards be seated if properly registered.

Minutes of the General Board Meeting, July 19, 2021

The General Board of the National Association of Free Will Baptists was called to order by Moderator Tim York at 8:00 a.m., Monday, July 19, 2021. The meeting convened in the Main Hall of the Renasant Convention Center in Memphis, Tennessee.

Mike Wade shared a devotion from 1 Peter 1:3-9 on "Our Response to an Immoral Culture." Tim York led in prayer. Clerk Randy Bryant called the roll. Motion passed to seat the General Board. Motion passed to seat the following proxies: Donna Crabtree (Atl-Can), Daryl Grimes (David Marks), Dick Terry (OK), and Zane Brooks (KS) as proxies.

The moderator named the following committees:

Resolution Committee

Matthew Pinson (TN) – Chairman

Bob Thompson (OK)

Nate Ange (NC)

Timothy Powell (CA)

Bob Brown (FL)

Nominating Committee

Johnny Miller (AR) – Chairman

Ben Crabtree (OH)

Jonathan Locklear (MI)

Shirley Jackson (MO)

Todd Black (SC)

Curtis Smith (IL)

Kent Barwick (GA)

The clerk read the Executive Committee report. Motion passed to receive the report and to act item by item.

Executive Secretary Eddie Moody gave the Executive Office report, ONE Magazine report, and Building Services report. Motion passed to receive the reports and adopt the budgets.

President Matt Pinson gave the Welch College report. Motion passed to receive the report.

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

Director Ron Hunter gave the Randall House Publications report. Motion passed to receive the report.

Director Clint Morgan gave the IM, Inc. report. Motion passed to receive the report.

Director David Crowe gave the North American Ministries report. Motion passed to receive the report.

Director John Brummitt gave the Board of Retirement report. Motion passed to receive the report.

Director David Brown gave the Free Will Baptist Foundation report. Motion passed to receive the report.

Daniel Edwards gave the Media Commission report. Motion passed to receive the report.

Matt Pinson gave the Commission for Theological Integrity report. Motion passed to receive the report with the proposed addition to the Appendix to Chapter IV, Section 1.

Doug Little gave the Music Commission report. Motion passed to receive the report.

Eric Thomsen gave the Historical Commission report. Motion passed to receive the report.

Eddie Moody gave the Budget Committee report. Motion passed to receive the report.

Motion passed to adopt Item 2 from the Executive Committee report.

Motion passed to adopt Item 3 from the Executive Committee report.

Motion passed to adopt Item 4 from the Executive Committee report.

Motion passed to adopt Item 5 from the Executive Committee report.

Motion passed to adjourn. Tim York closed the session in prayer.

2021 Nominating Committee Report

The Nominating Committee of the National Association of Free Will Baptists presents the following for nomination:

North American Ministries — 2027 Term

Mike Cash, AZ

Jose Rodriguez, TN

Marshall Boney, VA

2025 Term — Robert Brown, FL

Board of Retirement — 2027 Term

Joel Franks, AL

Clayton Hampton (MT)

Brent Nix, Northwest Association

Free Will Baptist Foundation — 2027 Term

Lee Allen, AR

Gene Williams, NC

Scott Coghill, NC

Media Commission — 2026 Term

Adrian Holland, OK

Commission for Theological Integrity — 2026 Term

Jackson Watts, MO (replacing himself)

2024 Term — Cory Thompson, OK**Historical Commission — 2026 Term**

James R. McComas, TN

Music Commission — 2026 Term

Joshua Riggs, OK

General Board — 2021 Term

Tennessee: Chris Dotson

Executive Committee — 2025 Term

Chris Dotson, TN

Chris Todd, SC

Reuben Cason, NC

General Officers

Moderator: Tim York (TN)

Assistant Moderator: William Smith (GA)

Clerk: Randy Bryant (FL)

Assistant Clerk: Ernie Lewis (IL)

Nominating Committee

Jeff Blair, OK, Chairman

Diana Bryant, FL

Rufo Gomez, TN

Wayne Hale, Mid Atlantic Association

Terry Motte, Northwest Association

Terry Pierce, MS

Steve Lindsay, AL

2021 Convention Registration Report*

National Convention

Board/Commission Member	66
Local Church Delegate	39
NAFWB Attendee	2,120
Ordained Deacon	50
Ordained Minister	470
State Delegate	46
Total.....	2,791

Vertical Three

V3 Attendee	1,217
V3 Child Attendee	83
V3 Grades 1-3	184
V3 Grades 4-6	186
V3 Grades 7-12	484
V3 Preschool Worship	83
Total	2,237

*Unique: 3,345

2021 Obituary Report*

Alabama

Burble Alexander
Jerry Montgomery

Arkansas

Donald T. Brown
Wayne Douthit
Dennis L. Edgin
James "Early" Payne
Sidney W. Sawrie
Donald Winfrey

Florida

James Christian
Roger Duncan
Robert Harrison
Robert Owen

Georgia

Sandra Bishop
Lucy Hyman
R.C. Wiggins

Illinois

Raymond Capps
Howard Sinclair Flota

Indiana

Robert Helms

Missouri

Bob Atkinson
William Coonce
Dr. Ralph Hunter
Glenn Rehkop
Jerry Scott
Ronnie Turner

North Carolina

Fred Carraway
Jamie Coats
Ricky Jacobs
Jack Moses
Virgil Nolen

Ohio

David Boggs
Deryl Curry
Richard Hensley, Jr.
Paul Peterson
Arnold Rife
William Smith

Oklahoma

Henry Braisher
Joe Conn
Clarence Hearron
Lewie Jeffries
Donnie LeForce
Dennis McBride
Reece Murray
Dick Shade
Steve Shaw

Jessie Wallis
John L. Wood
Willard Lynn Wood
Frank Young

South Carolina

James Childers
James Sanders

Tennessee

F. Leroy Forlines
Chaplain (Col) Eddie Young
Charles A. Thigpen
Mary R. Wisehart

Texas

Clarence Hearron

West Virginia

Glen (Doug) Blankenship
Agie Bryant
Earl Burgess
Ottie Burke
Larry Evans
Bert Hall
Robert Milam
George Smith
Clyde Waller
Leotis Ward
Russell Watts

***Report includes pastors, national
leaders, and missionaries**

BUDGET COMMITTEE REPORT

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2022:

Executive Office (Includes:)		\$834,600.00
Administrative	\$433,000.00	
Convention	<u>401,600.00</u>	
Free Will Baptist Foundation		2,314,000.00
IM, Inc.		8,450,000.00
North American Ministries		5,000,000.00
Retirement and Insurance		717,543.00
Randall House Publications		4,566,890.00
Welch College		8,013,520.00
(Includes \$1,350,000 in unrestricted gifts)		
WNAC		229,700.00
Commission for Theological Integrity		6,800.00
Historical Commission		5,830.00
Media Commission		5,308.00
Music Commission		<u>8,820.00</u>
TOTAL		\$30,153,011.00

All these ministries are non-profit and receive funds through The Together Way Plan.

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

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

IM, Inc.	21.0%
North American Ministries	21.0%
Welch College	21.0%
WNAC	17.0% *
Retirement and Insurance	11.0%
Free Will Baptist Foundation	0.5%
Commission for Theological Integrity	1.0%
Historical Commission	1.0%
Media Commission	1.0%
Music Commission	1.0%
Randall House Publications	<u>4.5%</u> *
TOTAL	100.0%

Respectfully Submitted, Your Servants,

Edward Moody, Executive Secretary
David Brown, General Director of Free Will Baptist Foundation
David Crowe, General Director of North American Ministries
Clint Morgan, General Director of IM, Inc.
Ron Hunter, General Director of Randall House Publications
John Brummitt, General Director of Retirement and Insurance
Matt Pinson, President of Welch College
Elizabeth Hodges, WNAC

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

Resolutions Committee Report

The Resolutions Committee hereby presents three proposed resolutions for adoption by the body:

Resolution 1 (From the Commission for Theological Integrity)

Whereas Free Will Baptists believe that God has created humanity in His own image as male and female, and this gender binary is part of God's good and purposeful design in creation; and

Whereas attempts to minimize, redefine, or distort this doctrine are harmful to individuals, families, churches, and civilizations; and

Whereas sin has manifested itself in outright rebellion to this good design, as well as emotional, psychological, and intellectual confusion in some individuals concerning their true gender or sex, sometimes described by mental health professionals as "gender dysphoria"; and

Whereas tremendous political, legal, and social pressure is being wielded against Christians and Christian institutions that refuse to endorse LGBTQ+ identities as legitimate and healthy expressions of human sexuality and gender;

Therefore, be it resolved that Free Will Baptists recommit themselves to teach and model a biblical understanding of sexuality and gender in their families and churches, seeking to equip church members and leaders to help them remain faithful to this teaching; and

Be it further resolved that we seek to minister with compassion to those sincerely struggling with confusion in the areas of sexuality and gender, recognizing them to be image-bearers with inherent worth and dignity; and

Be it further resolved that we oppose legislative efforts to normalize or legitimize LGBTQ+ identities, seeing this as contrary to the divine vision for human flourishing; and

Be it further resolved that we discourage those identifying as "transgendered" from seeking surgical or medical interventions that will seek to "reassign" or "affirm" their perceived gender identity; and

Be it further resolved that Free Will Baptist congregations hold their church members, ministers, and institutions accountable to maintain fidelity to a biblical understanding of gender and sexuality.

Resolution 2

Whereas the 2020 Annual Session of the National Association of Free Will Baptists resolved to "reaffirm and remain resolute in the established stance of this body" regarding racism; and

Whereas that reaffirmation and resolution cited a resolution from the 1965 Annual Session of the National Association of Free Will Baptists affirming that "all persons should equally enjoy those freedoms and privileges intended by God from creation, taught in the Bible, and provided by the Constitution of the United States of America"; that the "church of Jesus Christ must recognize the dignity of every person as a creation of God and must actively seek ways to bring that person into a right relationship with God, regardless of race or national origin"; and that "the transformation of mankind through faith in Jesus Christ is the greatest instrument available to break down prejudices and cause justice to prevail"; and

Whereas that reaffirmation and resolution cited a resolution from the 1995 Annual Session of the National Association

of Free Will Baptists affirming that because “all people are created in the image of God (Genesis 1:26),” “all people have descended through ‘one blood’ from Adam (Acts 17:26),” and “God desires for all people to be saved (2 Peter 3:9),” the body resolved to “condemn racism in any form and do pledge to proclaim the Gospel freely to all men,”

Therefore, be it resolved that this body maintain these commitments and root its proclamation, witness, and efforts toward racial equality in language, thought forms, and understandings of justice that emerge from Holy Scripture rather in than language, thought forms, and understandings of justice that emerge from secular philosophical and sociological theory, such as critical race theory and intersectionality.

Be it further resolved that this body reaffirm that Scripture clearly defines every human being as created in the image and likeness of God, guilty of sin as a departure from God by all humanity, and called to salvation as the only deliverance from sin through the Gospel of our Lord Jesus Christ; and

Be it further resolved that this body reaffirm the value of every human being as an image-bearer of God and that repentance from and remission of sin is available through the atoning work of Christ alone; and

Be it further resolved that Free Will Baptists recommit themselves to the task of carrying this gospel to all men and women everywhere.

Resolution 3

Whereas Executive Secretary Eddie Moody and his staff have carefully planned and executed this eighty-fifth Annual Session; and

Whereas the Tennessee State Association, its promotional director Chris Dotson, and its numerous volunteers have been gracious hosts to this Annual Session;

Therefore, be it resolved that this body show its appreciation with a rising vote of thanks.

Respectfully submitted by the Resolutions Committee:

Resolutions Committee

Matt Pinson (TN), Chairman

Nate Ange (NC)

Bob Brown (FL)

Tim Powell (CA)

Bob Thompson (OK)

Randall House VIII Conference Report

Registration Total:	2021	2019
VIII Adult Attendee:	1,216	1,855
VIII Child Attendee	83	109
VIII Grades 1-3:	184	256
VIII Grades 4-6:	186	305
VIII Grades 7-12:	484	668
VIII Preschool Worship:	83	106
VIII Total Attendees:	2,236*	3,299

Competitive Activity Entries:	2021	2019
Entries (down 384)	592*	976
Competitors (down 906)	1,085*	1,991

*Both Vertical III and CTS were affected due to competitors inability to gather and practice or concerns regarding the COVID 19 pandemic.

Serve the City

Serve the City did not occur in 2021 due to COVID-19, as many places were not accepting volunteers. Serve the City will return in 2022.

Buck-A-Week:

Tuesday's Buck-A-Week Offering: \$5,513.08 (\$1,200 of this was carried over from 2020)

2021 Ministries receiving funds:

North American Missionaries: Church Planters to Vermont – Dan and Kami Houghton

International Missions: Chris and Tori – Hanna Project Field Workers

Total Truth & Peace Participants:

141 students and 14 staff for a total of 162

Youth Evangelistic Team:

YET was comprised of 13 Students lead by Mike & Bethany Lewis. The team traveled to four states, leading worship in seven churches, five of which were mission churches, one youth camp, and participated in a service project at a North American Ministries' church plant.

VIII God Moments:

A Surprising Story of Service and Providence: Just before arriving in Memphis, a mom reached out to the Vertical Three Office in Nashville to inquire about her child attending preschool worship in Memphis. She was concerned about the participation possibilities of her five-year-old son has some special needs. She worried that he might not be allowed or that Vertical III was not equipped to accept her son in preschool worship.

After hearing from and talking with the preschool worship coordinator, the mom left this message on the Vertical Three Ministries Facebook page:

Just a quick shout out to the folks at Vertical Three Ministries. Today, I wondered what would be available for my 5-year-old son with special needs when we attend the National Convention of Free Will Baptists in Memphis.

I reached out to them. Their immediate response, "We would love to have your son join us in preschool worship!"

They followed that up with emails and phone calls to make sure they knew all the details of his special needs...every, little, detail. That may not seem like a big deal to you, but not every place we go is so accommodating and inclusive. Many places are even antagonistic toward our asking questions about what is available.

Proud to be a Free Will Baptist and part of the Church."

During Truth & Peace, we saw at least four students accept the call to the mission field, and many more made God-honoring commitments.

STATISTICAL REPORT
Reporting Period 2020

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2019 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2019 Membership	Reported 2020 Membership
Alabama	11	11	97	97	31	66	41	56	115	8,429	125	142	-17	8,412	8,429
Arizona	1	1	5	5	4	1	4	1	10	148	20	14	6	154	177
Arkansas	15	15	163	147	70	93	74	62	125	13,534	208	219	-11	13,523	11,872
Assoc. of Mexico	11	11	42	0	28	14	0	0	0	0	0	0	0	0	0
California	8	7	54	48	42	12	21	26	0	768	0	0	0	768	768
Canada	1	1	8	3	1	7	2	1	0	201	1	2	-1	200	158
Colorado	1	1	5	4	3	2	4	1	6	109	8	20	-12	97	114
David Marks Assoc.	1	1	5	5	5	0	3	2	9	72	38	2	36	108	62
Florida	8	8	55	48	36	19	25	21	42	2,646	67	53	14	2,660	1,865
Georgia	10	10	102	88	41	61	56	46	59	5,455	110	149	-39	5,416	5,263
Hawaii	0	0	1	1	1	0	1	0	0	17	0	0	0	17	17
Idaho	1	1	3	3	3	0	0	3	0	128	0	3	-3	125	135
Illinois	6	5	35	33	20	15	19	13	38	3,043	41	31	10	3,053	2,653
Indiana	3	2	17	11	14	3	16	0	0	0	0	0	0	0	0
Iowa	1	1	3	3	3	0	1	1	0	95	0	0	0	95	95
Kansas	2	2	8	7	8	0	2	4	38	694	43	14	29	723	947
Kentucky	11	11	118	118	17	101	38	90	0	11,262	0	0	0	11,262	11,262
Mexico Assoc.	4	4	29	29	20	9	5	25	22	2,810	30	41	-11	2,799	2,810
Michigan	4	2	25	13	21	4	19	6	20	700	16	12	4	704	707
Mid-Atlantic Assoc.	1	1	6	4	4	2	4	2	0	412	0	0	0	412	412
Mississippi	3	3	46	36	15	31	18	18	0	2,871	0	0	0	2,871	2,871
Missouri	20	20	145	142	66	79	62	73	102	8,914	179	189	-10	8,904	8,286
North Carolina	8	8	158	129	77	81	88	16	235	9,109	353	298	55	9,164	12,041
Northeast Assoc.	1	1	3	3	2	1	3	0	0	0	0	0	0	0	0
Northwest Assoc.	1	1	6	6	6	0	2	4	16	171	10	5	5	176	218
Ohio	18	18	123	121	58	65	52	67	144	6,962	150	122	28	6,990	5,919
Oklahoma	25	25	196	168	145	51	92	69	733	17,884	334	210	124	18,008	11,528
South Carolina	5	5	103	103	54	49	87	16	0	10,013	0	0	0	10,013	5,150
South Dakota	1	1	1	1	1	0	0	1	2	0	2	0	2	2	40
Tennessee	9	9	184	184	101	83	90	56	345	14,379	559	281	278	14,657	14,379
Texas	5	3	42	29	27	15	18	4	33	1,170	42	25	17	1,187	815
Virgin Islands	1	1	1	1	0	1	1	0	0	150	1	20	-19	131	80
Virginia	7	7	68	61	31	37	34	27	68	3,174	103	61	42	3,216	3,153
West Virginia	20	20	142	140	18	124	47	71	80	5,731	113	493	-380	5,351	5,190
Wisconsin	0	0	1	1	0	1	0	1	2	35	0	0	0	35	35
TOTALS	224	217	2,000	1,792	973	1,027	929	783	2,244	131,086	2,553	2,406	147	131,233	117,451

STATISTICAL REPORT
Reporting Period 2020
Page 2

	Combined Income of All Churches	Number of Churches with Budgets	Parsonages	Value of Church and Parsonage Property	Ordained Ministers	Licensed Ministers	Deacons	Day Cares	Christian Day Schools	Bible Institutes	Colleges	Sunday School Enrollment	Value of Associational Property
Alabama	2,532,633	14	34	0	124	6	235	5	4	0	0	2,693	0
Arizona	230,564	2	2	3,415,932	13	0	2	0	0	0	0	189	0
Arkansas	11,587,255	43	46	75,914,002	212	40	274	1	1	0	0	4,682	4,233,000
Assoc. of Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0
California	672,310	9	4	3,818,570	43	11	24	3	3	1	1	371	0
Canada	274,889	2	0	1,570,842	2	1	2	0	0	0	0	53	0
Colorado	322,121	3	0	2,075,000	7	1	0	0	0	0	0	87	0
David Marks Assoc.	542,230	1	1	1,735,000	9	0	0	0	0	0	0	12	0
Florida	1,954,725	20	18	19,309,930	64	2	67	1	1	0	0	1,042	0
Georgia	6,339,060	33	50	40,560,989	113	29	210	0	1	0	0	2,456	283,000
Hawaii	58,690	1	1	1,000,000	0	0	0	0	0	0	0	17	0
Idaho	95,859	1	2	700,000	7	1	1	0	0	0	0	67	0
Illinois	3,187,540	19	9	30,479,000	51	9	76	0	1	1	0	958	1,300,000
Indiana	0	0	0	0	39	0	0	0	0	0	0	0	0
Iowa	0	3	1	1,300,000	2	1	2	0	0	0	0	24	0
Kansas	734,668	3	1	5,165,050	8	1	2	0	0	0	0	338	0
Kentucky	2,167,375	11	1	29,762,843	325	11	323	0	1	0	0	2,918	0
Mexico Assoc.	24,757	12	7	59,417	24	0	55	0	1	1	0	3,000	11,636
Michigan	517,092	12	2	13,142,000	22	13	9	0	0	0	0	385	0
Mid-Atlantic Assoc.	1,017,507	0	2	0	9	6	6	0	0	0	0	90	0
Mississippi	8,735,000	22	16	11,285,945	48	9	79	0	1	0	0	1,603	0
Missouri	8,878,336	42	28	69,246,918	200	25	213	2	0	0	0	3,313	5,925,000
North Carolina	13,292,662	72	38	99,590,872	193	45	393	5	6	0	0	3,968	0
Northeast Assoc.	0	0	1	0	3	2	8	0	0	0	0	0	0
Northwest Assoc.	280,000	2	3	3,950,000	8	3	4	0	1	0	0	56	0
Ohio	5,422,829	21	18	56,450,153	244	21	168	0	1	0	0	3,710	109,179
Oklahoma	19,357,305	41	21	94,124,945	210	37	263	7	3	0	0	3,523	20,500,000
South Carolina	7,700,000	5	24	36,000,000	151	28	30	3	1	1	0	1,050	1,900,000
South Dakota	40,000	1	0	400,000	1	1	0	0	0	0	0	15	0
Tennessee	8,955,726	38	41	114,817,567	279	40	312	0	2	1	0	6,585	0
Texas	2,635,190	15	5	16,444,874	30	8	32	0	0	0	0	415	0
Virgin Islands	112,315	1	1	1,500,000	1	1	0	1	1	0	0	0	0
Virginia	10,156,424	32	12	48,762,300	104	11	96	6	5	0	0	915	0
West Virginia	504,265	15	4	40,173,009	271	7	198	1	3	0	0	3,124	0
Wisconsin	65,519	1	1	800,000	2	0	0	0	0	0	0	24	0
TOTALS	118,394,846	497	394	823,555,158	2,819	370	3,084	35	37	5	1	47,683	34,261,815

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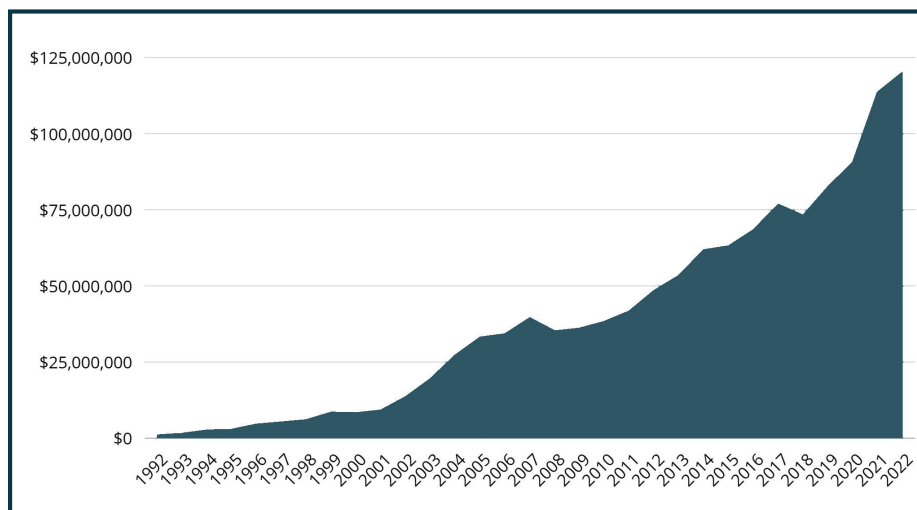


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