

DIGEST OF REPORTS

INCLUDES 2022 PROCEEDINGS



NAFWB

NATIONAL ASSOCIATION OF
FREE WILL BAPTISTS

JULY 16-19, 2023 | RALEIGH, NC

Longer Horizons, Smaller Withdrawals

15 YEARS
\$47,448
Per Year

How long will your retirement funds last?

If you started your retirement withdrawal with \$500,000 dollars. Your yearly income would differ based on the time you would need it. The average retirement lasts 20 to 30 years.

20 YEARS
\$39,597
Per Year

What do you want your salary to be in retirement? www.boardofretirement.com



25 YEARS
\$35,075
Per Year

30 YEARS
\$32,209
Per Year

35 YEARS
\$30,281
Per Year



Disclaimer: All amounts are estimates based on a constant earnings rate of 5%

Digest of National Agency Reports

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National Association of Free Will Baptists
87th Annual Convention
July 16-19, 2023
Raleigh, North Carolina

2022-23 Report of the Executive Secretary

"If a brother or sister be naked, and destitute of daily food, And one of you say unto them, Depart in peace, be ye warmed and filled; notwithstanding ye give them not those things which are needful to the body; what doth it profit?" (James 2:15-16).

We strive to help pastors and churches. In my role as executive secretary, I am frequently approached by pastors and churches regarding the challenges they face. Sometimes, I feel as though James 2:15-16 describes my behavior. For example, a church leader calls and discusses the difficulty they are having finding a pastor. After the conversation, we conclude the call by praying. Sometimes, I've wondered, "Does James 2:15-16 describe me?"

Pastor and Church Questionnaire

As Moderator Tim York was completing his doctoral program at Liberty University, he began working on a pastor search process as part of his doctoral project. We began using questionnaires in 2022, first for men interested in pastoring a church then with churches to help them find a pastor who best matches the congregation.

Dr. York met with many candidates and churches via phone and Zoom. Over time, however, it became obvious it would be more effective for Dr. York to meet with churches in person to guide them through the process. Dr. York describes the process in the Better Together Podcast found at: <https://www.youtube.com/watch?v=MtUqijq1UwI>

Participants indicated the process and meetings with Dr. York are very helpful. Below is specific feedback from some participants.

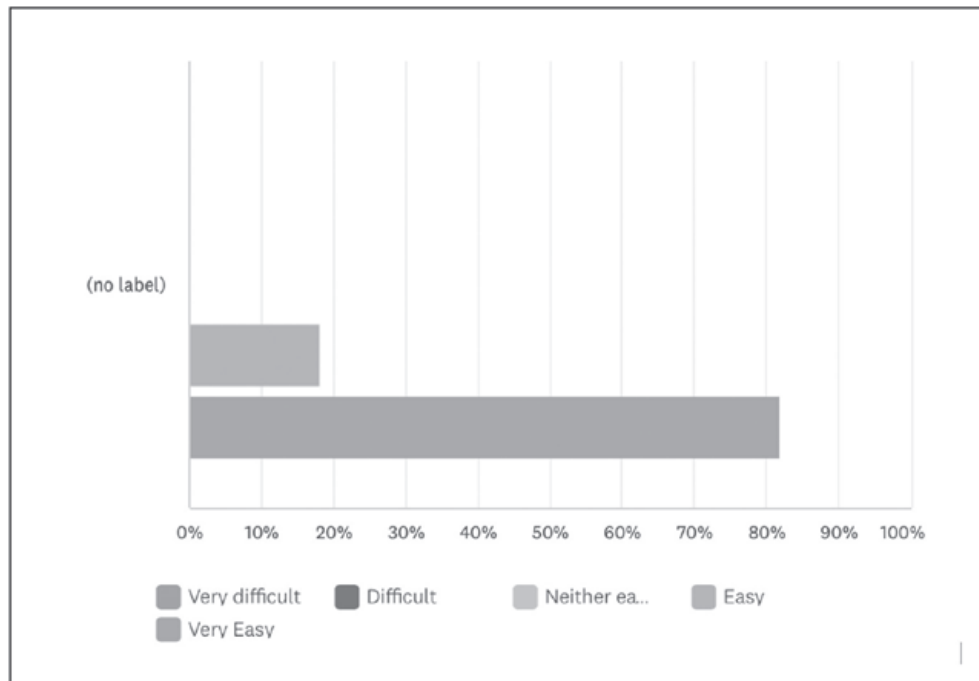
- *It was very helpful to get the ball rolling. He doesn't make the decision for you but gives you valuable insight on the kind of pastor that fits your church best. Dr. York was invaluable in his insight of our circumstances and came and spoke to our people to help ease them through the process. He kept in contact with us after he left. He left the impression that our church was a top priority. We are grateful for the experience and would recommend this to churches and pastors everywhere. Would not hesitate to use this again; this has been needed for a long time.*
- *I feel like the program works well, and the coaches do a great job in partnering pastors and churches together.*

This is a more costly approach than the one implemented during 2022. However, as a result of the generous support of North American Ministries and Free Will Baptist Foundation, we have enjoyed great success. Learn more about the process at www.nafwb.org/refresh or by emailing questions@nafwb.org.

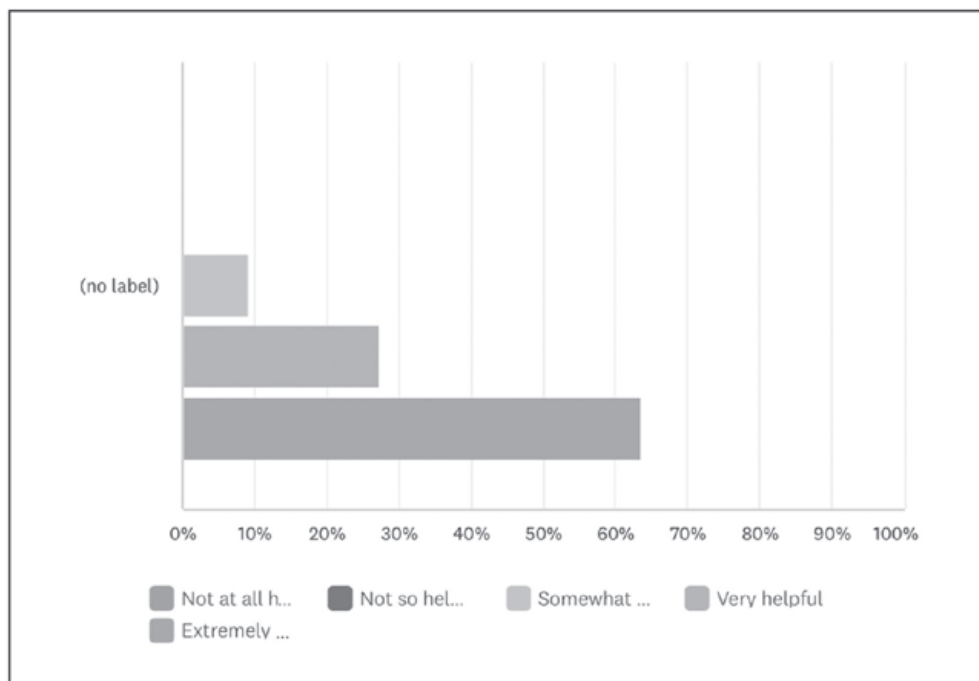
Counseling Program

In my prior career, I was frequently contacted by pastors regarding difficulties they were encountering. In my current position, those contacts have increased. I quickly realized I would be unable to help everyone. After discussing the situation with Dr. David Crowe and Dr. Brad Ransom at North American Ministries, we decided to add consultation with a professional counselor as one of the Refresh resources. Former church planter Tom Jones graciously agreed to provide this service for our pastors and their families. After piloting the program, we officially launched it during last year's National Convention. Below is feedback we have received.

How easy was the process to receive counseling?



How helpful was the counseling?



Feedback

- *It's been a blessing and help to both my wife and me. I'm thankful this is available.*
- *Great program! So thankful our National Association is providing this much-needed ministry.*

- *Brother Tom was extremely helpful in allowing me to see my situation from a completely different perspective, allowing me to take a step back and make the best decision given the circumstances.*
- *The counseling we've received has been top notch and extremely helpful during our personal tragedy.*
- *I greatly benefited from this resource and highly recommend it.*
- *Tom walked alongside me during a time when I needed someone to confide in, provided me with wise (and confidential) counsel, and helped me process the emotions I experienced.*
- *This has been a huge source of help to me. So thankful that it's available to us all.*
- *Carrying emotional baggage for too long easily allows it to become spiritual baggage as well. I wish a program like this would have been available 50 years ago.*
- *If you need a safe place to unpack your burdens/struggles with someone who understands and can offer hope and steps to wholeness, this ministry is for you.*

Please note: we use additional helping professionals when more specialization regarding a particular area is required. To date, Tom and the other helping professionals have conducted 173 sessions with pastors and their families.

We are thankful for the generous support of North American Ministries, Free Will Baptist Foundation, IM, Inc., and the Board of Retirement (for BOR participants). Without their support, we would be unable to sustain this program.

Know Your Community

At the program's inception, previous Executive Secretary Keith Burden and Dr. Danny Dwyer began working with Free Will Baptist churches by offering Rekindle. As the program has grown, we have considered ways to assist all our churches and provide immediate help to them.

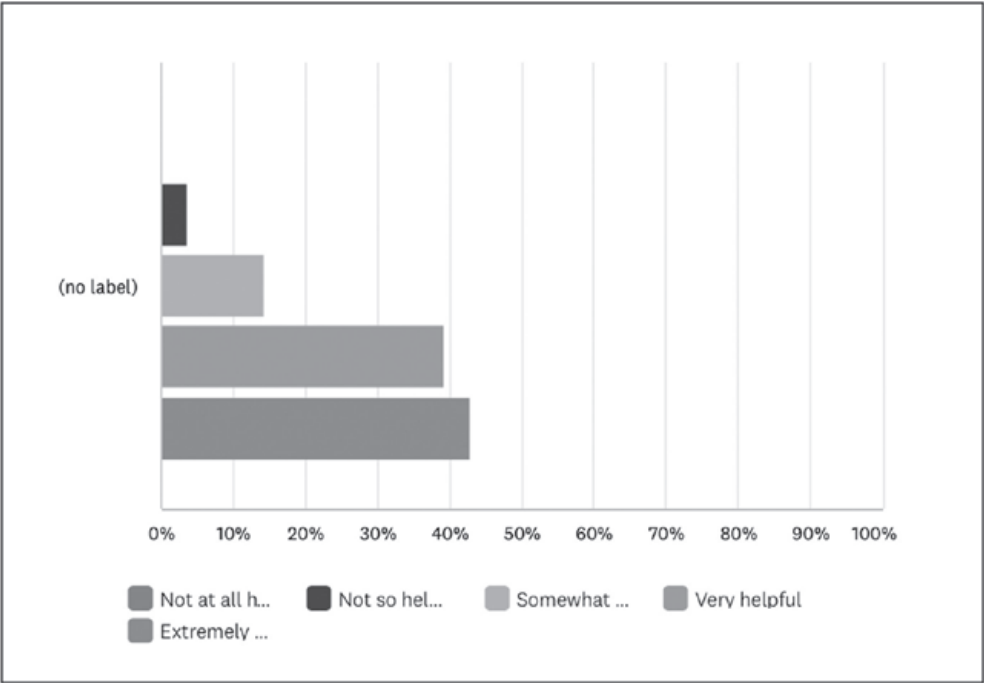
As part of that ongoing effort, we began offering the Know Your Community resource through *Church Answers* in 2022. The report provides the demographics and psychographics of a church's community (characteristics of people in your community and their preferences).

Reports are run 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 leaders to review results. We offer a follow-up meeting with others in the church (often Sunday afternoon or Wednesday evening). Finally, we encourage churches to collaborate with other churches regarding their results. We have gained valuable information about the communities where our churches are located. (See the article in the February-March 2023 issue of *ONE Magazine*: "What the Data Tells Us: Lessons From Know Your Community." (<http://onemag.org/data.htm>))

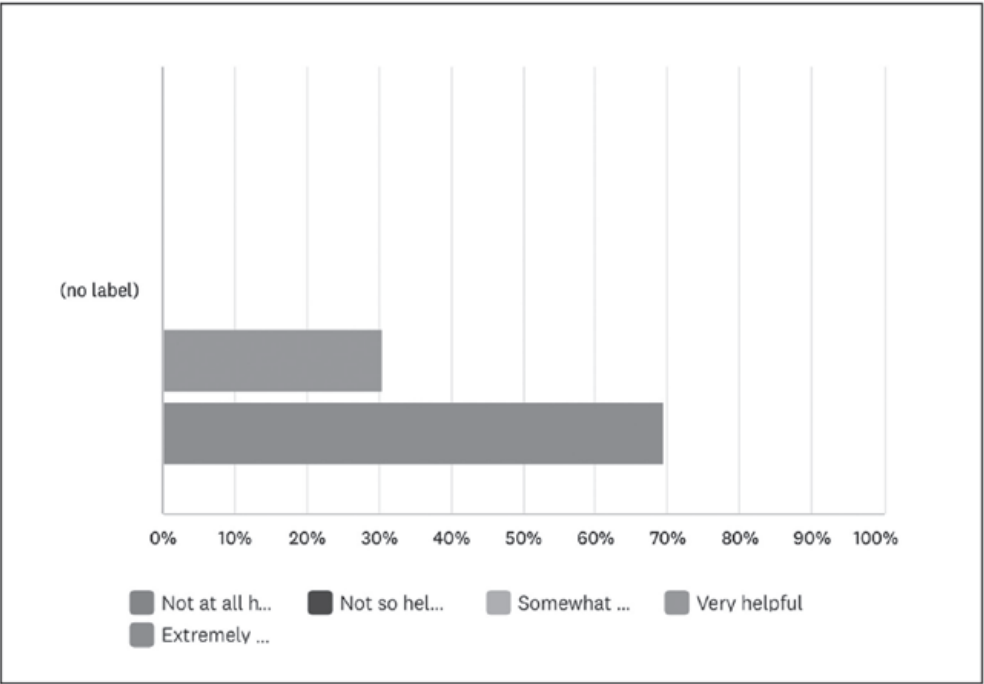
Each report costs \$100, but we provide it for churches unable to pay as a means to help them start the revitalization process. On the next page, see the ratings regarding the helpfulness of the report.

We conducted an item analysis on the results and found those who rated the report as "not so helpful" or "somewhat helpful" did not participate in a feedback session.

How helpful did you find the Know Your Community report?



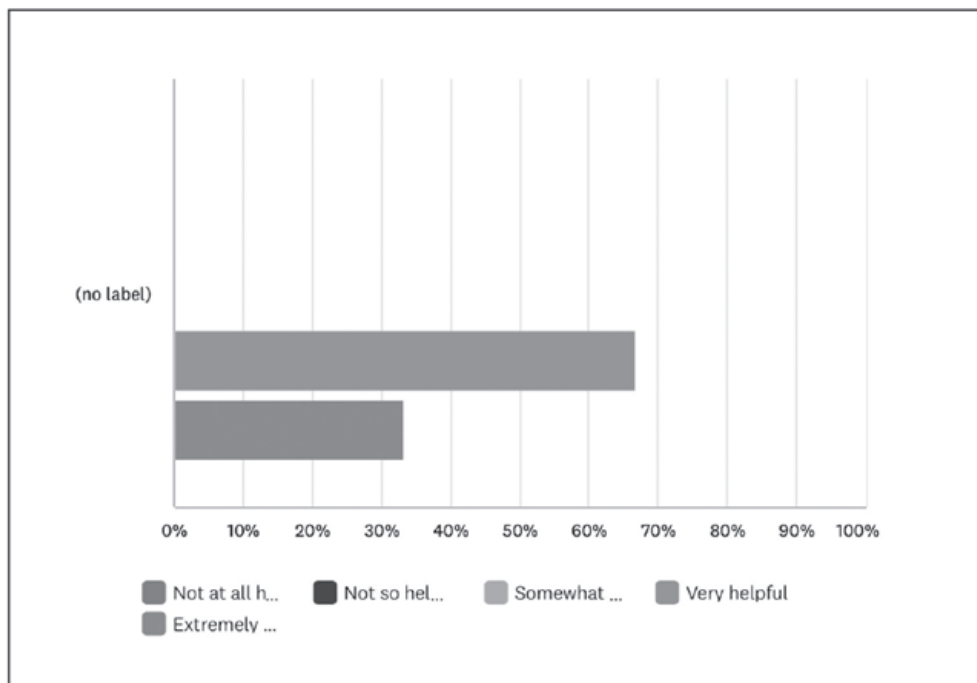
How helpful did you find the feedback session?



The feedback session received an overall rating of 4.7 (on a scale of 1-5). Below is some selected feedback.

- *Without the feedback session, I believe you are missing a vital part of implementing the report.*
- *Helped immensely to understand and apply the data.*
- *The one-on-one time with Dr. Moody was absolutely priceless in understanding the report.*
- *Making sense of the raw data was one of the most helpful parts of the whole experience.*

How helpful did you find the group feedback session?



The group feedback session received an overall rating of 4.3 (on a scale of 1-5). Below is some selected feedback.

- *Much better to come from him than from me. Easier for them to grasp.*
- *The best thing about the feedback session with our church was seeing the lights go on with people about some of the things we need to tweak and new things we need to try.*

Some participants have also participated in Zoom discussion groups to examine ways to reach specific groups in their communities, including: Rustbelt Traditions, In Style, Old and Newcomers, College Towns, and Comfortable Empty Nesters. Below is selected feedback from these sessions.

- *I've found the connections made in these discussion groups to be very valuable. It's encouraging to connect with other pastors facing similar issues and pool our ideas. It has also connected me with pastors I never would have guessed ministered in the same context I did.*
- *Most of us were in the same boat. We all were looking for more ideas regarding how to reach this segment.*

One clear takeaway has been the difficulty everyone is experiencing evangelizing in their community. Participants learned much about their communities from the KYC process. However, the key is how they use that information. Below are selected responses from our participants.

How have you utilized the information you received from the Know Your Community process?

- *This has shaped our marketing, planning, sermons, and how we do ministry.*
- *We are in the process of implementing a monthly feeding program.*
- *Just got to new church and plan to use this to help navigate our vision and mission for the church.*
- *Reviewed the data points with leadership and then with the congregation. Discussed how we can be more strategic in our outreach efforts. Identified target groups and their commonalities to our congregation.*
- *We have had meetings with our leadership team to begin to focus our outreach events to the groups that we have pinpointed.*
- *Training and Rekindle.*
- *Trying to lay out a plan to minister to them.*
- *We have implemented several intentional initiatives, both institutional and organic, to reach out a younger demographic in our area. Institutionally we have started a preschool on our campus. From an organic perspective, we have amped up our personal engagement with the young people we already have in our church and intentionally poured into their spiritual development via one-on-one discipleship so that they too can be leveraged by the Spirit in pointing others to Christ.*
- *We have tailored the programs that we are already implementing toward these demographics. Not reinventing the wheel, just making modifications to it.*
- *We have used it to think through some different ways our church can engage our community as volunteers, and it has helped us plan more effective outreach events.*
- *Know Your Community is a God-send for allowing you to know your area and the perspectives that are prevalent. It was detailed and provided great insight.*
- *Every church should utilize this resource to help you know how to pray for your community and build strategic goals to reach them.*
- *The KYC process was a shot in the arm for our church in fostering a culture of evangelism and outward-oriented thinking.*
- *Know your community process has opened the door to our Jerusalem and lit a fire of evangelistic outreach in our church.*
- *The results of the Know Your Community were spot on for our area. These results help us know the pulse of our community and where we can begin building relationships with these people in order to have Gospel conversations with them.*
- *Know your community has helped us understand how to love our neighbor better and has equipped and encouraged me as a pastor to lead our church as we do that!*

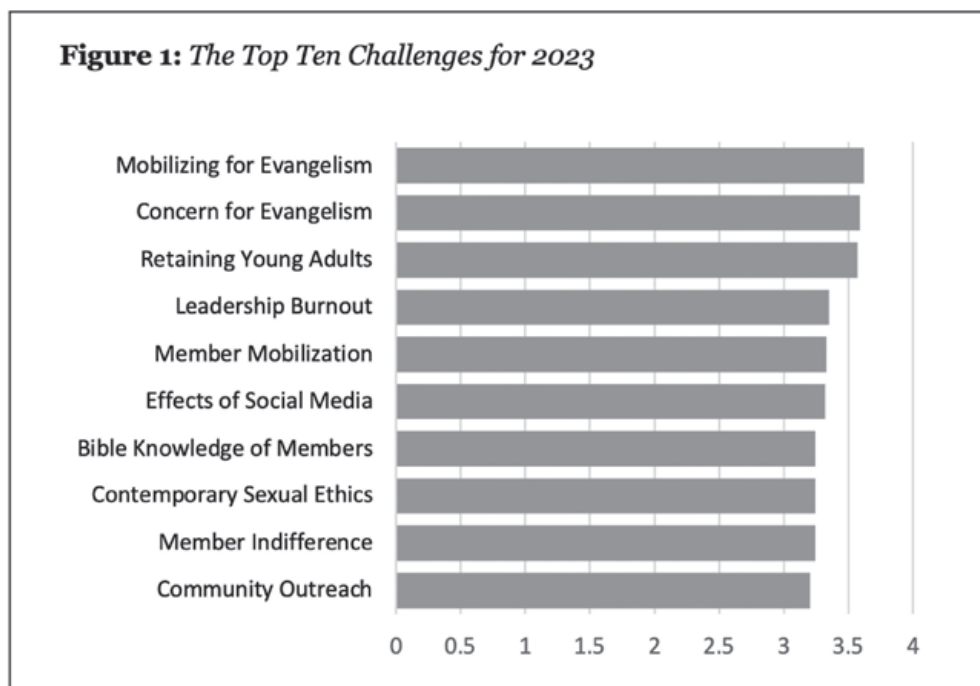
KYC has been a great resource to Free Will Baptists. Thom Rainer has highlighted the way our churches have utilized the resource.

Free Will Baptists are among the wisest users of the Know Your Community report. I am always amazed and gratified to see how their churches take the information to look for God-given opportunities to reach and minister to their communities.

—Thom S. Rainer, Founder and CEO, Church Answers

The Hope Initiative

Last fall, the Great Commission Research Network surveyed evangelical church pastors and asked them about the top challenges they anticipated facing in 2023. See the table below.¹



Note the top two challenges (and even number 10) relate to evangelism. The lack of evangelism is a problem for the North American Church. Last year, Dr. Thom Rainer noted only 4% of churches have any type of evangelistic outreach and fewer than 1% have a year-round evangelistic outreach approach.

He began to work on The Hope Initiative, a program making prayer and Scripture its foundation. To be successful, he concluded the approach would need to be efficient, taking less than 20 minutes a day for participants. His consultants, like our Rekindle coaches, found it difficult to get the whole church engaged in the revitalization process. Therefore, The Hope Initiative seeks to change the culture of a church 3-5 participants at a time throughout a 12-month process.

Dr. Rainer approached me and asked Free Will Baptists to partner with *Church Answers* in the development of the initiative. Below is selected feedback from some of our beta group churches.

- *The continual emphasis on the fact that evangelism is the shared responsibility of the whole church is very helpful.*
- *It is very doable for a Christian at basically any level of maturity or understanding.*
- *The Hope Initiative is a simple, practical way to help create evangelistic momentum in your ministry.*

The Hope Initiative places great emphasis upon sending notes, emails, and texts of encouragement and invitations to people within one's sphere of influence. We have seen great results from this process.

Pastor Noah Taylor sent a note to a man in his community who immediately began attending Evergreen Church in Erwin, Tennessee. The man also began attending a life group and was saved a few months later. Pastor Taylor describes the process in the Better Together Podcast: "How The Hope Initiative is Impacting One Community." (<https://www.youtube.com/watch?v=I5w1YCRSIX4&t=91s>)

The man told people throughout the community about getting saved. On his own, he decided to have a "Got Saved Party" on Good Friday (pictured below). He invited his new Christian friends—along with unsaved friends—to come together. (Sounds a bit like Luke 5:29-32, doesn't it?)



He was baptized April 16, 2023 (pictured, opposite). **The Hope Initiative works!** I encourage you and your church to participate. We will be able to offer the initiative through *Church Answers* at the cost of the resource. I believe this can be a great tool for all our churches.

Rekindle Coaching

We currently have 12 Rekindle coaches working with 15 churches. Seventy-seven percent of our coaches are available to work with a church that is in their local area, and 61% of our coaches are willing to coach via Zoom. We are currently receiving more interest in Rekindle than at any point to date.

When a church contacts the Executive Office, we encourage them to do a KYC study. We provide them with feedback on how to use the results and then recruit them to participate in The Hope Initiative while simultaneously completing the Rekindle assessment and following through with Rekindle coaching.

When The Hope Initiative was first announced conceptually, Free Will Baptists were among the first to beta test this ministry and provide feedback. I am confident God will use their desire to be obedient to the Great Commission to reach many people for Christ, and that many of their churches will see abundant fruit in the days ahead.

***Thom S. Rainer, Founder and CEO
Church Answers***



Refresh Resources

Other Refresh resources include a Pastor's Wife Hangout with Mrs. Carolyn Dwyer, a Pastor's Hangout with Dr. Tim York, and various book discussions including Spanish book discussions led by Dr. Ron Callaway (*Grace, Faith, Free Will*; *40 Questions About Arminianism*; and *Discipleship*).

Operation Restoration

You have probably heard about the work of Sneads Church and the Salem Association in Florida, which came together to help renovate the church. (See Duane Littlefield on the Better Together Podcast, *The Impact of One Association*.)

(<https://www.youtube.com/watch?v=9AWWlrxyriw&t=194s>)

Hopefully, this is just the beginning of this type of activity. Perhaps the actions of the Salem Association and Sneads Church could become a model for all of us. Recently, Ken Akers suggested that Disaster Response Teams and Master's Men groups consider engaging in similar activities, though not on the scale of Sneads. For example, churches could come together to help other area churches who are experiencing facility challenges with small repairs. Perhaps the same encouragement and camaraderie would be felt if churches came together for a workday to help another church with landscaping, power washing, painting, or small repairs.

Some sprucing up followed by Know Your Community, The Hope Initiative, Boot Camp on the Road, and Rekindle coaching could help restore churches that just need a little help. What do you think? If this resonates with you, email questions@nafwb.org and share your interest in helping restore a church or churches. If you could use a helping hand like Sneads, you too can email us at questions@nafwb.org, and we will see what we can do.

3 for 30: Reach, Train, Give

What do you want, and how are you going to get there? We ask that often. If we want to reach people with the gospel, train them in the faith, and give of ourselves to the Lord, we need specific goals and objectives. What follows are some objectives our agency directors and state leaders worked on in the fall of 2022. Each goal addresses some of the difficulties our churches have experienced.

Problem: Downward trend in membership and baptisms.

Reach Goal: Free Will Baptists will develop a Great Commission mindset, regularly engaging their communities and sharing the gospel.

Objectives:

- By the end of 2023, 10% of Free Will Baptist churches will have participated in Know Your Community.
- By the end of 2023, 24 Free Will Baptist churches will have participated in The Hope Initiative.
- By the end of 2023, 12 Free Will Baptist churches will have participated in Child Evangelism Fellowship activities. (CEF provides turnkey programs to help churches immediately engage in activities to reach children.)
- By the end of 2023, 10 Free Will Baptist associations will have participated in IM's Go Global Training.
- Increase the number of churches that develop outreach activities to area colleges and universities.
- Increase the number of churches and associations that utilize Refresh resources.
- Increase the number of Free Will Baptists that participate in NAM boot camps.

Problem: Downward trend in discipleship activities like Sunday School and small groups, along with a shortage of pastors, deacons, and volunteers.

Train Goal: Free Will Baptists will develop a training and discipleship mindset.

Objectives:

- Add new Sunday School, Life Group, and Connect classes.
- Increase the percentage of churches that utilize D6 Family/Randall House Publications curriculum.
- Increase D-Groups.
- Increase the number of students who attend Free Will Baptist colleges.
- Increase the churches that send students to ETEAM and Truth and Peace.
- Recruit students who attend other Christian colleges to Free Will Baptist churches.
- Recruit students who attend non-Christian colleges to attend FWB churches near the college they attend.
- Increase the number of students who participate in Church Training Services (CTS Ministry Expo).
- Encourage local and state associations to host training sessions for church workers on the Bible and Free Will Baptist doctrine.
- Encourage associations and presbyteries to emphasize Free Will Baptist doctrine and practice and theological knowledge in the ordination process.

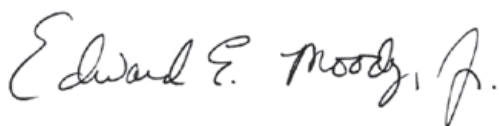
Problem: Free Will Baptists are underutilizing their resources.

Give Goal: Free Will Baptists will give themselves wholly to the work of the Lord by giving of their talents, gifts, and resources.

Objectives:

- Increase the number of churches and associations assisting other churches.
- Increase the number of Disaster Response Teams (DRT) to 15 by 2030.
- Increase the number of pastors who serve as chaplains to 100.
- Increase the number of Free Will Baptists who participate in Disaster Response Teams, The Hanna Project, and College Missions Program.
- Increase the number of Free Will Baptist pastors who participate in the Board of Retirement and increase contributions.
- Increase Free Will Baptist endowments from \$15 million to \$30 million by 2030.

Would you join us in meeting these goals and objectives? It is our hope that working through them will enable us to help pastors and churches. Doing so is not just good for the local church, but it will in turn help all of us. One could hypothesize healthy churches are more likely to produce more pastors and church leaders. They are more likely to send more missionaries, produce more students, buy more curriculum, and invest more resources. Let us resolve together to help pastors and churches be as healthy as they can be, so they might fulfill the Great Commission.



Edward E. Moody, Jr., Ph.D.

Executive Secretary

¹ Moody, E. E. (2023). The Top Ten Challenges Facing Churches in 2023. *Great Commission Research Journal*, 15(1), 19-25. Retrieved from <https://place.asburyseminary.edu/gcrj/vol15/iss1/2>

2022
Gain/Loss of Churches

			Gain/ Loss				Gain/ Loss
STATE	2021	2022			2021	2022	
Alabama	97	96	-1	Michigan	25	24	-1
Arizona	5	5	0	Mid-Atlantic	6	4	-2
Arkansas	163	161	-2	Mississippi	46	46	0
California	48	50	2	Missouri	145	142	-3
Canada	8	7	-1	North Carolina	158	156	-2
Colorado	5	5	0	Northeast Assoc.	3	3	0
David Marks Association	5	4	-1	Northwest Assoc.	6	6	0
Florida	55	54	-1	Ohio	123	120	-3
Georgia	102	101	-1	Oklahoma	196	194	-2
Hawaii	1	1	0	South Carolina	103	101	-2
Idaho	3	3	0	South Dakota	1	1	0
Illinois	35	35	0	Tennessee	184	193	9
Indiana	17	17	0	Texas	42	41	-1
Iowa	3	3	0	Virginia	68	67	-1
Kansas	9	9	0	Virgin Islands	1	1	0
Kentucky	118	119	1	Christiansted, VI			
Mexico				West Virginia	140	138	-2
Assoc. of FWBC of MX	41	42	1	Wisconsin			
Mexico Assoc.	29	29	0	Twin Valley, Madison, WI	1	1	0
				Wyoming (In CO District now)			
				First, Cheyenne, WY	1	1	0
Sub-Total	744	741	-3				
				Sub-Total	1,249	1,239	-10
				Grand Total	1,993	1,980	-13

**2022 Rest of the Family Offering
Top Giving Churches**

1 Parker's Chapel Free Will Baptist Church	Greenville, North Carolina	\$3,000.00
2 Liberty Free Will Baptist Church	Ayden, North Carolina	\$1,958.00
3 Zephyr Hills Free Will Baptist Church	Asheville, North Carolina	\$1,360.00
4 Cedar Springs Free Will Baptist Church	Blakely, Georgia	\$1,000.00
5 Westside Free Will Baptist Church	Pryor, Oklahoma	\$1,000.00
6 Tippet's Chapel Free Will Baptist Church	Clayton, North Carolina	\$818.45
7 Liberty Free Will Baptist Church	Manning, South Carolina	\$790.47
8 First Free Will Baptist Church	Beaufort, North Carolina	\$572.00
9 White Plains Free Will Baptist Church	Colquitt, Georgia	\$525.00
10 Midfield Free Will Baptist Church	Kingsport, Tennessee	\$464.00
11 Heritage Free Will Baptist Church	Columbus, Ohio	\$400.00
12 Trinity Free Will Baptist Church	Bridgeton, Missouri	\$385.00
13 Union Hill Free Will Baptist Church	Slocumb, Alabama	\$362.00
14 Immanuel Free Will Baptist Church	Durham, North Carolina	\$350.00
15 Richland Free Will Baptist Church	Nashville, TN	\$287.00

36 churches gave a total of \$15,944.42

Tracking The Together Way Totals

DESIGNATED			CO-OP		TOTAL	
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%			
2022						
3,015,386.03	-9.71%		891,124.88	0.85%	3,906,510.91	-7.50%
77%			23%			

The Together Way Totals Increase/Decrease from 2013-2022

Designated	-10.91%	CO-OP	-0.95%
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2022						
	Contributions to the Executive Office					
						% of
		Co-op	Designated	Rest of Family	Total	Total Gifts
1	Missouri	\$122,059.61	\$0.00	\$198.94	\$122,258.55	27.29%
2	Oklahoma	83,456.01	-	395.79	83,851.80	18.72%
3	Arkansas	80,678.69	-	-	80,678.69	18.01%
4	North Carolina	11,133.20	18,737.00	3,228.93	33,099.13	7.39%
5	Tennessee	21,898.92	6,771.00	740.54	29,410.46	6.57%
6	Georgia	16,898.02	2,000.00	718.37	19,616.39	4.38%
7	Ohio	18,666.97	725.00	168.17	19,560.14	4.37%
8	Illinois	13,364.06	-	-	13,364.06	2.98%
9	Florida	8,428.02	-	-	8,428.02	1.88%
10	Mississippi	6,434.60	1,830.00	29.69	8,294.29	1.85%
11	Alabama	2,551.70	5,220.80	252.16	8,024.66	1.79%
12	South Carolina	281.25	3,604.43	392.03	4,277.71	0.96%
13	Kentucky	3,243.41	-	-	3,243.41	0.72%
14	Michigan	2,325.59	200.00	-	2,525.59	0.56%
15	West Virginia	2,188.65	-	-	2,188.65	0.49%
16	New Mexico	1,957.12	-	-	1,957.12	0.44%
17	Virginia	1,319.38	600.00	-	1,919.38	0.43%
18	Texas	1,070.85	-	47.52	1,118.37	0.25%
19	Oregon	1,068.75	-	-	1,068.75	0.24%
20	Canada	434.89	300.17	98.79	833.85	0.19%
21	California	644.80	-	39.55	684.35	0.15%
22	Indiana	-	623.62	-	623.62	0.14%
23	Delaware	540.00	-	-	540.00	0.12%
24	Virgin Islands	248.20	-	-	248.20	0.06%
25	Arizona	101.25	-	-	101.25	0.02%
26	Kansas	12.38	-	-	12.38	0.00%
	TOTALS	\$401,006.32	\$40,612.02	\$6,310.48	\$447,928.82	100.00%
	Arkansas, Missouri and Oklahoma giving makes up 64.02% of total.					
	89.53% of Executive Office Income is from Co-op.					
	FWB's have churches in 38 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, 2022 and 2021, 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, 2022 and 2021, 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.



A Professional Limited Liability Company
Franklin, Tennessee
April 28, 2023

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

Statements of Financial Position

December 31, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash in bank			
Executive Office	\$	211,102	222,459
Convention		344,202	290,645
Special Projects - Hymnal royalties		51,067	43,005
Total cash in bank		606,371	556,109
Funds held by Free Will Baptist Foundation		12,500	7,807
Receivables:			
Randall House royalties		1,438	1,534
Other departmental and agency charges		17,944	131,820
Total receivables		19,382	133,354
Total current assets		638,253	697,270
Equipment:			
Office equipment and furniture		55,279	53,219
Automobiles		34,469	34,469
		89,748	87,688
Less accumulated depreciation		88,031	83,499
Equipment, net of depreciation		1,717	4,189
Other assets:			
Deposits for future conventions		10,988	10,988
Liabilities and Net Assets	\$	650,958	712,447
Current liabilities:			
Accounts payable	\$	1,940	5,654
Funds held for distribution to other Free Will Baptist agencies		2,236	-
Hymnal royalty liability		16,658	10,001
Total current liabilities		20,834	15,655
Net assets:			
Without donor restrictions		630,124	694,514
With donor restrictions		-	2,278
Total net assets		630,124	696,792
	\$	650,958	712,447

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, 2022 and 2021

	2022			2021		
	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 \$	3,906,511	-	3,906,511	4,223,317	-	4,223,317
Disbursed to agencies and departments	(3,464,893)	-	(3,464,893)	(3,793,252)	-	(3,793,252)
Executive Office portion of Together Way Plan	441,618	-	441,618	430,065	-	430,065
Offerings	6,310	-	6,310	6,639	-	6,639
Other	26,583	-	26,583	25,100	-	25,100
	474,511	-	474,511	461,804	-	461,804
Convention:						
Convention revenues	416,928	-	416,928	415,817	-	415,817
Contributions	8,204	-	8,204	5,952	-	5,952
Other	1,360	-	1,360	3,025	-	3,025
	426,492	-	426,492	424,794	-	424,794
Special Projects:						
Hymnal royalties	8,180	-	8,180	1,068	-	1,068
Rekindle contributions	-	1,147	1,147	-	3,190	3,190
Other income	-	-	-	8,277	-	8,277
	8,180	1,147	9,327	9,345	3,190	12,535
	909,183	1,147	910,330	895,943	3,190	899,133
Net assets released from restrictions	3,425	(3,425)	-	16,246	(16,246)	-
Total revenues	912,608	(2,278)	910,330	912,189	(13,056)	899,133
Expenses:						
Program services						
Executive Office	380,111	-	380,111	346,919	-	346,919
Convention	494,653	-	494,653	425,395	-	425,395
Special Projects	20,287	-	20,287	20,957	-	20,957
	895,051	-	895,051	793,271	-	793,271
Supportive services						
Administration	81,947	-	81,947	83,315	-	83,315
Total expenses	976,998	-	976,998	876,586	-	876,586
Change in net assets	(64,390)	(2,278)	(66,668)	35,603	(13,056)	22,547
Net assets as restated:						
Beginning of year	694,514	2,278	696,792	658,911	15,334	674,245
End of year	\$ 630,124	-	630,124	694,514	2,278	696,792

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, 2022 and 2021

	2022				2021			
	Program Services			Adminis- trative	Totals	Program Services		
	Executive Office	Convention	Special Projects			Executive Office	Convention	Special Projects
Expenses of operations:								
Employment costs:								
Salaries	\$ 67,003	90,319	-	157,322	40,327	197,649	71,146	158,484
Housing allowance	21,738	7,246	-	28,984	3,220	32,204	16,417	18,500
Payroll taxes and other benefits	47,965	70,531	-	118,496	11,405	129,901	47,482	103,980
Total employment costs	136,706	168,096	-	304,802	54,952	359,754	135,045	280,964
Other operating costs:								
Support to One Magazine	103,504	18,630	-	122,134	-	122,134	102,479	120,924
Auditorium and other convention services	-	218,641	-	218,641	-	218,641	-	200,640
Office rental	35,243	-	-	35,243	3,916	39,159	33,898	33,898
Travel	52,950	73,386	-	126,336	5,883	132,219	30,576	64,459
Supplies, office expense	-	12,274	-	12,274	6,192	18,466	-	13,600
Copier lease	6,815	-	-	6,815	757	7,572	6,990	6,990
Executive Committee and General Board	-	(3,656)	-	(3,656)	-	(3,656)	5,654	11,895
Depreciation	4,079	-	-	4,079	453	4,532	8,084	8,084
Legal and audit	-	-	-	-	7,135	7,135	-	-
Payroll service	-	-	-	-	2,419	2,419	-	-
Printing and promotion	16,516	3,748	-	20,264	-	20,264	13,140	15,953
Postage / mail services	1,725	281	-	2,006	-	2,006	1,228	1,342
Telephone	471	264	-	735	-	735	4,965	5,372
International Fellowship	-	-	-	-	240	240	-	-
Support to WNAC	4,901	-	-	4,901	-	4,901	4,860	4,860
Support to Randall House	4,901	-	-	4,901	-	4,901	-	-
Royalties	-	-	6,657	6,657	-	6,657	-	4,711
Rekindle	-	-	13,630	13,630	-	13,630	-	16,246
Impact Project	-	1,201	-	1,201	-	1,201	-	1,464
Ministerial counseling	1,988	-	-	1,988	-	1,988	-	-
Educational materials	10,312	-	-	10,312	-	10,312	-	-
Other	-	1,788	-	1,788	-	1,788	-	1,869
Total expenses	\$ 380,111	494,653	20,287	895,051	81,947	976,998	346,919	793,271

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (66,668)	22,547
Adjustments to reconcile change in net assets to net operating activities :		
Depreciation	4,532	8,982
Change in deposits for future conventions	-	(90)
Increase in:		
Receivables	113,972	(116,485)
Increase (decrease) in:		
Funds held for distribution to other Free Will Baptist agencies	2,236	(9,300)
Accounts payable and accrued expenses	2,943	2,637
Net operating activities	<u>57,015</u>	<u>(91,709)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of computer	<u>(2,060)</u>	<u>-</u>
Change in cash and cash equivalents	54,955	(91,709)
Cash and cash equivalents:		
Beginning of year	<u>563,916</u>	<u>655,625</u>
End of year	<u>\$ 618,871</u>	<u>563,916</u>
Cash and cash equivalents consist of:		
Cash in bank	\$ 606,371	556,109
Funds held by Free Will Baptist Foundation	<u>12,500</u>	<u>7,807</u>
	<u>\$ 618,871</u>	<u>563,916</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2022 and 2021

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.

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.

Leases

As required by generally accepted accounting principles, Executive Office adopted FASB ASC 842 which requires the present value of leases be capitalized as right-of-use assets with a corresponding lease obligation recorded between current and long term liabilities. An election was made to exempt leases with an original or remaining terms of one year or less from these calculations. Executive Office's only lease expires February 2023, accordingly this exempts Executive Office from this standard for the current year.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

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.

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.

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.

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

Notes to Financial Statements, continued

(1) Summary of Significant Accounting Policies, continued

Income Taxes

The Executive Office is exempt from Federal and state income taxes; accordingly, no provision for income taxes is made in the accounts. There is no unrelated business income for 2022 and 2021. Further, management believes that The Executive Office has no activities which will lead to income taxes being levied.

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 21, 2023 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>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash in bank	\$ 606,371	556,109
Funds held by Free Will Baptist Foundation	12,500	7,807
Accounts receivable	19,382	133,354
	<hr/>	<hr/>
Financial assets available to meet general expenditures the next twelve months	638,253	697,270
Less amount not available to be used within one year:		
Net assets with donor restriction - Rekindle	-	2,278
Hymnal royalty liability	16,658	10,001
Funds held for distribution to other Free Will Baptist agencies	2,236	-
	<hr/>	<hr/>
Amount not available to be used within one year	18,894	12,279
	<hr/>	<hr/>
Net financial assets available for expenditure within one year	\$ 619,359	684,991
	<hr/>	<hr/>

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) 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

(4) Net Assets

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

	<u>2022</u>	<u>2021</u>
Rekindle		
A program to provide long-term health and revitalization for FWB churches		
Private contributions	\$ 1,147	3,190
Expenditures for program purposes - net assets released	3,425	16,246
	(2,278)	(13,056)
Net assets with donor restrictions, beginning of year	2,278	15,334
Net assets with donor restrictions, end of year	\$ -	2,278

Net assets without donor restrictions are summarized as follows:

	<u>Indesignated</u>		<u>Designated</u>		
	<u>Executive</u>		<u>Special</u>		<u>Overall</u>
	<u>Office</u>	<u>Convention</u>	<u>Projects</u>	<u>Total</u>	<u>Total</u>
For year ending December 31, 2022					
Revenues	\$ 474,511	426,492	11,605	438,097	912,608
Expenses					
Program services	380,111	494,653	20,287	514,940	895,051
Administrative	77,332	4,615	-	4,615	81,947
Total expenses	457,443	499,268	20,287	519,555	976,998
Change in net assets	17,068	(72,776)	(8,682)	(81,458)	(64,390)
Net assets, beginning of year	364,867	247,581	82,066	329,647	694,514
Net assets, end of year	\$ 381,935	174,805	73,384	248,189	630,124
For year ending December 31, 2021					
Revenues	\$ 461,804	424,794	25,591	450,385	912,189
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	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	\$ 364,867	247,581	82,066	329,647	694,514

(5) Operating Leases

The Executive Office has entered into noncancelable lease arrangements relating to a copy machine. Total rental expenses amounted to \$7,572 in 2022 and \$7,767 in 2021. Minimum annual payments required amount to \$1,172 in 2023.

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

(6) Commitments for Future Conventions

Contractual obligations for conventions have been executed into future years. Deposits amounting to \$10,988 in 2022 and 2021 are recorded as other assets. Additional costs for facilities only and estimated productions costs costs for the next five years are paid in the respective year of the convention as follows:

	<u>Facilities</u>	<u>Production</u>
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		

(7) 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 \$25,510 in 2022 and \$22,261 in 2021. 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) 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 \$122,134 in 2022 and \$120,924 in 2021.

The Executive Office provided support for WNAC (Woman Nationally Active for Christ) in the amount of \$4,901 in 2022 and \$4,860 in 2021; and support for Randall House Publications of \$4,901 in 2022.

The Free Will Baptist Foundation held accounts in the amount of \$12,500 in 2022 and \$7,807 in 2021.

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 \$39,154 in 2022 and \$37,159 in 2021. Office rent for 2023 will approximate \$44,838.

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 9 for detail information relating to this giving program.

(9) The Together Way Plan

A trust has been established in the accounts of Free Will Baptist Foundation to benefit distributions made by The Together Way Plan to the various departments who participate in the Plan. The trust is formed as an endowment whereas only the income can be distributed. These distributions will begin when endowment value reaches a \$5,000,000. The trust has a balance of \$1,038,538 at December 31, 2022.

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

Notes to Financial Statements, continued

(9) The Together Way Plan, continued

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, 2022 and 2021.

	2022			2021		
Receipts:	Designated	Cooperative	Total	Designated	Cooperative	Total
Alabama	\$ 8,358	5,670	14,028	5,107	4,951	10,058
Arkansas	476,727	179,286	656,013	495,540	175,324	670,864
California	100	1,433	1,533	170	4,246	4,416
Florida	-	18,729	18,729	2,401	18,387	20,788
Georgia	515,434	37,551	552,985	543,551	46,072	589,623
Illinois	100,336	29,698	130,034	109,272	27,425	136,697
Indiana	3,784	-	3,784	2,570	320	2,890
Kentucky	-	7,208	7,208	-	9,079	9,079
Michigan	130,032	5,168	135,200	218,796	6,526	225,322
Mississippi	2,752	14,299	17,051	2,225	11,837	14,062
Missouri	488,522	271,244	759,766	588,708	264,425	853,133
New Mexico	-	4,349	4,349	-	5,472	5,472
North Carolina	58,723	24,740	83,463	52,374	17,331	69,705
Ohio	116,501	41,482	157,983	146,059	40,824	186,883
Oklahoma	394,018	185,458	579,476	430,942	187,384	618,326
Oregon	-	2,375	2,375	-	2,600	2,600
South Carolina	580,597	625	581,222	598,335	275	598,610
Tennessee	15,926	48,664	64,590	7,670	48,353	56,023
Texas	116,674	2,380	119,054	125,323	2,069	127,392
Virginia	1,800	2,932	4,732	2,373	4,298	6,671
West Virginia	-	4,864	4,864	1,070	2,745	3,815
Canada	5,102	967	6,069	7,248	1,002	8,250
Contributions totaling \$2,500 or less	-	2,003	2,003	-	2,638	2,638
Total receipts	\$ 3,015,386	891,125	3,906,511	3,339,734	883,583	4,223,317
Disbursements:						
Executive Office	\$ 40,612	401,006	441,618	32,453	397,612	430,065
FWB Foundation	113	2,451	2,564	95	4,857	4,952
Home Missions	422,907	102,925	525,832	427,373	106,914	534,287
IM, Inc.	2,171,002	102,925	2,273,927	2,493,547	106,914	2,600,461
Retirement & Insurance	4,070	53,913	57,983	2,584	58,317	60,901
Randall House	2,778	22,056	24,834	-	-	-
Welch College	230,038	102,925	332,963	250,646	106,914	357,560
WNAC	2,882	83,320	86,202	5,184	82,615	87,799
Historical Commission	258	4,901	5,159	115	4,860	4,975
Media Commission	94	4,901	4,995	73	4,860	4,933
Music Commission	354	4,901	5,255	408	4,860	5,268
Theological Integrity Commission	158	4,901	5,059	115	4,860	4,975
Randall University	45,299	-	45,299	44,243	-	44,243
Alabama Children	30,112	-	30,112	27,877	-	27,877
Family Ministries	38,990	-	38,990	32,962	-	32,962
Other	25,719	-	25,719	22,059	-	22,059
Total disbursements	\$ 3,015,386	891,125	3,906,511	3,339,734	883,583	4,223,317

**2024
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGET**

PROJECTED EXPENSES	2022 Budget	2022 Actuals*	2023 Budget	2024 Budget
Salaries	\$117,572.60	\$108,293.64	\$105,567.10	\$106,814.55
Housing	20,000.00	24,153.00	24,153.03	25,500.00
Social Security	4,542.29	4,509.27	4,633.14	4,725.80
Retirement	18,842.65	17,398.53	17,066.91	17,408.25
Employees Insurance (Dental/Disability/Health/Life/Travel)	45,566.92	36,370.69	37,866.27	39,967.17
Auditing/Legal	4,600.00	2,519.52	5,000.00	5,500.00
Books/Dues/Registrations	7,000.00	1,846.88	5,000.00	3,000.00
Car Lease/Purchase	4,500.00	0.00	5,000.00	4,500.00
Computer Services/Supplies	4,500.00	2,430.79	5,000.00	4,000.00
Copier Lease	5,000.00	7,571.52	9,200.00	8,661.80
Educational Materials	4,573.16	10,312.24	5,000.00	5,000.00
General Insurance	2,500.00	1,908.64	2,500.00	2,300.00
Int'l. Fellowship of FWB Churches	240.00	240.00	240.00	240.00
Office Rental (\$1.55 per sq. ft. x 2,491)	39,158.20	39,158.52	44,838.00	46,332.60
Office Supplies/Expense	1,500.00	1,914.06	3,000.00	2,200.00
Postage	900.00	1,724.71	1,300.00	1,200.00
Printing	1,000.00	611.99	3,000.00	1,500.00
Promotion	5,500.00	15,903.83	10,000.00	6,000.00
Telephone	6,000.00	470.97	6,000.00	1,000.00
Travel	31,000.00	58,832.55	33,000.00	61,074.43
<i>One Magazine</i>	103,504.18	103,504.20	104,539.22	107,675.40
Contingency Fund	0.00	0.00	1,896.33	0.00
Randall House Publications	0.00	4,901.18	5,100.00	5,200.00
Women Nationally Active for Christ	5,000.00	4,901.18	5,100.00	5,200.00
Totals	\$433,000.00	\$449,477.91	\$444,000.00	\$465,000.00

PROJECTED INCOME

The Together Way Plan				
Cooperative Gifts	\$395,000.00	\$401,006.32	\$398,000.00	\$401,000.00
Designated Gifts	27,000.00	40,612.02	30,000.00	41,000.00
Travel Reimbursement	5,000.00	15,704.63	10,000.00	14,000.00
Other Income	6,000.00	17,185.20	6,000.00	9,000.00
Totals	\$433,000.00	\$474,508.17	\$444,000.00	\$465,000.00

**2024
EXECUTIVE OFFICE
ADMINISTRATIVE BUDGET
SALARY BREAKDOWN**

	2022	2023	2024
Executive Secretary*			
Salary	\$43,647.21	\$45,003.21	\$45,039.37
Housing and Utilities	24,153.03	24,153.03	25,500.00
Retirement	3,390.01	3,457.81	3,526.97
Retirement in Lieu of Social Security	10,373.44	10,580.90	10,792.52
Insurance (Health/Dental/Life)	23,074.57	23,276.98	24,625.80
Disability/Travel	511.23	476.69	488.95
NOTE: Office car furnished.	105,149.49	106,948.62	109,973.61
 Accounting Administrator*			
Salary	34,649.20	35,342.18	36,049.03
Social Security	2,650.66	2,703.68	2,757.75
Retirement	1,732.46	1,767.11	1,802.45
Insurance (Health/Dental/Life)	7,028.41	7,000.49	7,366.53
Disability	221.75	226.19	230.71
	46,282.48	47,039.65	48,206.48
 Church Directory/Registration Coordinator*			
Salary	24,727.17	25,221.71	25,726.15
Social Security	1,891.63	1,929.46	1,968.05
Retirement	1,236.36	1,261.09	1,286.31
Insurance (Health/Dental/Life)	6,710.77	6,724.50	7,090.53
Disability	158.25	161.42	164.65
	34,724.18	35,298.17	36,235.68

<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 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
PROJECTED REVENUE			
Booth Fees	\$40,000.00	\$41,700.00	\$41,000.00
Host State (North Carolina)	40,000.00	40,000.00	40,000.00
Offerings	49,793.41	8,204.28	81,754.39
State Representation Fees (\$175 per church)	347,550.00	334,253.11	332,000.00
Other	<u>8,000.00</u>	<u>2,334.25</u>	<u>12,600.00</u>
TOTALS	<u>485,343.41</u>	<u>426,491.64</u>	<u>507,354.39</u>
PROJECTED EXPENDITURES			
Auditorium	181,095.00	193,465.67	200,406.80
Printing and Promotion	22,790.84	21,683.74	21,915.84
Convention Office	193,011.01	194,368.87	193,554.24
Convention Personnel			
Meals	6,104.00	5,700.00	6,104.00
Travel	3,800.00	3,681.18	10,254.90
Lodging	9,436.95	3,560.35	10,339.35
Convention Officials	6,438.48	8,179.63	8,144.00
Volunteer Staff	10,817.13	15,027.55	10,690.35
Honorariums	1,200.00	1,200.00	1,200.00
Decorator Services	19,900.00	16,237.17	17,355.00
Meal Functions	3,800.00	2,502.98	3,639.91
Executive Committee	4,050.00	3,600.00	4,050.00
Pre-Convention Expenses	12,900.00	22,026.28	8,700.00
National Committee Expenses	<u>10,000.00</u>	<u>11,464.89</u>	<u>11,000.00</u>
Sub-Totals	485,343.41	502,698.31	507,354.39
Surplus Revenue (Operating Capital for Future Conventions)	<u>0.00</u>	<u>-76,206.67</u>	<u>0.00</u>
TOTALS	<u>\$485,343.41</u>	<u>\$426,491.64</u>	<u>\$507,354.39</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 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
PROJECTED REVENUE			
Booth Fees	\$40,000.00	\$41,700.00	\$41,000.00
Host State (North Carolina)	40,000.00	40,000.00	40,000.00
Offerings	49,793.41	8,204.28	81,754.39
State Representation Fees (\$175 per church)	347,550.00	334,253.11	332,000.00
Other	<u>8,000.00</u>	<u>2,334.25</u>	<u>12,600.00</u>
TOTALS	<u>485,343.41</u>	<u>426,491.64</u>	<u>507,354.39</u>
PROJECTED EXPENDITURES			
AUDITORIUM			
Rental/Arena/Meeting Space/Liability/Staging	3,000.00	13,717.95	19,825.00
Other			
First Aid Staff	4,400.00	6,439.00	5,520.00
ASCAP, BMI, CCLI Licenses	2,000.00	3,053.68	2,663.60
Music/Equipment	5,000.00	10,276.73	6,100.00
Signs	300.00	0.00	300.00
Sound System/AV Equipment	125,000.00	131,565.45	141,136.20
Boom/Rigging/Stage Hands	20,000.00	8,610.00	8,500.00
Usher Badges/Usher Room Table, Chairs	300.00	0.00	300.00
Police Security/Badge Checkers	20,000.00	18,509.17	15,000.00
Streaming Video License	345.00	1,188.99	362.00
General Board	<u>750.00</u>	<u>104.70</u>	<u>700.00</u>
TOTALS	181,095.00	193,465.67	200,406.80
PRINTING AND PROMOTION			
Convention Materials			
<i>Digest of Reports</i>	1,000.00	664.22	700.00
Programs	2,375.00	2,390.00	2,400.00
Pre-Convention Printing/Art	600.00	0.00	0.00
<i>ONE Magazine</i>	<u>18,815.84</u>	<u>18,629.52</u>	<u>18,815.84</u>
TOTALS	22,790.84	21,683.74	21,915.84

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
CONVENTION OFFICE			
Convention CEO	\$14,549.06	\$14,549.04	\$15,001.07
Housing	8,050.97	8,051.04	8,051.01
Retirement/Retirement in Lieu of Social Security	4,587.80	4,587.84	4,679.57
Insurance (Health/Life/Disability, etc.)	<u>7,691.52</u>	<u>7,315.82</u>	<u>7,917.89</u>
	34,879.35	34,503.74	35,649.54
Convention Manager Salary	70,465.26	71,932.50	71,874.57
Payroll Taxes	5,390.59	5,805.90	5,498.40
Retirement	3,523.26	3,523.32	3,593.73
Insurance (Health/Life/Disability, etc.)	<u>30,892.90</u>	<u>29,021.26</u>	<u>30,093.01</u>
	110,272.02	110,282.98	111,059.71
Registration Coordinator Salary	17,905.88	18,833.37	18,629.28
Payroll Taxes	1,369.80	1,401.60	1,425.14
Retirement	895.29	895.32	931.46
Insurance (Health/Life/Disability, etc.)	<u>4,898.92</u>	<u>4,601.52</u>	<u>5,253.75</u>
	25,069.89	25,731.81	26,239.63
Assistant Registration Coordinator Salary	1,500.00	1,008.00	1,500.00
Payroll Taxes	<u>114.75</u>	<u>0.00</u>	<u>114.75</u>
	1,614.75	1,008.00	1,614.75
Audit	\$5,000.00	\$4,615.29	\$4,800.00
Convention Manager Computer	750.00	363.87	540.60
Equipment Rentals			
Computers, Printers	3,000.00	1,768.97	2,000.00
Copiers (2)/Paper	1,800.00	1,300.81	1,500.00
Furniture/Radios, etc.	1,500.00	2,486.37	1,200.00
Information Tables	125.00	0.00	100.00
Media Room/Press Office	500.00	1,652.95	250.00
Office Expense/Supplies	3,000.00	4,331.54	3,000.00
Postage	300.00	344.63	300.00
Pre-Registration (Supplies, Postage)	750.00	1,251.67	1,200.00
Registration (Supplies)	1,750.00	3,059.96	2,000.00
Registration Computers/Printers	1,500.00	1,402.50	1,500.00
Telephone/Internet	<u>1,200.00</u>	<u>263.78</u>	<u>600.00</u>
TOTALS	193,011.01	194,368.87	193,554.24
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>3,096.00</u>	<u>3,500.00</u>
TOTALS	6,104.00	5,700.00	6,104.00

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
CONVENTION OFFICE (Continued)			
TRAVEL			
Eddie Moody	\$150.00	\$182.50	\$377.00
Anna Fox	250.00	250.00	377.00
Elizabeth Hill	250.00	250.00	377.00
Melody Hood	250.00	250.00	377.00
Kevin Justice	500.00	0.00	111.35
Ryan Lewis	150.00	223.59	377.50
Eric Thomsen	250.00	250.00	377.00
Charles Wise	500.00	146.37	327.50
Convention Truck (Fuel/Meals/Rooms/Trailer Rental)	800.00	1,328.72	6,753.55
Staff Expense Money	<u>700.00</u>	<u>800.00</u>	<u>800.00</u>
TOTALS	3,800.00	3,681.18	10,254.90
LODGING/PARKING			
Eddie Moody	125.00	0.00	165.00
Anna Fox (7 nights @ \$168.75)	1,097.39	0.00	1,181.25
Elizabeth Hill (7 nights @ \$168.75)	1,097.39	0.00	1,181.25
Melody Hood (7 nights @ \$168.75)	1,097.39	0.00	1,181.25
Ryan Lewis	125.00	0.00	675.00
Eric Thomsen (7 nights @ \$168.75)	1,097.39	0.00	1,181.25
Charles Wise (7 nights @ \$183.75)	1,097.39	0.00	1,286.25
Convention Interns (21 nights @ \$156.77)	<u>3,700.00</u>	<u>3,560.35</u>	<u>3,488.10</u>
TOTALS (Includes applicable tax and parking)	9,436.95	3,560.35	10,339.35
CONVENTION OFFICIALS			
Moderator - Tim York			
Travel	250.00	250.00	359.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$168.75)	940.62	1,160.40	1,012.50
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>1,000.00</u>
	1,934.62	2,154.40	2,665.50
Clerk - Randy Bryant			
Travel	350.00	474.07	379.00
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$168.75)	940.62	1,275.16	1,012.50
Honorarium	<u>450.00</u>	<u>450.00</u>	<u>1,000.00</u>
	2,034.62	2,493.23	2,685.50
Assistant Moderator - William Smith			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$183.75)	<u>940.62</u>	<u>1,415.55</u>	<u>1,102.50</u>
	1,234.62	1,709.55	1,396.50
Assistant Clerk - Ernie Lewis			
Meals (21 meals @ \$14.00 each)	294.00	294.00	294.00
Lodging (6 nights @ \$183.75)	<u>940.62</u>	<u>1,528.45</u>	<u>1,102.50</u>
	1,234.62	1,822.45	1,396.50
TOTALS (Includes applicable tax and parking)	6,438.48	8,179.63	8,144.00

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
VOLUNTEER STAFF			
Convention Reporter	\$1,097.39	\$1,353.45	\$1,286.25
Lodging (7 nights @ \$183.75)			
Impact Coordinator - Ken Akers	1,097.39	1,503.45	1,286.25
Lodging (7 nights @ \$183.75)			
Media Commission	940.62	1,306.90	966.60
Lodging (6 nights @ \$161.10)			
Music Coordinator - Kevin Justice	940.62	1,459.40	1,102.50
Lodging (6 nights @ \$183.75)			
Musicians (4 Rooms)	3,919.25	6,058.85	3,222.00
Lodging (20 nights x \$161.10)			
Photographer - Rodney Yerby	940.62	1,200.10	1,102.50
Lodging (6 nights @ \$183.75)			
Translators (2 Rooms)			
Lodging (5 nights @ \$183.75)	940.62	1,072.70	918.75
Lodging (5 nights @ \$161.10)	<u>940.62</u>	<u>1,072.70</u>	<u>805.50</u>
TOTALS (Includes applicable tax and parking)	10,817.13	15,027.55	10,690.35
HONORARIUMS			
Bruce Barnes	200.00	200.00	200.00
Bobby Taylor, Jr.	200.00	200.00	200.00
Gene Williams	200.00	200.00	200.00
Faron Thebeau	200.00	200.00	200.00
Amos Dillard	200.00	200.00	200.00
Ken Cash	<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	7,500.00	6,152.75	7,085.00
Exhibitor Badges	100.00	0.00	100.00
Registration			
Chairs, Counters, Skirted Tables	5,000.00	5,962.65	3,370.00
Electricity/Masking Drape	300.00	739.50	300.00
Stage			
Furnishings/Carpet	<u>7,000.00</u>	<u>3,382.27</u>	<u>6,500.00</u>
TOTALS	19,900.00	16,237.17	17,355.00

CONVENTION BUDGET
National Association of Free Will Baptists, Inc.
July 16-19, 2023
Raleigh, North Carolina

	2022 Budget	2022 Actuals	2023 Budget
MEAL FUNCTIONS			
Executive Committee Dinner	\$2,700.00	\$1,914.65	\$2,679.19
Presidents' Breakfast	350.00	0.00	148.84
State Director's Wives Luncheon	<u>750.00</u>	<u>588.33</u>	<u>811.88</u>
TOTALS	3,800.00	2,502.98	3,639.91
EXECUTIVE COMMITTEE			
Per Diem			
(For the Executive Committee Meeting prior to the 2023 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
Mike Kilcrease	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>0.00</u>	<u>450.00</u>
TOTALS	4,050.00	3,600.00	4,050.00
PRE-CONVENTION EXPENSES			
Impact Raleigh	1,900.00	1,200.50	1,200.00
Pre-Convention Meetings/Site Inspections	<u>11,000.00</u>	<u>20,825.78</u>	<u>7,500.00</u>
TOTALS	12,900.00	22,026.28	8,700.00
NATIONAL COMMITTEE EXPENSES			
Executive Committee	9,000.00	11,464.89	11,000.00
Nominating Committee	<u>1,000.00</u>	<u>0.00</u>	<u>0.00</u>
TOTALS	10,000.00	11,464.89	11,000.00
SUB-TOTALS	<u>485,343.41</u>	<u>502,698.31</u>	<u>507,354.39</u>
SURPLUS REVENUE			
(Operating Capital for Future Conventions)	0.00	-76,206.67	0.00
GRAND TOTALS	<u>\$485,343.41</u>	<u>\$426,491.64</u>	<u>\$507,354.39</u>

**2022
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	\$86.28	\$912.12	\$79.74	\$0.00	\$825.59	\$99.33	\$88.24	\$119.49	\$95.83	\$57.46	\$60.68	\$126.94	\$2,551.70
Arizona	0.00	33.75	33.75	0.00	0.00	0.00	0.00	0.00	33.75	0.00	0.00	0.00	101.25
Arkansas	7,638.70	5,984.73	5,841.07	7,426.30	8,797.89	5,018.11	7,528.73	7,088.74	6,656.57	13,157.13	0.00	5,540.72	80,678.69
California	506.70	0.00	138.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	644.80
Canada	222.24	0.00	0.00	0.00	0.00	0.00	212.65	0.00	0.00	0.00	0.00	0.00	434.89
Delaware	45.00	0.00	45.00	90.00	45.00	45.00	0.00	0.00	135.00	0.00	90.00	45.00	540.00
Florida	740.85	675.00	729.46	675.00	675.00	732.46	675.00	675.00	729.38	675.00	675.00	770.87	8,428.02
Georgia	1,791.88	1,754.36	947.36	1,525.01	1,605.56	1,168.39	1,525.86	1,802.54	597.19	1,488.30	1,784.02	907.55	16,898.02
Illinois	0.00	1,151.57	2,069.54	155.25	2,467.69	1,118.94	0.00	2,353.83	936.67	1,203.73	1,059.89	846.95	13,364.06
Indiana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kansas	0.00	0.00	0.00	12.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.38
Kentucky	226.67	266.27	246.04	234.90	422.45	61.07	120.97	325.76	405.50	0.00	539.39	394.39	3,243.41
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	124.08	436.91	8.35	247.69	141.95	171.11	141.07	311.79	363.44	136.82	97.62	144.76	2,325.59
Mississippi	979.14	507.21	0.00	619.44	940.20	707.74	447.84	468.46	555.82	214.14	576.41	418.20	6,434.60
Missouri	12,867.17	8,674.29	9,626.45	14,283.49	8,512.21	9,796.81	11,689.74	9,315.92	9,180.42	9,950.54	9,421.68	8,740.89	122,059.61
New Mexico	173.21	204.84	0.00	175.01	378.54	121.77	0.00	247.64	128.03	165.83	362.25	0.00	1,957.12
North Carolina	484.55	1,222.64	2,016.91	559.29	854.81	1,375.39	849.39	973.52	798.71	563.61	1,122.52	311.86	11,133.20
Ohio	1,499.50	1,420.21	1,411.65	1,857.39	805.80	1,536.79	1,205.00	2,053.04	760.25	2,031.80	1,777.30	2,308.24	18,666.97
Oklahoma	9,359.42	6,847.72	5,825.56	8,191.45	5,678.27	8,861.93	5,622.41	6,941.72	8,082.72	5,577.63	6,526.45	5,940.73	83,456.01
Oregon	112.50	0.00	180.00	0.00	191.25	112.50	90.00	90.00	112.50	0.00	180.00	0.00	1,068.75
South Carolina	11.25	11.25	22.50	135.00	11.25	11.25	11.25	22.50	11.25	0.00	22.50	11.25	281.25
Tennessee	4,612.89	1,412.53	882.34	23.00	3,066.98	2,489.82	4,798.10	0.00	1,981.98	0.00	2,609.68	21.60	21,898.92
Texas	139.69	81.30	81.68	50.05	67.28	69.65	70.05	85.01	92.40	77.97	74.93	180.84	1,070.85
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	11.99	47.23	20.48	0.00	44.66	0.00	18.50	40.96	0.00	43.93	20.45	0.00	248.20
Virginia	95.80	0.00	162.99	76.63	98.46	89.78	0.00	144.13	61.92	419.01	67.70	102.96	1,319.38
West Virginia	84.78	88.30	93.93	302.27	0.00	455.05	40.72	61.64	310.05	70.03	123.21	558.67	2,188.65
TOTALS	\$41,814.29	\$31,732.23	\$30,462.90	\$36,639.55	\$35,630.84	\$34,042.89	\$35,135.52	\$33,121.69	\$32,029.38	\$35,832.93	\$27,191.68	\$27,372.42	\$401,006.32

2022
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	\$457.80	\$321.70	\$304.00	\$0.00	\$772.40	\$416.10	\$501.40	\$603.70	\$290.40	\$467.60	\$594.50	\$491.20	\$5,220.80
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	55.08	0.00	0.00	200.00	0.00	0.00	45.09	0.00	0.00	0.00	0.00	0.00	300.17
Florida	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Georgia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00	2,000.00
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	0.00	0.00	0.00	50.00	50.00	50.00	473.62	623.62
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	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Mississipp	10.00	0.00	0.00	765.00	1,015.00	0.00	20.00	20.00	0.00	0.00	0.00	0.00	1,830.00
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	967.00	1,510.00	1,935.00	329.00	3,730.00	100.00	339.00	2,060.00	3,329.00	1,051.00	3,037.00	350.00	18,737.00
Ohio	300.00	0.00	0.00	0.00	0.00	25.00	0.00	300.00	25.00	0.00	50.00	25.00	725.00
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	474.11	240.27	209.66	295.09	385.54	145.00	410.17	405.90	249.49	191.09	330.03	268.08	3,604.43
Tennessee	885.00	620.00	620.00	539.00	194.00	340.00	702.00	400.00	215.00	600.00	956.00	700.00	6,771.00
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	150.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00	0.00	300.00	0.00	0.00	600.00
West Virginia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	\$3,298.99	\$2,891.97	\$3,068.66	\$2,278.09	\$6,096.94	\$1,026.10	\$2,017.66	\$3,789.60	\$4,158.89	\$2,659.69	\$5,017.53	\$4,307.90	\$40,612.02

2022 Gifts to National Ministries

States	Executive	FWB Foundation	IM, Inc.	North American Ministries	Board of Retirement	Welch College	WNAC	Commission for Theological Integrity	Historical Commission	Media Commission	Music Commission	Totals
Alabama	\$8,024.66	\$21.20	\$424,196.23	530,383.57	\$540.10	93,676.05	\$2,090.42	\$33.02	\$32.79	\$32.74	\$31.17	\$1,059,061.95
Alaska	0.00	0.00	240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	240.00
Arizona	101.25	0.63	49,230.54	33,240.86	13.82	1,358.08	21.03	1.23	1.23	1.23	1.23	83,970.93
Arkansas	80,673.69	483.03	794,477.04	72,600.32	10,846.79	59,464.54	26,632.31	986.08	986.08	986.08	986.08	1,049,145.74
California	684.35	4.82	125,883.80	56,619.97	117.60	13,774.04	878.97	8.17	8.13	8.13	7.88	197,995.86
Canada	833.85	2.19	1,090.00	4,080.55	135.66	6,882.39	115.07	6.04	5.96	5.93	2.32	13,160.26
Colorado	0.00	0.00	5,856.97	7,963.42	0.00	840.00	0.00	0.00	0.00	0.00	0.00	14,360.39
Connecticut	0.00	2.66	706.82	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	0.00	10,709.49
Delaware	540.00	3.35	740.00	0.00	72.60	372.19	112.20	6.60	6.60	6.60	6.60	1,886.74
Florida	8,428.02	61.55	223,320.17	169,227.35	1,133.09	146,778.29	2,824.16	103.01	103.01	103.01	103.01	552,174.67
Georgia	19,616.39	119.21	454,854.25	211,445.32	2,833.18	466,416.54	11,576.09	211.79	211.15	210.99	206.53	1,167,701.44
Hawaii	0.00	0.00	300.00	0.00	0.00	650.00	0.00	0.00	0.00	0.00	0.00	950.00
Idaho	0.00	0.00	9,207.15	854.00	0.00	2,000.00	0.00	0.00	0.00	0.00	0.00	12,061.15
Illinois	13,364.06	81.69	269,133.00	113,524.76	1,796.74	36,344.39	6,272.28	163.34	163.34	163.34	163.34	443,170.28
Indiana	623.62	63.94	34,852.07	31,069.11	87.92	740.00	487.92	63.94	63.94	0.00	0.00	68,052.45
Iowa	0.00	0.00	3,500.00	2,620.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,120.00
Kansas	12.38	0.08	9,034.99	30,158.88	1.66	11.43	2.57	0.15	0.15	0.15	0.15	39,222.39
Kentucky	3,243.41	19.83	147,612.53	92,649.40	436.04	14,146.23	5,249.92	39.63	39.63	39.63	39.63	263,514.88
Louisiana	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maine	0.00	0.00	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	13,470.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,470.00
Massachusetts	0.00	0.00	3,560.00	240.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,790.00
Michigan	2,525.59	14.21	125,837.02	47,282.58	312.67	24,314.71	1,618.22	28.42	28.42	28.42	28.42	202,018.68
Mid-Atlantic Association	0.00	0.00	0.00	3,998.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,998.60
Minnesota	0.00	0.00	1,515.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,515.00
Mississippi	6,294.29	40.00	89,364.05	86,826.91	988.29	21,916.74	1,816.98	76.87	178.84	78.83	178.65	209,782.45
Missouri	122,258.55	750.35	618,861.96	153,350.12	16,565.68	85,482.55	32,316.26	1,493.13	1,493.13	1,493.08	1,491.85	1,033,556.85
Montana	0.00	0.00	1,140.00	4,640.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	6,060.00
Nebraska	0.00	0.00	550.00	0.00	0.00	5,000.00	0.00	0.00	0.00	0.00	0.00	5,550.00
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	1,100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,100.00
New Jersey	0.00	0.00	0.00	0.00	0.00	2,201.70	0.00	0.00	0.00	0.00	0.00	2,201.70
New Mexico	1,957.12	11.96	4,895.25	3,521.05	263.11	35,122.58	556.63	23.91	23.91	23.91	23.91	46,423.34
New York	0.00	0.00	59,241.53	31,521.34	0.00	2,585.00	0.00	0.00	0.00	0.00	0.00	92,327.87
North Carolina	33,009.13	178.79	1,034,586.02	743,708.70	4,887.85	238,734.18	12,960.90	238.78	235.91	235.19	1,186.13	2,070,061.56
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	19,560.14	117.80	143,993.43	145,820.28	2,641.07	26,190.22	13,452.08	229.37	229.22	228.18	228.14	352,690.93
Oklahoma	83,851.80	518.82	816,236.74	242,646.81	11,529.46	145,953.36	28,061.90	1,022.91	1,022.56	1,022.47	1,020.01	1,332,888.84
Oregon	1,068.75	6.54	0.00	1,354.33	143.70	511.38	222.08	13.08	13.08	13.08	13.08	3,359.10
Pennsylvania	0.00	0.00	9,220.00	19,226.24	0.00	918.00	0.00	0.00	0.00	0.00	0.00	29,364.24
Rhode Island	0.00	0.00	0.00	0.00	0.00	270.00	0.00	0.00	0.00	0.00	0.00	270.00
South Carolina	4,277.71	10.44	457,869.83	122,839.82	1,558.77	178,825.68	5,645.27	6.34	5.99	5.91	3.47	771,149.03
South Dakota	0.00	0.00	4,300.00	0.00	0.00	32,811.17	0.00	0.00	0.00	0.00	267.66	37,378.83
Tennessee	29,410.46	160.24	1,351,326.13	460,451.53	5,481.86	1,013,765.19	26,791.02	268.08	287.43	287.26	0.00	2,890,249.50
Texas	1,118.36	7.61	238,381.57	78,710.81	181.10	37,046.58	5,743.49	13.45	13.41	13.40	13.10	361,242.85
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
Virginia	1,919.38	8.07	170,539.30	157,311.75	177.37	13,664.28	904.14	16.14	16.14	16.14	16.14	344,588.85
Washington	0.00	0.00	12,605.81	3,167.03	0.00	2,413.00	0.00	0.00	0.00	0.00	0.00	18,185.84
West Virginia	2,188.65	13.40	124,491.83	76,717.65	294.25	6,268.18	1,599.76	26.76	26.76	26.76	26.76	211,690.76
Wisconsin	0.00	0.00	5,650.00	2,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,050.00
Wyoming	0.00	0.00	4,090.00	990.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,080.00
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	243.20	1.52	8,465.65	49,487.99	33.37	1,009.20	51.58	3.03	3.03	3.03	3.03	59,309.63
Other	0.00	0.00	515,533.98*	0.00	0.00	2,478.92	5,001.19	0.00	0.00	0.00	0.00	523,014.09
Foundation	0.00	0.00	457,181.58	85,086.15	0.00	144,547.08	50,000.00	0.00	0.00	0.00	0.00	736,814.81
WNAC	0.00	0.00	3,742.00	7,060.20	0.00	1,326.00	0.00	0.00	0.00	0.00	0.00	12,128.20
2022 TOTALS	\$447,923.91	\$2,703.93	\$9,827,876.24	\$3,885,806.30	\$63,073.55*	\$2,878,899.87	\$245,003.44*	\$6,105.45	\$5,199.84	\$5,034.50	\$6,048.29	\$16,372,670.22
2021 COMPARISONS	\$433,760.47	\$8,919.15	\$8,730,467.82	\$4,398,762.41	\$61,110.60	\$1,980,822.88	\$188,015.28	\$4,998.07	\$6,100.39	\$4,958.19	\$6,267.84	\$15,800,170.80

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

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

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



Hill, Harper & Associates
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, 2022 and 2021, 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, 2022 and 2021, 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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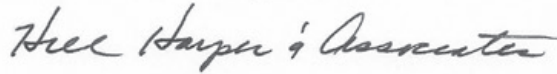
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In performing an audit in accordance with GAAS, we:

- > 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.



A Professional Limited Liability Company
Franklin, Tennessee
April 28, 2023

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

Statements of Financial Position

December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 73,812	60,847
Funds held by Free Will Baptist Foundation	202,465	172,090
	<u>276,277</u>	<u>232,937</u>
Accounts receivable - denominational agencies	29,279	71,535
Investment in funds held by Board of Retirement & Insurance of the National Association of Free Will Baptists, Inc.	261,490	300,398
Prepaid expenses	-	13,908
Total current assets	<u>567,046</u>	<u>618,778</u>
Property, plant and equipment:		
Land and land improvements	238,728	238,728
Building	1,698,017	1,696,067
Building services equipment	86,697	86,697
Departmental workstations	77,228	77,228
	<u>2,100,670</u>	<u>2,098,720</u>
Less accumulated depreciation	1,841,572	1,832,775
Net property, plant and equipment	<u>259,098</u>	<u>265,945</u>
Right of use asset	34,893	-
Deposit - building roof	34,200	-
	<u>\$ 895,237</u>	<u>884,723</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 1,072	-
Lease obligations - current portion	7,091	-
Funds held in connection with other Free Will Baptist departments:		
Stewardship promotion	40,579	40,220
Security training	8,570	8,990
Employee health insurance	82,278	77,449
Total funds held in connection with other Free Will Baptist departments	<u>131,427</u>	<u>126,659</u>
Total current liabilities	<u>139,590</u>	<u>126,659</u>
Lease obligations, net of current portion	<u>27,802</u>	<u>-</u>
Net assets:		
Net assets without donor restrictions:		
Operations	393,987	439,453
Net investment in property, plant and equipment	259,098	265,945
Designated for maintenance; building and equipment replacement	74,760	52,666
Total net assets without donor restrictions	<u>727,845</u>	<u>758,064</u>
	<u>\$ 895,237</u>	<u>884,723</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, 2022 and 2021

	2022			2021		
	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	\$ 315,722	-	315,722	303,988	-	303,988
Leadership conference	61,091	-	61,091	42,216	-	42,216
Interest income	5,091	-	5,091	4,811	-	4,811
Other	9,233	-	9,233	10,783	-	10,783
Total revenues	391,137	-	391,137	361,798	-	361,798
Expenses:						
Program services						
Building operations	290,328	-	290,328	336,540	-	336,540
Leadership conference	50,219	-	50,219	42,282	-	42,282
	340,547	-	340,547	378,822	-	378,822
Supportive services						
Administration	36,740	-	36,740	37,747	-	37,747
Total expenses	377,287	-	377,287	416,569	-	416,569
Change in net assets from operating activities	13,850	-	13,850	(54,771)	-	(54,771)
Non-operating activities:						
Unrealized gain (loss) from investment activities	(38,908)	-	(38,908)	18,807	-	18,807
Net deficit from inter-departmental billings for shared costs	(5,161)	-	(5,161)	(2,548)	-	(2,548)
Provision for replacements	(6,000)	6,000	-	(18,000)	18,000	-
Replacement reserve used	-	-	-	36,057	(36,057)	-
Funding depreciation	(16,094)	16,094	-	(16,094)	16,094	-
Change in net assets from non-operating activities	(66,163)	22,094	(44,069)	18,222	(1,963)	16,259
Change in net assets	(52,313)	22,094	(30,219)	(36,549)	(1,963)	(38,512)
Net assets:						
Beginning of year	705,398	52,666	758,064	741,947	54,629	796,576
End of year	\$ 653,085	74,760	727,845	705,398	52,666	758,064

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, 2022 and 2021

2022					
	Program Services			Supporting Services	Totals
	<u>Building Operations</u>	<u>Leadership Conference</u>	<u>Totals</u>		
Employee compensation:					
Salaries	\$ 84,671	-	84,671	24,366	109,037
Payroll taxes	7,083	-	7,083	1,444	8,527
Retirement	5,059	-	5,059	1,255	6,314
Employer provided insurance	31,989	-	31,989	4,649	36,638
	128,802	-	128,802	31,714	160,516
Operating expenses:					
Utilities / telephone	39,009	-	39,009	-	39,009
Janitorial services	31,299	-	31,299	-	31,299
General insurance	27,717	-	27,717	-	27,717
Repairs and maintenance	22,883	-	22,883	-	22,883
Supplies and office expense	16,560	-	16,560	-	16,560
Audit and legal	-	-	-	5,026	5,026
Depreciation	8,797	-	8,797	-	8,797
Conferences	-	50,219	50,219	-	50,219
Mailroom and other	15,261	-	15,261	-	15,261
	161,526	50,219	211,745	5,026	216,771
Total expenses	\$ 290,328	50,219	340,547	36,740	377,287
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
	124,245	-	124,245	31,842	156,087
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
Annual conference	-	42,282	42,282	-	42,282
Mailroom and other	17,182	-	17,182	-	17,182
	212,295	42,282	254,577	5,905	260,482
Total expenses	\$ 336,540	42,282	378,822	37,747	416,569

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (30,219)	(38,512)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	8,797	16,062
Unrealized return on investment	38,908	(18,807)
(Increase) decrease in:		
Receivables	42,256	31,587
Prepaid expenses	13,908	(12,392)
Deposits	(34,200)	6,100
Increase (decrease) in:		
Funds held for other Free Will Baptist departments	4,768	(570)
Accounts payable	1,072	(26,975)
Net operating activities	<u>45,290</u>	<u>(43,507)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>(1,950)</u>	<u>(28,817)</u>
Net investing activities	<u>(1,950)</u>	<u>(28,817)</u>
Change in cash and cash equivalents	43,340	(72,324)
Cash and cash equivalents, at beginning of year	<u>232,937</u>	<u>305,261</u>
Cash and cash equivalents, at end of year	<u>\$ 276,277</u>	<u>232,937</u>
Cash and cash equivalents consists of:		
Cash in bank	\$ 73,812	60,847
Funds held by Free Will Baptist Foundation	<u>202,465</u>	<u>172,090</u>
	<u>\$ 276,277</u>	<u>232,937</u>
Non cash transactions:		
Lease assets obtained in exchange for lease obligations	<u>\$ 39,984</u>	
Amortization of right-of-use assets	<u>\$ 5,091</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, 2022 and 2021

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

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 2022 and 2021. 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

Leases

Effective year ending 2022, Building Services adopted FASB ASC 842 which requires the present value of leases be capitalized as right-of-use assets with a corresponding lease obligation recorded between current and long term liabilities. This implementation had no effect on prior net asset carrying values.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through April 18, 2023 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>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash in bank	\$ 73,812	60,847
Funds held by Free Will Baptist Foundation	202,465	172,090
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.	261,490	300,398
Accounts receivable	29,279	71,535
Financial assets available to meet general expenditures the next twelve months	<u>567,046</u>	<u>604,870</u>
Less amount not available to be used within one year:		
Net assets designated for maintenance and building and equipment replacement	74,760	50,703
Funds held in connection with other Free Will Baptist departments	131,427	126,659
Amounts not available to be used within one year	206,187	177,362
Net financial assets available for expenditure within one year	<u>\$ 360,859</u>	<u>427,508</u>

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>2022</u>	<u>2021</u>
Cost of investment	\$ 250,000	250,000
Market value of investment	\$ 261,490	300,398
Unrealized gain (loss) on investments	\$ (38,908)	18,807

(4) 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

(5) 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>2022</u>	<u>2021</u>
Stewardship promotion		
Accumulated funds to provide material to foster special giving offerings for various other Free Will Baptist organizations	\$ 40,579	40,220
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	8,570	8,990
Employee health insurance		
Excess billings of monthly premium amounts to departments housed in the National Office Facility to fund health insurance deductibles	82,278	77,449
	<u>\$ 131,427</u>	<u>126,659</u>

(6) 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.

(7) Right-of-Use Assets and Relating Obligations

Effective the year ended December 31, 2022, Building Services adopted FASB ASC 842, this adoption had no impact on prior year net asset carrying values. These mailing machine leases are operating leases and the adoption of this standard and have no effect on current year reported results of operations. Further, election was made to exempt leases with remaining terms of one year or less from these calculations.

The right-of-use asset had a balance of \$34,893 as reported as an other asset, with corresponding current liability of \$7,091 and long term liability of \$27,802, which are presented on the statement of financial position. The lease liabilities at present value were calculated using Building Services's incremental borrowing rate of 5%.

Maturities of operating lease liabilities are as follows:

	<u>Required Payments</u>	<u>Interest Amount</u>	<u>Lease Maturities</u>
2023	\$ 8,675	1,584	7,091
2024	8,675	1,221	7,454
2025	8,675	840	7,835
2026	8,675	439	8,236
2027	4,336	59	4,277
	<u>\$ 39,036</u>	<u>4,143</u>	<u>34,893</u>

The above leases are recorded as lease expense in the amount of \$9,849 in 2022 and 7,843 in 2021.

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

Notes to Financial Statements, continued

(8) 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 \$315,722 in 2022 and 303,988 in 2021; rental income for 2023 will approximate \$364,890.

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 \$261,490 at 2022 and \$300,398 at 2021.

Free Will Baptist Foundation holds interest bearing funds for Building Services amounting to \$202,465 in 2022 and \$172,090 in 2021.

Building Services procures various services for fellow occupants of the National Office Building and bills each occupant for the cost of these services. These services include health insurance, general and auto insurance, postage and mailing, among others.

**2024
BUILDING SERVICES
BUDGET**

PROJECTED INCOME	2022 Budget	2022 Actuals*	2023 Budget	2024 Budget
Square Footage (20,105 @ \$1.55 = \$31,162.75 mo.)	\$316,050.60	\$315,722.10	\$361,890.00	\$373,953.00
Building Security Reimbursement	3,000.00	20,103.54	3,000.00	3,000.00
Total Income	319,050.60	335,825.64	364,890.00	376,953.00

PROJECTED EXPENSES

Audit & Legal	5,000.00	5,026.09	6,000.00	6,500.00
Replacement Reserve	6,000.00	6,000.00	18,000.00	14,400.00
Building Security	3,000.00	3,420.25	3,000.00	3,600.00
Insurance (Employee)	38,000.00	36,638.43	40,328.50	41,000.00
Insurance (Plant)	30,298.06	27,716.62	36,500.00	36,000.00
Janitorial Services	32,000.00	31,299.40	35,500.00	37,000.00
Janitorial Supplies	3,000.00	1,270.15	3,500.00	4,000.00
Mail Room	8,500.00	3,342.82	10,000.00	7,000.00
Mail Machine Lease	0.00	6,506.19	0.00	8,000.00
Maintenance/Contingency Fund	26,000.00	22,883.20	27,000.00	32,000.00
Network Expense	2,500.00	9,050.00	11,000.00	11,500.00
Payroll Taxes (Employer's S.S.)	8,178.74	8,527.30	8,333.64	8,491.64
Postage Meter/UPS	1,000.00	837.45	1,000.00	1,200.00
Retirement	5,062.18	6,313.89	5,163.42	5,266.69
Salaries	106,911.62	109,036.59	108,936.49	111,001.86
General Supplies	5,600.00	5,400.60	5,600.00	6,000.00
Telephone	1,000.00	889.28	1,000.00	1,200.00
Utilities	37,000.00	38,119.46	38,000.00	40,000.00
Other	0.00	1,991.32	6,027.95	2,792.81
Total Expenses	\$319,050.60	\$324,269.04	\$364,890.00	\$376,953.00

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

**2024
BUILDING SERVICES
BUDGET
SALARY BREAKDOWN**

	2022	2023	2024
Maintenance Superintendent/ Mail Room Supervisor			
Salary	\$39,990.72	\$40,790.53	\$41,606.35
Social Security	3,059.29	3,120.48	3,182.89
Insurance (Dental/Health/Life)	22,614.17	23,019.48	24,281.53
Disability	235.95	261.06	266.28
Retirement	1,999.54	2,039.53	2,080.32
	67,899.66	69,231.08	71,417.36
Receptionist/Phone System Administrator/Assistant Bookkeeper			
Salary	\$36,162.10	36,885.34	37,623.05
Social Security	2,766.40	2,821.73	2,878.16
Insurance (Dental/Health/Life)	11,376.06	11,578.78	12,209.87
Disability	213.36	236.07	240.79
Retirement	1,808.11	1,844.27	1,881.15
	52,326.03	53,366.18	54,833.02
Accounting Administrator			
Salary	25,090.80	25,592.62	26,104.47
Social Security	1,919.45	1,957.84	1,996.99
Insurance (Dental/Health/Life)	5,089.54	5,069.32	5,334.38
Disability	160.58	163.79	167.07
Retirement	1,254.54	1,279.63	1,305.22
	33,514.91	34,063.19	34,908.13
Part-time Worker			
Salary	5,668.00	5,668.00	5,668.00
Social Security	<u>433.60</u>	<u>433.60</u>	<u>433.60</u>
	6,101.60	6,101.60	6,101.60



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, 2022 and 2021, 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, 2022 and 2021, 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.

Hee Harper & Associates

A Professional Limited Liability Company
Franklin, Tennessee
April 18, 2023

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

Statements of Financial Position

December 31, 2022 and 2021

	<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:			
Cash and interest bearing deposits	\$	144,477	142,443
Accounts receivable		50	1,136
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.		287,033	308,085
Total current assets		431,560	451,664
Other assets:			
Investment in funds held by Free Will Baptist Foundation for endowment fund purposes		20,773	25,054
Fixed assets:			
Furniture and equipment		15,237	20,061
Less accumulated depreciation		(5,241)	(18,547)
Net fixed assets		9,996	1,514
	\$	462,329	478,232
	<u>Liabilities and Net Assets</u>		
Liabilities			
Accounts payable	\$	-	-
Net assets:			
Net assets without donor restriction		441,329	453,178
Net assets with donor restriction		21,000	25,054
Total net assets		462,329	478,232
	\$	462,329	478,232

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, 2022 and 2021

	2022			2021		
	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	\$ 454,837	-	454,837	450,331	-	450,331
Other	1,074	-	1,074	242	-	242
	455,911	-	455,911	450,573	-	450,573
Net assets released from restrictions	15,000	(15,000)	-	7,639	(7,639)	-
Total revenues	470,911	(15,000)	455,911	458,212	(7,639)	450,573
Expenses:						
Program services						
Magazine productions	450,873	-	450,873	417,264	-	417,264
Supportive services						
Administration	10,608	-	10,608	7,547	-	7,547
Total expenses	461,481	-	461,481	424,811	-	424,811
Change in net assets from operating activities	9,430	(15,000)	(5,570)	33,401	(7,639)	25,762
Non-operating activities:						
Grant from FWB Foundation	-	15,000	15,000	-	-	-
Endowment distributions	-	-	-	546	(546)	-
Investment gain (loss)	(21,052)	(4,281)	(25,333)	47,918	2,685	50,603
Transfers among net asset groups	(227)	227	-	-	-	-
Change in net assets from non-operating activities	(21,279)	10,946	(10,333)	48,464	2,139	50,603
Change in net assets	(11,849)	(4,054)	(15,903)	81,865	(5,500)	76,365
Net assets:						
Beginning of year	453,178	25,054	478,232	371,313	30,554	401,867
End of year	\$ 441,329	21,000	462,329	453,178	25,054	478,232

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, 2022 and 2021

	2022			2021		
	Program Services	Supporting Services		Program Services	Supporting Services	
	Magazine Production	Adminis- tration	Totals	Magazine Production	Adminis- tration	Totals
Employee compensation:						
Salary	\$ 78,375	-	78,375	76,171	-	76,171
Payroll Taxes	5,996	-	5,996	5,815	-	5,815
Retirement	4,898	-	4,898	4,756	-	4,756
Other employee benefits	11,399	-	11,399	11,278	-	11,278
	<u>100,668</u>	<u>-</u>	<u>100,668</u>	<u>98,020</u>	<u>-</u>	<u>98,020</u>
Expenses:						
Direct cost of publication:						
Printing	169,892	-	169,892	153,928	-	153,928
Postage and mailing services	107,596	-	107,596	93,765	-	93,765
Design	43,630	-	43,630	42,862	-	42,862
Graphics expense	7,041	-	7,041	6,384	-	6,384
Writer's fees	3,837	-	3,837	2,728	-	2,728
	<u>331,996</u>	<u>-</u>	<u>331,996</u>	<u>299,667</u>	<u>-</u>	<u>299,667</u>
Operating expenses:						
Supplies	3,570	-	3,570	5,097	-	5,097
Computer services	4,132	-	4,132	2,477	-	2,477
Promotion	1,938	-	1,938	3,251	-	3,251
Website	502	-	502	1,206	-	1,206
Travel	5,162	-	5,162	5,737	-	5,737
Audit and professional Books, dues and registration	-	5,304	5,304	-	6,140	6,140
Other	-	1,659	1,659	-	1,227	1,227
Depreciation	-	3,645	3,645	-	180	180
	<u>2,905</u>	<u>-</u>	<u>2,905</u>	<u>1,809</u>	<u>-</u>	<u>1,809</u>
Total operating expenses	<u>18,209</u>	<u>10,608</u>	<u>28,817</u>	<u>19,577</u>	<u>7,547</u>	<u>27,124</u>
Total expenses	<u>\$ 450,873</u>	<u>10,608</u>	<u>461,481</u>	<u>417,264</u>	<u>7,547</u>	<u>424,811</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (15,903)	76,365
Adjustments to reconcile increase in net assets to net operating activities:		
Depreciation	2,905	1,809
(Gain) loss from investments	25,333	(50,603)
Distributions from endowment funds held by Free Will Baptist Foundation	-	546
(Increase) decrease in:		
Accounts receivable	1,086	914
Investments distributed to operations	-	16,000
Increase (decrease) in accounts payable	-	(329)
Net operating activities	<u>13,421</u>	<u>44,702</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of equipment	<u>(11,387)</u>	<u>-</u>
Net investing activities	<u>(11,387)</u>	<u>-</u>
Increase in cash and cash equivalents	2,034	44,702
Cash and cash equivalents, at beginning of year	<u>142,443</u>	<u>97,741</u>
Cash and cash equivalents, at end of year	<u><u>\$ 144,477</u></u>	<u><u>142,443</u></u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2022 and 2021

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 2022 and 2021. Further, management believes that One Magazine has no activities which will lead to income taxes being levied.

Leases

As required by generally accepted accounting principles, One Magazine adopted FASB ASC 842 which requires the present value of leases by capitalized as right-of-use assets with a corresponding lease obligation recorded between current and long term liabilities. This implementation had no effect on current financial statements since One Magazine has no current leases.

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 18, 2023 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>2022</u>	<u>2021</u>
Financial assets at end of year:		
Cash in bank	\$ 144,477	142,443
Investment in funds held by Board of Retirement and Insurance of the National Association of Free Will Baptists, Inc.	287,033	308,085
Funds held by Free Will Baptist Foundation for endowment	20,773	25,054
Accounts receivable	50	1,136
	<hr/>	<hr/>
Financial assets available to meet general expenditures the next twelve months	452,333	476,718
Less amount not available to be used within one year:		
Net assets with donor restrictions	21,000	25,054
	<hr/>	<hr/>
	\$ 431,333	451,664
	<hr/>	<hr/>

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>2022</u>	<u>2021</u>
Original donor investment (corpus)	\$ 21,000	21,000
Accumulated gains (losses) on endowment funds	\$ (227)	4,054
Funds held by Free Will Baptist Foundation for Endowment and net assets with donor restriction	\$ 20,773	25,054
Amount of endowment accumulated losses (underwater balance) which was covered by transfer among net asset groups	\$ 227	-

(4) Investments

The following is summary of investments:

	<u>2022</u>			<u>2021</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	20,773	(227)	21,000	25,054	4,054
Operations	\$ 250,000	287,033	37,033	250,000	308,085	58,085

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>Endowment</u>		<u>Operations</u>	
Change in annual gain (loss) market value to cost	\$ (4,281)	2,139	(21,052)	47,918
Income distributions	-	546	-	-
	\$ (4,281)	2,685	(21,052)	47,918

**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:

	<u>2022</u>	<u>2021</u>
Administrative budget	\$ 103,504	102,479
Convention budget	18,630	18,445
Free Will Baptist Foundation	49,685	49,193
Welch College	49,633	49,141
Board of Home Missions	75,765	75,014
IM, Inc.	65,208	64,563
Master's Men	8,942	8,853
Randall House Publications	49,685	49,193
Board of Retirement and Insurance	24,843	24,597
Women Nationally Active for Christ	8,942	8,853
	<u>\$ 454,837</u>	<u>450,331</u>

Revenues from these assessments are budgeted to approximate \$459,384 in 2023.

(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, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions:		
Endowment funds:		
Fund corpus	\$ 21,000	21,000
Accumulated gains (losses)	(227)	4,054
Transfer among net asset group	227	-
	<u>\$ 21,000</u>	<u>25,054</u>
Net assets without donor restrictions:		
Undesignated funds	\$ <u>441,329</u>	<u>453,178</u>
Net assets released from restrictions:		
Satisfaction of purpose restrictions		
Grant from Free Will Baptist Foundation for computer and related equipment which was expended	<u>\$ 15,000</u>	<u>-</u>
Grant from Free Will Baptist Foundation for Pulpit Magazine expenditures	<u>\$ -</u>	<u>7,639</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 \$287,033 and \$308,085 at December 31, 2022 and 2021, respectively.

Randall House Publications provides printing and related services to One Magazine. For these services, One Magazine expended \$246,161 in 2022 and \$218,889 in 2021.

(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 \$4,898 in 2022 and \$4,756 in 2021. 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.

**2024
ONE MAGAZINE
BUDGET**

REVENUE	2022 Budget	2022 Actuals*	2023 Budget	2024 Budget
Convention	\$18,629.54	\$18,629.54	\$18,815.84	\$19,380.32
Executive Office	103,504.18	103,504.20	104,539.22	107,675.40
Free Will Baptist Foundation	49,685.07	49,685.04	50,181.92	51,687.38
IM, Inc.	65,208.15	65,208.12	65,860.23	67,836.04
Master's Men	8,941.79	8,941.80	9,031.21	9,302.15
North American Ministries	75,764.53	75,764.52	76,522.18	78,817.85
Randall House Publications	49,685.07	49,685.04	50,181.92	51,687.38
Retirement & Insurance	24,842.54	24,842.52	25,090.97	25,843.70
Welch College	49,632.67	49,632.72	50,129.00	51,632.87
WNAC	8,941.79	8,941.80	9,031.19	9,302.13
FWB Foundation Grant/Trust	0.00	15,000.00	0.00	8,000.00
Reimbursements	500.00	1,513.50	500.00	500.00
Subscription Revenue	0.00	35.00	0.00	0.00
Total Revenue	455,335.33	471,383.80	459,883.68	481,665.19
EXPENSES				
Salary & Benefits	92,394.37	94,668.48	93,932.81	96,158.34
Auto/Cell Phone Allowance	6,000.00	6,000.00	6,000.00	6,000.00
Audit & Legal	5,000.00	5,304.34	6,500.00	6,250.00
Books, Dues & Registrations	3,000.00	1,659.37	2,000.00	1,900.00
Computer Software/Services	5,000.00	4,132.23	3,500.00	5,000.00
Design	42,000.00	43,630.00	43,000.00	44,000.00
Graphics	6,000.00	7,040.67	6,250.00	6,250.00
Mail Services	3,000.00	0.00	2,000.00	1,750.00
Postage	96,000.00	106,227.09	100,000.00	110,000.00
Postal Returns	1,000.00	1,368.85	1,000.00	1,200.00
Printing	162,000.00	169,889.52	165,000.00	172,000.00
Promotion	2,940.96	1,938.17	2,500.00	2,500.00
<i>Pulpit Issue</i>	8,000.00	0.00	8,500.00	8,000.00
Supplies	5,000.00	3,569.73	5,000.00	4,000.00
Travel	8,000.00	5,635.96	8,000.00	8,800.00
Website	1,000.00	501.74	1,250.00	900.00
Writer's Fees	4,000.00	3,836.92	2,500.00	3,950.00
Other	5,000.00	3,644.86	2,950.87	3,006.85
Total Expenses	\$455,335.33	\$459,047.93	\$459,883.68	\$481,665.19

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

**2024
ONE MAGAZINE
BUDGET
SALARY BREAKDOWN**

	2022	2023	2024
Salary	\$70,755.17	\$72,170.27	\$73,613.68
Auto/Cell Phone Allowance	6,000.00	6,000.00	6,000.00
Social Security	5,871.77	5,980.03	6,090.45
Retirement	3,537.76	3,608.51	3,680.68
Insurance			
Medical/Dental/Life	11,448.00	11,460.00	12,090.00
Disability	540.00	540.00	509.53
Worker's Compensation	200.00	124.00	124.00
Travel Insurance	<u>45.45</u>	<u>50.00</u>	<u>50.00</u>
	\$98,398.15	\$99,932.81	\$102,158.34



Randall House & D6 Family Ministry Report 2023 National Association of Free Will Baptists

Executive Summary

Randall House and D6 Family Ministry team members are some of the brightest and most committed people who passionately provide valued resources for churches and homes. We know what helps create healthy discipleship and churches. The churches that utilized the at-home components of D6 Curriculum going into the pandemic emerged stronger after the pandemic. If your church is not using both church and home components, I encourage you to have a conversation with one of our team members about the effectiveness of growing disciples and your church through the D6 Curriculum.

Curriculum sales for Randall House and D6 Family Ministry improved dramatically—from being down 25% to single digits—but this loss still takes a large chunk out of our budget. It takes the same budget to publish curriculum for 90% as it does 100% but produces far less income. We are slightly ahead of the average compared to other denominational publishers who reported their numbers at the fall 2022 Protestant Church-Owned Publishers Association (PCPA) Heads of House meeting.

We release a brand-new curriculum every three years, so after launching a new curriculum at the beginning of Covid in 2020, we look forward to bringing our churches the latest D6 Curriculum in fall 2023. The Discipleship Task Force has been especially helpful as a focus group representing a cross-section of Free Will Baptists. The task force helped us make several important decisions, including our final logo and key details for the look of the new curriculum.

Our new approach to books has proven to be a winning strategy. We continue to have record-breaking years in book sales, one after another. Eventually, that will not be sustainable, but it is great to see the current trend. Again, comparing benchmarks against other denominational publishers, we are close to, or at the top of, the list for sales percentage.

Development, as a new department, has done well. We are still learning but reaching our current goals. At this stage, new donor cultivation is our biggest challenge. While we have increased the number of churches and individual donors, we still have a long way to go to reach a safe operating goal.

We come to the 2023 national convention looking to our churches for support, to purchase curriculum, and to approve our name change. Please read through the report. Written reports provide more information than verbal reports. Please find me and talk if you have any questions. I look forward to hearing from you.

Discipleship Task Force

The Discipleship Task Force brings tremendous value to Randall House and D6 Family Ministry. The task force has completed five surveys, read several relevant articles, and helped make strategic decisions

about the next curriculum launch. This group is not static; we will add or remove members as needed. This group will continue to provide solid feedback as they utilize the curriculum and resources.

Development

Although trending up, Randall House and D6 Family Ministry still needs to cultivate new donors from both an individual and church base. To function properly, 10-20% of the annual budget should come from donor support each year (not counting grants). We hope to reach this goal in the next five years and would greatly appreciate your help, both personally and from your church. To translate the 10-20% percentages into figures, that equals \$450,000–\$900,000 year. Currently, donation totals are below \$100,000. Pastors and churches often wonder why we need donors since Randall House and D6 Family Ministry also sells products. One comparison is to consider Christian colleges who often need to raise 1.5–2 million dollars annually. They charge sizable tuition, room, and board, plus fees, yet still need donors to keep costs down and provide funding to continue their mission. We, too, fit that same model.



The total contributions from D6 Hero donors for 2022 are just over \$70,000. Grants for 2022 totaled \$113,000. We appreciate pastors, churches, and individuals who can give personally and place Randall House and D6 Family Ministry in the church budget.



D6 International

In November 2022, Randall House and D6 Family Ministry hosted the first annual D6 International Directors Summit bringing together all the directors and leaders of our host countries. This one annual meeting should save 10–15 hours of time, help prepare for the next conference, and provide training and coaching. In addition, the international leaders will now be able to network with each other and with our Randall House and D6 Family Ministry leadership team. Because more countries are joining the D6 movement, we are attempting to work together in greater collaboration. Countries that meet annually include France, Singapore, Malaysia, Korea, and Asia. Japan and Thailand will begin in 2024.

D6 Korea was the first to return in 2022 to meeting in person. Other countries have met virtually since 2020, but everyone plans to be back in person in 2023. D6 Japan had its first event for influential leaders in January 2023, and they released the Japanese translation of *DNA of D6*. Missionaries Jack and Ashley Kettelman attended this event. Nathan Snow, who has been representing Free Will Baptists in the D6 Japan initiative, continues to be one of the leading advisors for the Japanese director. We will launch D6 Thailand in 2024 and in Abu Dhabi soon after.

As always, D6 international conferences bring a strategic approach to generational discipleship within the country year-round. **We do not send missionaries; we simply provide the same award-winning generational discipleship resources for these fields.** The conference brings credibility to the movement, followed by resources such as translated books (authors of those books also speak at the conference) and then D6 Curriculum translated into that country's language.

D6 Northwest

We acquired a large conference on the west coast in early 2023. We have debated for years the possibility of a one-day D6 event on the west coast but have refrained because of the Northwest Ministry Conference (NWMC). Now we can offer a full two-day conference, and we look forward to making D6 Northwest an extension of Randall House and D6 Family Ministry.



Arminian Study Bible

We have selected the Bible translation and our publishing partner for the proposed Arminian Study Bible. Thomas Nelson handles the rights and licensing of several translations, one of which is the *New American Standard Bible* (NASB-20). Working with Thomas Nelson makes the project more attainable in logistics and funding. Previously, Crossway turned down our proposal—not allowing their ESV translation to sit alongside our Arminian notes. By selecting the NASB-20, we have chosen a well-respected formal equivalent translation, approved among scholars, and an excellent text for study Bibles. Because it is new, the marketability is greater.

We have never considered working alone on this endeavor, and Free Will Baptists are too small to support this project alone (sales from within our own group will not even come close to underwriting such a project). Because this will be an Arminian study Bible, not a Free Will Baptist study Bible, we need the cooperation of other groups. In a recent meeting with Dr. Picirilli, he acknowledged we needed both support and additional scholars from other groups to make this work viable because sales must exceed FWB or this work is not doable. Thomas Nelson will be looking for a guaranteed number of sales before embarking on this project. The more leaders we involve from other groups, the easier that minimum press run will be to achieve.

We anticipate this project will take 3-5 years. We will continue in the recruiting and planning phase of the Arminian Study Bible until all key decisions have been made about what is best to include and how it should read and look. Key tasks include identifying qualified Free Will Baptist scholars who can function at the highest level to oversee portions of this project. Our goal is Arminian theology and a work that stands apart from the prolific number of Calvinistic study Bibles that have permeated our classrooms, pulpits, and sermon preparation. Our target users are pastors, Sunday School teachers, seminary students, teenagers, and others. We often forget how many Arminian denominations exist, many of whom need this study Bible as well.

Free Will Baptist scholars will collaborate on the project. Also, we are identifying conservative scholars from other Arminian groups who can represent their views with their denominational labels attached. By labeling alternative views, no incorrect view gets unfairly attached to Free Will Baptist or any other group. However, we do not want other views to be looked at as a hodgepodge of misrepresenting any of us. No one wants to be associated with an incorrect view.

With the understanding that a project of this size requires a broader audience than just one denomination, we are seeking a select few contributors outside of Free Will Baptists who share the Arminian interpretation, as well as hold a high view of the inspiration, inerrancy, infallibility, and

authority of Scripture. While Arminians may differ on various aspects of doctrine, any commentary that touches on these topics will identify which Arminian camp may hold these views, which will help church members better understand their own denominational distinctives. This project will also concisely present Free Will Baptist doctrine to a broader audience.

While Arminians agree on doctrines related to salvation, there can be varied doctrinal distinctives among Arminian groups. Each group cares deeply about its uniqueness and typically does not wish for its denomination to be grouped with “outlier” views. There is also a strong desire for their doctrines to be represented fairly and accurately so others understand the group’s theological position and tradition better. The potential Free Will Baptist contributing scholars have provided a solid list of possible contributors who might be interested in this project. We will work with qualified prominent and conservative universities and seminaries to create buy-in from other Arminian groups. By recruiting select professors to work on this project and spreading tasks among the best scholars in Arminian

theology, they could work on sections that represent their denominational nuances. We will plan for a minimum number of pre-orders from those participating. **We will always handle the final editing of all categories, sections, and notes.**

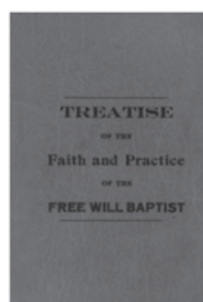
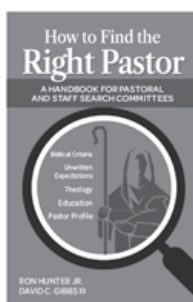
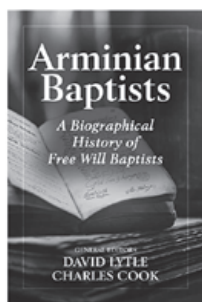


For more information about the Arminian Study Bible project, use the QR code to download the information sheet.

Books

The three-person team reviewing book proposals has proven successful. Our book department is producing the best sales in our history. A late 2022 release *Arminian Baptists: A Biographical History of Free Will Baptists* by David Lytle and Charles Cook is proving to be quite popular and could produce the most sales in 2023.

A 2023 release—*Rest: Overcoming Spiritual Fatigue* by Marianne Howard—challenges leaders to examine how much space we’re making for Christ and the rejuvenation of our bodies. Another spring release, *War in the Wilderness: Fight for Your Family When Life Isn’t as It Should Be*, by Brian Haynes, provides valuable counsel on spiritual warfare and dealing with the trauma families experience.



The newly named *Southwestern D6 Family Ministry Journal, Volume Five* was just released. In 2022 Southwestern Baptist Theological Seminary became our naming partner for the journal. They donate \$8,000 a year, which underwrites the cost of the journal. They also provide the managing editor, which further underwrites more costs, and their name brings additional credibility inside the academic, evangelical, and family ministry communities.

Other 2023 releases include a much-needed resource for church pulpit committees with practical instruction about *How to Find the Right Pastor*. Ron Hunter Jr. and attorney David C. Gibbs III co-author this book.

To Honor Our Heritage: A Guide to Preserving Local Church History, by Eric K. Thomsen, draws from various writing professionals, historians, and ministry leaders to offer practical advice for church leaders to record the history of their church for the next generation.

A reprint of the 1935 *Treatise of the Faith and Practice of the Free Will Baptist*, which includes an introduction from the Historical Commission, is also being released in July at the convention. Royalties from the sale of this historical document will support the Better Together Endowment.

A View From Joy's Window: Seven Reasons to Be Joyful reinforces the truth that our joy is grounded in the person of Jesus Christ through the narratives of master storyteller Dr. Neil Gilliland.

Other upcoming titles for 2023 include *Ancient Text, Modern World: Building a God-Centered Worldview in a Me-Centered World* by Jonathan Denton; *The Faith of Our Children: Eight Timely Research Insights for Discipling the Next Generation* by Matt Markins; and *Voices: Helping Our Children and Youth Listen to Wise Counsel* by Rich Griffith.

Curriculum

This category historically produces 65% of our total revenue, which explains why curriculum receives the most attention. As a reminder, we launched a curriculum in the middle of a pandemic with many churches not meeting, including no small groups. Talk about a perfect storm! We are growing slowly but surely—much like your congregations. Looking back, you might remember using *D6 Curriculum* (a six-

year scope and sequence), *D6 2nd Generation* (a six-year scope and sequence), *D6 EveryDay* (a three-year scope and sequence), and now *D6 EveryDay Foundations* (also a three-year scope and sequence).



Beginning with the new release of *D6 EveryDay Foundations* in

September 2023, the curriculum and devotional study guides will be published in two-month blocks rather than 13-week quarters. To clarify, we currently publish curriculum quarterly, and *in the future, we will publish six blocks a year*.

These six, two-month blocks provide:

- More starting points to make it easier for newcomers to join existing classes and groups.
- More times to emphasize and promote discipleship.
- More opportunities to grow by starting new groups.
- Excitement over receiving new devotional study guides more often.



D6 EveryDay Foundations facilitates new opportunities to grow and promote generational discipleship every two months, six opportunities every year for churches to:

- Promote discipleship initiatives.
- Invite people to Sunday School or Life Groups.
- Emphasize and encourage at-home discipleship through devotional study guides.

D6 EveryDay Foundations will cover the same number of lessons every year, but in six blocks rather than four quarters. *Classic curriculum* will follow the same two-month block schedule, so churches using D6 and Classic can order both together.

D6 EveryDay Foundations provides new ordering options. To make ordering easier, we now offer auto-ship, level-billing, and bank drafts. **By choosing all three, you will lock in pricing** for the entire scope and sequence of *D6 EveryDay Foundations*, saving you and your church hundreds of dollars over three years.

- Level monthly billing on automatic bank draft makes it easier to budget and make payments.
- With auto-ship standing orders, your account remains current, with resources delivered at the right time. Never receive material late or face sold-out inventory.
- Bank drafts reduce treasurer's time, mailing of checks, and provides an easier process for everyone.
- Access to previous D6 speaker video vault (\$349 value per year).

When choosing level-billing, bank draft, and auto-ship, you save hundreds of dollars over the course of the three-year scope and sequence and reduce the headache of ordering.



Deuteronomy 6

Name Change – D6 Family Ministry

The new name expresses the very essence of our mission—who we are. Most of you noticed that we moved beyond being just a publisher many years ago to become your valued resource provider. 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.” The name is singular, we are one ministry (organization) who does many ministries. Our ministry reaches way beyond publishing to include the CTS Ministry Expo, Youth Evangelistic Team (YET), Truth & Peace Leadership Conference, the D6 Conference, and more. 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, continues through Deuteronomy 6, Joshua 24, Psalm 78, Daniel 1, Nehemiah 4 and 8, Luke 1, Matthew 19, Ephesians 4-6, and Titus 2 reflecting God’s heartbeat for why and how we reach generations.

The secondary reason comes down to solving the problems the local church faces: losing 64% 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 primarily publishes curriculum for Sunday Schools, Life Groups, small group Bible studies, along with books of various genres. The essence of what we do will not change but our name will better represent the consistency of our primary mission.

With the name change, D6 Family Ministry will continue our current philosophy and applied strategies but with less confusion for churches and organizations. Our book division will carry on the Randall House name as an imprint for denominational or church resource-style books. We plan to utilize 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.

Conclusion

As we recover, our growth always has you at the center. Through the years, reaching a customer beyond Free Will Baptists has never involved compromising who we are or what we teach. Reaching beyond our denomination helps us utilize all purchases to grow our Free Will Baptist movement. You should never fear compromise creeping in as the leaders and board of directors at Randall House and D6 Family Ministry care deeply about our denomination's future. **We have a bright future as an organization and a denomination, but only if we prioritize at-home discipleship tools that help all generations.**

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, 2022 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, 2022, 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.

Hee Harper & Associates

A Professional Limited Liability Company
Franklin, Tennessee
March 20, 2023

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

Statement of Financial Position

December 31, 2022

Assets

Current assets:

Cash and cash equivalents:

Cash and interest bearing deposits \$ 148,632

Cash invested with the Free Will Baptist Foundation 510,462

Total cash and cash equivalents 659,094

Accounts receivable - trade, net of allowance for doubtful accounts and returns 102,167

Inventory 571,949

Prepaid expenses 106,351

Total current assets 1,439,561

Property, plant and equipment, at cost:

Land 72,983

Building 844,320

Printing service equipment 694,956

Office and administrative equipment 362,059

Automobiles and trucks 66,820

2,041,138

Less accumulated depreciation and amortization 1,394,299

Net property, plant and equipment 646,839

Right-of-use assets net of amortization of \$28,906 191,503

\$ 2,277,903

Liabilities and Net Assets

Current liabilities:

Accounts payable \$ 281,238

Deferred revenues 158,518

Current portion of right-of-use lease obligations 49,195

Accrued expenses 83,253

Total current liabilities 572,204

Long term liabilities:

Line of credit advances 489,903

Long term portion of right-of-use lease obligations 142,308

Total long term liabilities 632,211

Net assets:

Without donor restrictions 1,055,488

With donor restrictions 18,000

Total net assets 1,073,488

\$ 2,277,903

Commitments

See auditors report and notes to financial statements.

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

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2022

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Totals</u>
Revenues:			
Sales:			
RHP product lines (including curriculum)	\$ 2,667,550	-	2,667,550
RHP books	281,539	-	281,539
National Convention	12,271	-	12,271
Printing sales	572,866	-	572,866
Third party sales	35,068	-	35,068
Freight and handling	206,145	-	206,145
Total sales	3,775,439	-	3,775,439
Events:			
D6 Conference	248,293	-	248,293
Vertical 3	381,366	-	381,366
Total events	629,659	-	629,659
Other operating revenues:			
Commissions	39,673	-	39,673
Development / Donor gifts	76,076	-	76,076
Grants	-	113,000	113,000
Interest income	9,048	-	9,048
Miscellaneous revenues	17,912	-	17,912
Total other operating revenues	142,709	113,000	255,709
Total revenues	4,547,807	113,000	4,660,807
Net assets released	95,000	(95,000)	-
	4,642,807	18,000	4,660,807
Expenses:			
Program services:			
Cost of production	2,078,778	-	2,078,778
Distribution center	435,457	-	435,457
Events	433,598	-	433,598
Vertical 3 (Youth)	431,465	-	431,465
Customer services	272,880	-	272,880
	3,652,178	-	3,652,178
Supporting services			
Administrative	1,239,445	-	1,239,445
Total expenses	4,891,623	-	4,891,623
Decrease in net assets from operations	(248,816)	18,000	(230,816)
Non operating income (expense):			
Employee Retention Credit (ERC)	379,790	-	379,790
Net non operating income (expense)	379,790	-	379,790
Increase in net assets	130,974	18,000	148,974
Net assets:			
Beginning of year	924,514	-	924,514
End of year	\$ 1,055,488	18,000	1,073,488

See auditors report and notes to financial statements.

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

Statement of Functional Expenses

For the year ended December 31, 2022

	Program Services					Program		
	Costs of Production	Distribution Center	Events	Vertical 3	Customer Services	Service Totals	Administrative	Totals
Employee costs:								
Salaries and wages	\$ 701,606	132,796	42,397	28,751	135,326	1,040,876	428,383	1,469,259
Ministers housing allowance	13,800	-	22,140	-	24,168	60,108	60,000	120,108
Payroll taxes	42,375	8,088	2,575	1,032	8,235	62,305	21,998	84,303
Retirement	28,950	3,923	1,363	1,363	3,262	38,861	16,135	54,996
Health insurance	141,122	22,519	7,375	14,025	29,314	214,355	62,605	276,960
	927,853	167,326	75,850	45,171	200,305	1,416,505	589,121	2,005,626
Operating expenses:								
Finished products purchased, net of change in inventory	147,574	-	-	-	-	147,574	-	147,574
Raw materials	252,073	-	-	-	-	252,073	-	252,073
Expenses of D6 conferences	-	-	306,252	-	-	306,252	-	306,252
Outside services	539,246	-	-	-	-	539,246	3,399	542,645
Writers fees	11,770	-	-	-	-	11,770	-	11,770
Travel, entertainment, conventions and conferences	18,518	207	39,304	380,871	15,034	453,934	73,539	527,473
Travel for Board of Directors	-	-	-	-	-	-	17,405	17,405
Royalties	32,535	-	-	-	-	32,535	-	32,535
Supplies	14,864	27,600	3,943	2,355	1,068	49,830	15,076	64,906
Equipment maintenance	79,091	-	-	-	-	79,091	-	79,091
Software	-	-	-	-	29,890	29,890	-	29,890
Postage	172	34,857	1,437	119	410	36,995	432	37,427
Equipment rental	-	7,316	-	-	910	8,226	17,232	25,458
Freight	-	194,756	-	-	-	194,756	-	194,756
Telephone	1,511	-	336	336	12,568	14,751	2,013	16,764
Legal and professional	-	-	-	-	-	-	16,815	16,815
Advertising	-	-	-	-	-	-	34,563	34,563
Promotion	-	-	-	-	-	-	98,701	98,701
Occupancy	-	-	-	-	-	-	98,850	98,850
Interest expense	-	-	-	-	-	-	17,246	17,246
Service charges	-	-	-	-	-	-	41,647	41,647
One Magazine funding	-	-	-	-	-	-	49,685	49,685
Depreciation	42,597	-	-	-	-	42,597	64,204	106,801
Other	10,974	3,395	6,476	2,613	12,695	36,153	99,517	135,670
	<u>\$ 2,078,778</u>	<u>435,457</u>	<u>433,598</u>	<u>431,465</u>	<u>272,880</u>	<u>3,652,178</u>	<u>1,239,445</u>	<u>4,891,623</u>

See auditors report and notes to financial statements.

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

Statement of Cash Flows

For the year ended December 31, 2022

<u>Cash Flows from Operating Activities</u>	
Increase in net assets	\$ 148,974
Adjustments to reconcile decrease in net assets to net operating activities:	
Depreciation	106,801
(Increase) decrease in:	
Receivables	(8,887)
Inventories	(44,964)
Prepaid expenses	41,595
Increase (decrease) in:	
Accounts payable	(11,567)
Deferred revenues	34,976
Accrued expenses	4,004
Net operating activities	<u>270,932</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of property, plant and equipment	<u>(74,844)</u>
Net investing activities	<u>(74,844)</u>
<u>Cash Flows from Financing Activities</u>	
Advances from long term line of credit	100,000
Repayments of long term debt	<u>(107,754)</u>
Net financing activities	<u>(7,754)</u>
Increase in cash and cash equivalents	188,334
Cash and cash equivalents:	
Beginning of year	<u>470,760</u>
End of year	<u>\$ 659,094</u>
Cash and cash equivalents, as reported on statement of financial position, as follows:	
Cash and interest bearing deposits	\$ 148,632
Cash invested with the Free Will Baptist Foundation	<u>510,462</u>
	<u>\$ 659,094</u>
Supplemental disclosures:	
Interest paid	<u>\$ 17,246</u>
Non cash transactions:	
Lease assets obtained in exchange for lease obligations	<u>\$ 191,503</u>
Amortization of right-of-use assets	<u>\$ 28,906</u>

See auditors report and notes to financial statements.

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

Notes to Financial Statements

December 31, 2022

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.

The Board of Directors of Randall House recommended to the National Association of Free Will Baptists at its national convention in July 2022 to change their name to "D6 Family Ministry." This name change will be voted on at its national convention in July 2023.

(1) Summary of Significant Accounting Policies

Basis of Presentation

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

As required by generally accepted accounting principles, Randall House reports information regarding its financial position and activities according to 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 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, IT, marketing, building maintenance, shared occupancy costs and other general expenses.

Cash and Cash Equivalents

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

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 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, 2022 amounted to \$5,000. Changes in the valuation account have not been material to the financial statements. Accounts receivable, net of this allowance account amount to \$102,167.

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 2022. 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 \$34,563.

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 \$510,462 are subject to risk of accounting loss. Cash held in local banks are insured to FDIC limits. Management does not anticipate nonperformance by the financial institutions.

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

Notes to Financial Statements, continued

(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:

D6 Conference	\$ 139,511
Vertical 3 (Youth)	19,007
	<u>\$ 158,518</u>

Leases

Effective year ending 2022, Randall House adopted FASB ASC 842 which requires the present value of leases be capitalized as right-of-use assets with a corresponding lease obligation recorded between current and long term liabilities. This implementation had no effect on prior net asset carrying values.

Subsequent Events

Subsequent events were evaluated through March 20, 2023, which is the date these financial statements were available to be issued.

(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.

Financial assets at end of year:

Cash and interest bearing deposits	\$ 148,632
Cash invested with the Free Will Baptist Foundation	510,462
Accounts receivable	<u>102,167</u>
Financial assets available to meet general expenditures the next twelve months	761,261

Less amount not available to be used within one year:

Net assets with donor restrictions	<u>18,000</u>
Net financial assets available for future needs	<u>\$ 743,261</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 \$1,500,000 to meet cash flow needs. See note 4 for further information.

(3) **Inventory**

Inventory consists of the following:

Finished curriculum	\$ 162,989
Work in progress	80,864
Printing raw materials	109,479
Hymnals	34,532
Warehoused other books and merchandise	\$ 255,085
Less allowance for loss	<u>71,000</u>
	<u>\$ 571,949</u>

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

Notes to Financial Statements, continued

(4) Line of Credit

Free Will Baptist Foundation extended Randall House a line of credit with a maximum balance \$1,500,000, which bears interest at 3.75% to increase .25% each year through 2025 at which time the rate will be 4.50% until maturity at December 31, 2026. The line of credit has a balance of \$489,903 and is secured by deed of trust on real property and other assets.

(5) Leases - Right-of-Use Assets and Relating Obligations

Effective the year ended December 31, 2022, Randall House adopted FASB ASC 842, this adoption had no impact on prior year net asset carrying values. These leases are operating leases and the adoption of this standard has no effect on current year reported results of operations. Further, election was made to exempt leases with remaining terms of one year or less from these calculations.

The right-of-use asset had a balance of \$191,503 as reported as an other asset, with corresponding current liability of \$49,195 and long term liability of \$142,308, which are presented on the statement of financial position. The lease liabilities at present value were calculated using Randall House's incremental borrowing rate of 3.75%.

Maturities of operating lease liabilities are as follows:

	<u>Required Payments</u>	<u>Interest Amount</u>	<u>Lease Maturities</u>
2023	\$ 55,527	6,332	49,195
2024	48,197	4,575	43,622
2025	37,767	4,126	33,641
2026	37,767	2,842	34,925
2027	30,640	520	30,120
	<u>\$ 209,898</u>	<u>18,395</u>	<u>191,503</u>

(6) Employee Retention Credit (ERC) under the CARES Act

A refundable credit against payroll taxes paid is available to incentivize employers to retain employees during the pandemic under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which was enacted March 27, 2020. When conditions of the program have been substantially met, the credit is accounted for as a grant in accordance with FASB Accounting Standards 958-605.

Randall House engaged an outside specialist to gather and file the appropriate documents with the Internal Revenue Service. This specialist has provided information that Randall House is eligible to receive these credits in the amount of \$379,790, net of fees.

The following summarizes transactions relating to this Employee Retention Credit:

	<u>Revenue Collected</u>
Credits earned due based on eligibility	\$ 423,085
Commission paid to Specialist	(40,825)
IRS fees and adjustments	<u>(2,470)</u>
Net revenues collected	<u>\$ 379,790</u>

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

Notes to Financial Statements, continued

(7) **Net Assets**

Net assets are as follows:

Net assets without donor restrictions	\$ <u>1,055,488</u>
Net assets with donor restrictions all made by Free Will Baptist Foundation	
Pass through from FWB North American Ministries for translation of	
The Quest for Truth into Spanish	\$ <u>18,000</u>
Net asset released from restriction - expended for intended purpose	
Funds received through Free Will Baptist Foundation	
Production of D6 for At Home Bundles	\$ 45,000
Expense of Vertical 3 - Randall House Youth Ministry	<u>50,000</u>
	\$ <u>95,000</u>

(8) **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 \$54,996. 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.

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 \$49,685. Further, Randall House designs, prints and provides mailing services for One Magazine, and reported revenues of \$246,161 for these services during 2022.

Free Will Baptist Foundation (see note 7 above)

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

Interest bearing accounts	\$ <u>510,462</u>
Indebtedness	\$ <u>489,903</u>

Free Will Baptist Foundation has made grants to Randall House amounting to \$95,000.

Free Will Baptist Foundation made a grant to FWB North American Ministries for \$18,000 which they passed through to Randall House for translation of The Quest for Truth into Spanish.

(9) **Commitments and Contingencies**

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:

Revenue from conferences and related services	\$ 381,366
Expenditures:	
Conferences and related costs	380,871
Expenses for facility use and other services	-
Operating expenses	<u>50,594</u>
	<u>431,465</u>
Loss from activities	\$ (50,099)

Randall House Comparative Budget

	Budget 2024	Budget 2023	Jan - Dec 22
Income			ACTUAL
300 · RHP Product Lines	\$3,201,050	\$2,786,300	2,667,549.91
303 · RHP Books	\$262,950	\$228,450	282,297.69
305 · Event/ Off Site Sales	\$450,000	\$290,000	276,520.36
307 · Third Party Sales (Non RHP)	\$34,100	\$35,000	35,067.81
308 · Other Revenue	\$1,009,250	\$885,250	1,340,880.73
309 · Commission Income	<u>\$40,000</u>	<u>\$40,000</u>	<u>39,672.68</u>
TOTAL REVENUE	\$4,997,350	\$4,265,000	4,641,989.18
Cost of Goods Sold			
310 · COS - RHP Product Lines	\$141,400	\$112,900	136,239.09
313 · COS - RHP Books	\$43,585	\$50,585	20,551.35
315 · COS - Events/ Off Site	\$454,500	\$307,500	315,525.05
317 · COS - 3rd Party Sales (Non RHP)	\$21,600	\$22,350	23,803.94
318 · COS - Other	<u>\$4,000</u>	<u>\$4,000</u>	<u>(41,536.32)</u>
Total COGS	\$665,085	\$497,335	454,583.11
350 · Printing Production	\$1,104,100	\$999,600	1,086,509.58
355 · Depreciation Printing Equipment	\$45,000	\$40,000	42,596.99
360 · Editorial	\$499,400	\$425,800	427,096.87
400 · Administrative/Accounting	\$478,500	\$436,900	467,482.69
410 · Sales	\$287,900	\$273,550	272,880.19
420 · Design	\$300,550	\$288,050	276,062.86
425 · RHP Book Division	\$100,300	\$69,400	98,730.44
430 · Distribution Center	\$455,400	\$366,650	435,457.09
435 · IT Division	\$50,450	\$32,950	48,588.18
440 · Plant Maintenance	\$119,550	\$123,550	111,732.85
460 · Marketing	\$439,250	\$400,850	385,699.95
490 · General	\$216,250	\$202,750	226,148.19
495 · Development and Events	<u>\$122,740</u>	<u>\$113,640</u>	<u>127,345.88</u>
Total Departmental Expense	\$4,219,390	\$3,773,690	4,006,331.76
Youth Department - Vertical Three			
9100 · Vertical Three Revenue	\$404,500	\$376,500	381,365.61
450 · Vertical Three Expense	<u>(\$446,375)</u>	<u>(\$370,475)</u>	<u>(431,465.23)</u>
	-\$41,875	\$6,025	(50,099.62)
TOTAL EXPENSE	\$5,330,850	\$4,641,500	4,892,380.10
Annual Profit/Loss	\$71,000	\$0	130,974.69
Income			
300 · RHP Product Lines			
300.03 · Dated Studies/ SS-Curriculum	\$3,100,000	\$2,700,000	2,562,007.56
300.15 · Children's Church Sales	\$65,000	\$70,000	61,267.80
300.18 · Online Non Dated Studies-(A)	\$0	\$250	-
300.21 · D6 Media	\$12,500	\$0	15,385.43
300.24 · Church Supplies	\$800	\$800	859.11
300.27 · RHP/D6 T-Shirts/Merchandise	\$7,500	\$1,000	12,094.71
300.30 · Vertical 3 Resources	\$10,000	\$10,000	10,462.20
300.33 · Miscellaneous Sales	\$250	\$250	40.00
300.36 · D6 International	\$5,000	\$4,000	5,433.10
Total 300 · RHP Product Lines	\$3,201,050	\$2,786,300	2,667,549.91
303 · RHP Books			
303.03 · Pastoral/Church Leadership	\$32,500	\$28,000	36,437.07
303.06 · Family/Parenting	\$90,000	\$85,000	98,265.66
303.09 · Drama/Plays	\$50	\$50	9.00
303.12 · Missions	\$150	\$150	26.72
303.15 · Small Group Studies	\$5,000	\$4,000	5,008.47
303.18 · Biblical Studies	\$12,000	\$10,000	12,950.24

	Budget 2024	Budget 2023	Jan - Dec 22
303.21 · Theology/Doctrine	\$22,500	\$22,500	23,716.85
303.27 · Christian Living	\$35,000	\$12,500	38,871.43
303.30 · Fiction	\$250	\$250	104.25
303.33 · Children/Youth	\$18,000	\$18,000	19,613.85
303.36 · International Languages	\$1,500	\$1,000	2,150.88
303.39 · Rejoice FWB Hymnal Sales	\$25,000	\$27,500	25,079.93
303.42 · Rejoice Worship Hymnal Sales	\$27,500	\$30,000	26,654.30
303.48 · (Off Site RH Book Sales)	(\$15,000)	(\$20,000)	(15,085.30)
303.54 · RHP Titles in Software	\$6,000	\$7,000	5,583.75
303.60 · Miscellaneous	\$2,500	\$2,500	2,910.59
Total 303 · RHP Books	\$262,950	\$228,450	282,297.69
305 · Event/Off Site Sales			
305.03 · D6 Conference Registration	\$200,000	\$145,000	121,341.00
305.06 · D6 Conference Sponsorship	\$180,000	\$95,000	104,452.00
305.09 · D6 Conference Sales	\$40,000	\$32,500	22,500.31
305.15 · National Sales	\$15,000	\$17,000	12,270.93
305.21 · Misc. Event Sales	\$15,000	\$500	15,956.12
Total 305 · Event/ Off Site Sales	\$450,000	\$290,000	276,520.36
307 · Third Party Sales (Non RHP)			
307.03 · Curriculum (Dated)	\$20,000	\$22,500	19,304.32
307.12 · Church Supplies	\$2,500	\$2,500	2,611.86
307.15 · Bibles (Non RHP Imprint)	\$600	\$500	1,060.45
307.18 · Books (Non RHP Imprint)	\$10,000	\$7,500	11,337.73
307.24 · Miscellaneous	\$1,000	\$2,000	753.45
Total 307 · Third Party Sales (Non RHP)	\$34,100	\$35,000	35,067.81
308 · Other Revenue			
308.03 · Printing/Design Services	\$580,000	\$500,000	572,866.06
308.06 · Freight and Handling Income	\$215,000	\$200,000	206,144.73
308.09 · Interest Income	\$7,500	\$5,000	9,048.31
308.12 · Service Charges	\$1,500	\$1,500	955.60
308.15 · Sale/Disposal of Assets	\$3,500	\$3,500	-
308.18 · In House Vending	\$250	\$250	82.00
308.21 · Gifts	\$200,000	\$175,000	76,075.86
308.24 · Grants	\$0	\$0	474,790.42
308.27 · Warehouse Storage Income	\$1,500	\$0	917.75
Total 308 · Other Revenue	\$1,009,250	\$885,250	1,340,880.73
309 · Commission Income			
309.03 · Bulletins	\$15,000	\$17,500	13,767.26
309.06 · Signs	\$0	\$0	-
309.09 · Furniture/Steeple/etc.	\$0	\$750	-
309.12 · Advertising/Other	\$27,500	\$22,000	25,905.42
Total 309 · Commission Income	\$40,000	\$40,000	39,672.68
Total Income	\$4,997,350	\$4,265,000	4,641,989.18
Cost of Goods Sold			
50000 · Cost of Goods Sold			
310 · COS - RHP Product Lines			
310.03 · COS - Dated Studies/ SS-Cur	\$105,000	\$82,500	82,596.29
310.15 · COS - Children's Church Sales	\$25,000	\$27,500	24,430.54
310.18 · COS - Online Non Dated Studies	\$0	\$500	-
310.21 · COS - D6 Media	\$2,000	\$0	10,277.98
310.24 · COS - Church Supplies	\$400	\$400	329.32
310.27 · COS - RHP/D6 T-shirt Merch.	\$4,000	\$500	9,852.77
310.30 · COS - Vertical Three Resources	\$5,000	\$1,500	5,288.92
310 · COS - RHP Product Lines - Other	\$0	\$0	3,463.27
Total 310 · COS - RHP Product Lines	\$141,400	\$112,900	136,239.09

	Budget 2024	Budget 2023	Jan - Dec 22
313 · COS - RHP Books			
313.03 · COS - Pastoral/Ch. Leadership	\$10,000	\$7,750	10,263.46
313.06 · COS - Family/Parenting	\$10,000	\$7,750	7,974.16
313.09 · COS - Drama/Plays	\$10	\$10	3.46
313.12 · COS - Missions	\$25	\$25	12.58
313.15 · COS - Small Group Studies	\$3,000	\$2,250	3,054.57
313.18 · COS - Biblical Studies	\$4,000	\$4,000	4,067.88
313.21 · COS - Theology/Doctrine	\$8,000	\$7,500	9,113.46
313.27 · COS - Christian Living	\$5,000	\$2,500	1,724.12
313.30 · COS - Fiction	\$50	\$50	43.89
313.33 · COS - Children/Youth	\$5,250	\$5,250	6,626.76
313.36 · COS - International Language	\$500	\$500	177.04
313.39 · COS - Rejoice FWB Hymnals	\$10,000	\$12,500	9,649.64
313.42 · COS - Rejoice Workshop Hymnals	\$12,500	\$15,250	13,285.68
313.60 · COS - Miscellaneous	\$250	\$250	59.77
313 · COS - RHP Books - Other	(\$25,000)	(\$15,000)	(45,505.12)
Total 313 · COS - RHP Books	\$43,585	\$50,585	20,551.35
315 · COS - Events/ Off Site			
315.03 · COS - D6 Conf Registration	\$425,000	\$295,000	294,919.62
315.09 · COS - D6 Conf Sales	\$20,000	\$10,000	11,331.90
315.15 · COS - National Sales	\$3,000	\$2,500	2,761.82
315.21 · COS - Misc. Event Sales	\$6,500	\$0	6,511.71
Total 315 · COS - Events/ Off Site	\$454,500	\$307,500	315,525.05
317 · COS - 3rd Party Sales (Non RHP)			
317.03 · COS - Curriculum (Dated)	\$12,000	\$14,000	13,508.56
317.12 · COS - Church Supplies	\$1,500	\$1,500	1,429.79
317.15 · COS - Bibles (Non RHP)	\$500	\$250	715.70
317.18 · COS - Books (Non RHP)	\$7,500	\$6,500	8,132.09
317.24 · COS - Miscellaneous	\$100	\$100	17.80
317 · COS - 3rd Party Sales (Non RHP) - Other	\$0	\$0	-
Total 317 · COS - 3rd Party Sales (Non RHP)	\$21,600	\$22,350	23,803.94
318 · COS - Other			
318.03 · Freight in RHP	\$4,000	\$4,000	3,427.15
318.15 · COS - Change In Inventory	\$0	\$0	(44,963.47)
Total 318 · COS - Other	\$4,000	\$4,000	(41,536.32)
Total COGS	\$665,085	\$497,335	454,583.11
Gross Profit	\$4,332,265	\$3,767,665	4,187,406.07
Expense			
350 · Printing Production			
350.02 · PP - Salaries	\$255,000	\$250,000	237,473.09
350.06 · PP - Supplies	\$1,000	\$1,000	409.92
350.07 · PP - Equipment Maint.	\$150	\$150	-
350.12 · PP - Dues & Subscriptions	\$150	\$150	-
350.16 · PP - Entertainment	\$500	\$500	742.60
350.18 · Outside Printing	\$460,000	\$300,000	396,526.17
350.19 · Outside Bindery	\$15,000	\$67,500	57,519.54
350.26 · PP - FICA	\$16,500	\$16,000	14,342.46
350.29 · PP - Retirement	\$11,500	\$11,500	9,787.26
350.32 · PP - Insurance	\$37,500	\$37,500	31,925.21
350.34 · Pressroom Supplies	\$1,500	\$3,000	946.86
350.36 · Pressroom Maintenance	\$500	\$1,000	123.49
350.38 · Pressroom Parts	\$5,000	\$8,000	3,956.79
350.40 · Pressroom Stock	\$170,000	\$160,000	170,225.50
350.42 · Pressroom Ink	\$7,500	\$5,000	7,349.49
350.44 · Bindery Supplies	\$5,000	\$1,000	151.17
350.46 · Bindery Maintenance	\$500	\$1,000	27.48
350.48 · Bindery Parts	\$500	\$1,000	105.54

	Budget 2024	Budget 2023	Jan - Dec 22
350.50 · Pre-Press Supplies	\$500	\$500	393.12
350.52 · Proofing Supplies	\$3,000	\$2,000	3,202.51
350.54 · CTP Maintenance	\$150	\$150	-
350.62 · Plates	\$17,500	\$17,500	18,523.62
350.88 · Outside Purchases-Ess. Pkts	\$15,000	\$30,000	55,974.55
350.89 · Digital Press Maintenance	\$80,000	\$85,000	76,803.21
350.90 · PP - Miscellaneous	\$150	\$150	-
Total 350 · Printing Production	\$1,104,100	\$999,600	1,086,509.58
 355.00 · Depreciation Printing Equipment	 \$45,000	 \$40,000	 42,596.99
 360 · Editorial			
360.02 · Edit - Salaries	\$300,000	\$280,000	283,602.09
360.03 · Edit - Housing Allowance	\$13,800	\$13,800	13,800.00
360.04 · Edit - Travel	\$5,000	\$1,500	7,162.73
360.06 · Edit - Supplies	\$4,000	\$1,500	4,322.76
360.09 · Digital Development	\$150	\$150	-
360.10 · Edit - Conventions & Seminars	\$500	\$500	-
360.11 · Software Supply	\$150	\$150	-
360.12 · Edit - Dues & Subscriptions	\$5,000	\$4,500	4,850.21
360.16 · Edit - Entertainment	\$1,000	\$1,000	1,047.75
360.20 · Edit - Postage	\$250	\$0	171.94
360.23 · Edit - Telephone	\$650	\$800	671.11
360.26 · Edit - FICA	\$20,000	\$18,500	18,429.95
360.29 · Edit - Retirement	\$12,500	\$12,000	10,909.38
360.32 · Edit - Insurance	\$55,000	\$51,000	49,663.71
360.34 · Curriculum Development	\$1,000	\$5,000	41.24
360.35 · Product Improvement	\$250	\$250	4.00
360.36 · Writer's Fees	\$60,000	\$15,000	11,770.00
360.88 · Outside Editing/Proofing	\$20,000	\$20,000	20,650.00
360.90 · Edit - Miscellaneous	\$150	\$150	-
Total 360 · Editorial	\$499,400	\$425,800	427,096.87
 400 · Administrative/Accounting			
400.02 · AD/AC - Salaries	\$260,000	\$250,000	245,127.08
400.03 · AD/AC - Housing Allowance	\$60,000	\$60,000	60,000.00
400.04 · AD/AC - Travel Expense	\$40,000	\$25,000	42,127.05
400.06 · AD/AC - Supplies	\$5,000	\$5,000	6,113.02
400.10 · AD/AC - Conventions & Seminars	\$1,000	\$500	1,046.00
400.12 · AD/AC - Dues & Subscriptions	\$10,000	\$7,500	27,958.01
400.16 · AD/AC - Entertainment	\$6,500	\$6,500	6,615.55
400.20 · AD/AC - Postage	\$250	\$150	224.28
400.23 · AD/AC - Telephone	\$1,500	\$1,500	1,342.27
400.26 · AD/AC - FICA	\$16,500	\$15,500	14,895.58
400.29 · AD/AC - Retirement	\$15,000	\$13,500	13,374.66
400.32 · AD/AC - Insurance	\$38,000	\$38,000	32,388.76
400.70 · AD/AC - Automobile Expense	\$4,500	\$3,500	4,660.04
400.88 · D6 International Travel/Expense	\$20,000	\$10,000	11,470.39
400.90 · AD/AC - Miscellaneous	\$250	\$250	140.00
Total 400 · Administrative/Accounting	\$478,500	\$436,900	467,482.69
 410 · Sales			
410.02 · Sales - Salaries	\$147,500	\$145,000	135,325.87
410.03 · Sales - Housing Allowance	\$25,000	\$25,000	24,168.00
410.04 · Sales - Travel Expense	\$12,500	\$6,000	11,484.14
410.06 · Sales - Supplies	\$2,000	\$2,000	1,067.73
410.08 · Sales - Equipment Rental	\$1,500	\$2,000	910.40
410.11 · Sales - Conventions & Seminars	\$750	\$750	449.00
410.12 · Sales - Dues & Subscriptions	\$12,500	\$9,000	12,694.89
410.15 · Sales - CRM Software	\$20,000	\$10,000	29,890.12
410.20 · Sales - Postage	\$500	\$150	410.03

	Budget 2024	Budget 2023	Jan - Dec 22
410.23 · Sales - Telephone	\$12,500	\$21,000	12,568.48
410.26 · Sales - FICA	\$9,000	\$9,000	8,235.12
410.29 · Sales - Retirement	\$4,000	\$4,000	3,261.70
410.32 · Sales - Insurance	\$37,500	\$37,500	29,314.16
410.88 · Sales - Entertainment	\$2,500	\$2,000	3,100.55
410.90 · Sales - Miscellaneous	\$150	\$150	-
Total 410 · Sales	\$287,900	\$273,550	272,880.19
420 · Design			
420.02 · Design - Salaries	\$170,000	\$187,500	157,683.30
420.04 · Design - Travel Expense	\$150	\$150	-
420.06 · Design - Supplies	\$750	\$750	975.35
420.10 · Design - Conventions & Seminars	\$150	\$150	-
420.12 · Design - Dues & Subscriptions	\$2,500	\$2,500	1,897.44
420.14 · Art Services	\$60,000	\$32,500	55,619.19
420.16 · Design - Entertainment	\$1,000	\$1,000	1,017.51
420.26 · Design - FICA	\$12,000	\$12,000	9,602.83
420.29 · Design - Retirement	\$6,500	\$6,500	5,995.32
420.32 · Design - Insurance	\$47,500	\$45,000	43,271.92
Total 420 · Design	\$300,550	\$288,050	276,062.86
425 · RHP Book Division			
425.02 · RB - Salaries	\$25,000	\$17,500	22,847.09
425.04 · RB - Travel Expense	\$3,500	\$750	7,363.56
425.06 · RB - Supplies	\$500	\$100	16.51
425.10 · RB - Conventions & Seminars	\$1,250	\$250	1,282.00
425.11 · Royalty Payments	\$32,500	\$17,500	32,535.24
425.12 · RB - Dues & Subscriptions	\$3,000	\$500	2,929.92
425.20 · RB - Postage	\$750	\$0	754.26
425.23 · RB - Telephone	\$800	\$800	840.18
425.26 · RB - FICA	\$0	\$0	-
425.29 · RB - Retirement	\$2,500	\$1,750	2,258.20
425.32 · RB - Insurance	\$18,000	\$21,000	16,260.92
425.66 · Editing/Proofing	\$9,000	\$6,500	8,176.67
425.88 · RB - Entertainment	\$250	\$250	317.77
425.89 · Product Development	\$3,250	\$2,500	3,148.12
Total 425 · RHP Book Division	\$100,300	\$69,400	98,730.44
430 · Distribution Center			
430.02 · DC - Salaries	\$155,000	\$110,000	132,795.53
430.04 · DC - Travel Expense	\$0	\$0	128.70
430.06 · DC - Supplies	\$22,500	\$18,000	27,600.30
430.07 · DC - Equipment Maintenance	\$150	\$150	-
430.08 · DC - Equipment Rental	\$750	\$7,500	7,316.32
430.09 · DC - Software Fees and Services	\$250	\$500	-
430.12 · DC - Dues & Subscriptions	\$3,500	\$3,000	3,394.72
430.16 · DC - Entertainment	\$250	\$250	78.10
430.20 · DC - Postage	\$25,000	\$22,500	34,857.33
430.26 · DC - FICA	\$10,500	\$6,750	8,087.93
430.29 · DC - Retirement	\$5,000	\$3,000	3,922.72
430.32 · DC - Insurance	\$27,500	\$17,500	22,519.02
430.40 · DC - Freight Expense	\$205,000	\$177,500	194,756.42
Total 430 · Distribution Center	\$455,400	\$366,650	435,457.09
435 · IT Division			
435.02 · IT - Salaries	\$47,500	\$28,000	46,218.47
435.04 · IT - Travel	\$0	\$0	-
435.06 · IT - Supplies	\$2,000	\$2,000	1,596.26
435.08 · IT - Software Services	\$100	\$100	-
435.10 · IT - Conventions/Seminars	\$100	\$100	-
435.12 · IT - Dues & Subscriptions	\$750	\$2,500	611.89

	Budget 2024	Budget 2023	Jan - Dec 22
435.23 · IT - Telephone	\$0	\$0	-
435.26 · IT - FICA	\$0	\$250	161.56
435.29 · IT- Retirement	\$0	\$0	-
435.32 · IT - Insurance	\$0	\$0	-
Total 435 · IT Division	\$50,450	\$32,950	48,588.18
440 · Plant Maintenance			
440.02 · PM - Salaries	\$10,000	\$16,000	7,440.26
440.06 · PM - Supplies	\$6,000	\$6,000	4,989.03
440.07 · PM - Equipment Maintenance	\$250	\$250	-
440.23 · PM - Telephone	\$0	\$0	-
440.26 · PM - FICA	\$800	\$800	453.14
440.32 · PM - Insurance	\$0	\$0	-
440.34 · PM - Building Maintenance	\$12,500	\$17,500	10,561.13
440.40 · Utilities	\$52,500	\$50,000	52,226.39
440.45 · Building Insurance	\$37,500	\$33,000	36,062.90
Total 440 · Plant Maintenance	\$119,550	\$123,550	111,732.85
460 · Marketing			
460.02 · Mkt - Salaries	\$145,000	\$130,000	129,597.15
460.04 · Mkt - Travel Expense	\$7,500	\$1,500	8,292.14
410.05 · Mkt - Conventions & Seminars	\$1,500	\$500	1,495.00
460.06 · Mkt - Supplies	\$2,000	\$2,500	1,294.19
460.07 · Mkt - Equipment Maintenance	\$100	\$100	-
460.08 · Mkt - Equipment Rental	\$100	\$100	-
460.12 · Mkt - Dues & Subscriptions	\$20,000	\$12,500	19,236.91
460.20 · Mkt - Postage	\$250	\$100	207.73
460.23 · Mkt - Telephone	\$800	\$800	671.11
460.26 · Mkt - FICA	\$7,500	\$7,000	6,487.96
460.29 · Mkt - Retirement	\$3,500	\$3,000	2,760.42
460.32 · Mkt - Insurance	\$35,000	\$31,000	30,215.77
460.34 · Mkt - Advertising	\$60,000	\$80,000	34,562.89
460.35 · Mkt - Podcast	\$3,500	\$0	1,750.00
460.36 · Mkt - Promotion	\$100,000	\$80,000	96,950.98
460.40 · Mkt - Entertainment	\$2,500	\$2,000	2,492.66
460.46 · Mkt - ONE Magazine	\$50,000	\$49,750	49,685.04
Total 460 · Marketing	\$439,250	\$400,850	385,699.95
490 · General			
490.06 · GE - Supplies	\$1,000	\$1,000	1,290.46
490.08 · GE - Equipment Rental	\$17,500	\$16,000	17,231.98
490.10 · Honorariums	\$1,000	\$1,500	400.00
490.14 · Depreciation	\$62,500	\$57,500	64,204.00
490.15 · Interest Expense	\$22,500	\$17,000	17,246.41
490.18 · Bank Service Charges	\$45,000	\$45,000	41,647.35
490.20 · Insurance	\$250	\$250	-
490.25 · RHP - Board Expense	\$20,000	\$22,500	17,405.05
490.30 · Legal & Audit	\$16,000	\$16,000	16,815.00
490.35 · GE - Automobile Expense	\$3,500	\$2,000	4,693.54
490.40 · Bad Debts	\$500	\$250	1,291.86
490.45 · In House Functions	\$12,500	\$12,500	29,779.06
490.50 · Taxes	\$10,000	\$7,500	10,301.11
490.55 · Payroll Services	\$3,500	\$3,250	3,398.93
490.90 · GE - Miscellaneous	\$500	\$500	443.44
Total 490 · General	\$216,250	\$202,750	226,148.19
495 · Development and Events			
495.02 · Dev/Events - Salaries	\$35,500	\$37,500	42,396.74
495.03 · Dev/Events - Housing	\$22,140	\$22,140	22,140.00
495.04 · Dev/Events - Travel Expense	\$18,000	\$10,000	17,894.97
410.06 · Dev/Events - Supplies	\$3,500	\$1,500	3,943.40

	Budget 2024	Budget 2023	Jan - Dec 22
495.11 · Dev/Events - Conventions & Seminars	\$1,000	\$250	1,245.00
495.12 · Dev/Events - Dues & Subscriptions	\$5,000	\$4,000	4,727.35
495.15 · Dev/Events - National Expense	\$20,000	\$22,500	18,952.09
495.20 · Dev/Events - Postage	\$1,500	\$0	1,437.24
495.23 · Dev/Events - Telephone	\$350	\$350	335.64
495.26 · Dev/Events - FICA	\$2,500	\$2,750	2,574.88
495.29 · Dev/Events - Retirement	\$1,500	\$1,500	1,363.44
495.32 · Dev/Events - Insurance	\$10,000	\$10,000	7,374.58
495.70 · Dev/Events - Miscellaneous	\$500	\$150	1,748.98
495.88 · Dev/Events - Entertainment	\$1,250	\$1,000	1,211.57
Total 495 · Development and Events	\$122,740	\$113,640	127,345.88
9000 · Verticle Three			
9100 · V3 Revenue			
300.62 · V3 Conference Income	\$125,000	\$110,000	103,764.40
300.64 · Truth & Peace Fees	\$245,000	\$235,000	247,595.52
300.66 · NYET Fees	\$33,000	\$30,000	29,771.58
300.70 · Youth Collections	\$500	\$500	568.67
300.73 · Buck-A-Week Revenues	\$1,000	\$1,000	(334.56)
300.74 · V3 Misc. Events	\$0	\$0	-
Total 9000 · Verticle 3 Revenue	\$404,500	\$376,500	381,365.61
450 · Verticle Three Expense			
450.02 · V3 - Salaries	\$50,000	\$22,500	28,751.30
450.04 · V3 - Travel Expense	\$5,000	\$2,500	4,734.04
450.06 · V3 - Supplies	\$1,500	\$1,000	2,354.71
450.07 · V3 - Equipment Maint.	\$0	\$0	-
450.10 · V3 - Conventions & Seminars	\$500	\$750	-
450.12 · V3 - Dues & Subscriptions	\$1,500	\$1,000	2,035.93
450.16 · V3 - Entertainment	\$250	\$250	303.24
450.20 · V3 - Postage	\$250	\$0	118.83
450.23 · V3 - Telephone	\$375	\$375	335.63
450.26 · V3 - FICA	\$1,750	\$850	1,031.92
450.29 · V3 - Retirement	\$1,750	\$1,500	1,363.44
450.32 · V3 - Insurance	\$15,500	\$16,500	14,024.62
450.34 · V3 Conf. Expense	\$140,000	\$120,000	143,051.15
450.36 · Truth & Peace Expense	\$195,000	\$172,500	195,847.22
450.38 · NYET Expense	\$32,500	\$30,500	36,935.65
450.45 · V3 - Scholarships	\$0	\$0	-
450.88 · Buck-A-Week Expenses	\$500	\$250	577.55
450.90 · V3 - Miscellaneous	\$0	\$0	-
Total 450 · Verticle 3 Expense	\$446,375	\$370,475	431,465.23

Executive Director & CEO Ronald Hunter Jr.	2023 Package	2024 Projected Package*
Salary	\$54,681	\$59,822
Housing Allowance	\$60,000	\$60,000
Retirement	<u>\$13,840</u>	<u>\$13,840</u>
COMPENSATION TOTAL	\$128,521	\$133,662
Christmas Bonus	<u>\$2,135</u>	<u>\$2,220</u>
TOTAL PAY PACKAGE	\$130,656	\$135,882

Medical, Dental, Vision and Life insurance in 2023 is \$17,635. An increase is projected for 2024.

* Salary is subject to change dependent on the performance of the organization.

Curriculum Director Katie Greenwood	2023 Package	2024 Projected Package*
Salary	<u>\$61,287</u>	<u>\$63,739</u>
COMPENSATION TOTAL	\$61,287	\$63,739
Retirement	\$3,064	\$3,187
Christmas Bonus	<u>\$919</u>	<u>\$956</u>
	\$3,984	\$4,143
TOTAL PAY PACKAGE	\$65,271	\$67,882

Medical, Dental, Vision and Life insurance in 2023 is \$20,552. An increase is projected for 2024.

* Salary is subject to change dependent on the performance of the organization.

Director of Events & Development Derek Altom	2023 Package	2024 Projected Package*
Salary	\$34,026	\$35,387
Housing Allowance	<u>\$22,140</u>	<u>\$23,026</u>
COMPENSATION TOTAL	\$56,166	\$58,413
Retirement	\$2,808	\$2,921
Christmas Bonus	<u>\$842</u>	<u>\$876</u>
	\$3,651	\$3,797
TOTAL PAY PACKAGE	\$59,817	\$62,209

Medical, Dental, Vision and Life insurance in 2023 is \$20,224. An increase is projected for 2024.

* Salary is subject to change dependent on the performance of the organization.

**Summary of the Minutes
Randall House Board
2022-2023**

The Randall House Board met July 27, 2022, during the National Association meeting. Officers were elected as follows: Chairman Mike Trimble, Vice-Chairman Paul Bryant, Clerk Kendall Ross. Committees for Vertical Three, Curriculum, and Finance were appointed. Dr. Ron Hunter shared thoughts on what to expect for the next six months. Discussions included potential hires, people retiring, and general personnel challenges amidst COVID and lean financial times. Dr. Hunter also shared pros and cons to moving from a four-cycle curriculum year (quarterly publications) to a six-cycle plan. The internal leadership team will make the final decision in the next couple of months.

The Randall House Board met in Nashville, TN, on December 7, 2022, where they discussed the recovery of curriculum sales for Randall House and D6 Family Ministry, the legal name change of Randall House Publications to D6 Family Ministry, and received reports on books, curriculum, and finances. They also met with Philip Nation, Vice President of Thomas Nelson Bibles at HarperCollins Christian Publishing, to discuss the Bible publishing industry and approved the Arminian Bible Project. The board approved several items, including the Curriculum Committee Report, D6 Family Doctrinal Statement, Vertical Three Committee Report, and Finance Committee Report. The board also discussed the absorption of the Northwest Ministry Conference and planned to meet over a weekend in the spring to visit churches. Finally, the board members were asked to review, read, and sign the Conflict-of-Interest Statement, Board Member Statement of Agreement, and the Board Manual Acknowledgment.

The Randall House Board was called to order following all committee meetings by Chairman Mike Trimble on Saturday, March 25, 2023, in Birmingham, AL. The auditor's report was explained and accepted unanimously, as were the Finance and Curriculum Committee reports. The Auditor was retained for 2023-2025 for \$16,500, increasing by \$250 per year for three years. The Vertical Three Committee Report was accepted unanimously after much discussion. The board reconvened on Sunday afternoon, with Dr. Ron Hunter presenting the Executive Director's Report, which was accepted. The Editorial & Strategic Projects Report was received as information. The board spent significant time debriefing their church visits before adjourning.

FROM GENERATION TO GENERATION

NAFWB 2023

RALEIGH, NORTH CAROLINA

IM GENERAL DIRECTOR'S REPORT

PASSING OF A GENERATION: I believe on February 17, 2023, the day Brother Carlisle Hanna passed away, we saw the end of an era for Free Will Baptists that can never be duplicated. It feels like his passing, to some degree, signaled the end of a generation of *pioneer missionaries* for Free Will Baptists.

Brother Carlisle, along with many other Free Will Baptist pioneers, went into territories and among people groups that were geographically isolated areas and untouched with the Gospel. They faced enormous challenges just getting to their fields. On the field, there was a daily deluge of obstacles such as: isolation, challenges of nature, strong government resistance, hostility from religions opposed to Christianity, loss of loved ones, life and death decisions, and an ongoing spiritual warfare like few have ever experienced.

Those early pioneers knew what it meant to go months without being able to contact parents and family back in the States. Those pioneers knew when they left their loved ones that there was a probability, not just a possibility, they would never see them again. They understood what it meant to put the proverbial "hand to the plow" and never look back. These fearless men and women constantly went full speed into territory saturated with the darkness of idol worship under Satan's influence.

Earlier this year on January 31, 2023, Free Will Baptists had already lost another pioneer missionary, Tom Willey, Jr. He was born on July 13, 1932, into the family of larger-than-life pioneer missionaries to Panama and Cuba, Pop and Mom Willey. Tom, Jr.'s missionary life would also find him serving in both countries. He was a missionary, bush pilot, photographer, writer, speaker, soul winner, and I think *at heart* an explorer.

A strategic point in Free Will Baptist missionary history was when Tom, Jr. had the courage and cultural savvy to gain an audience with Fidel Castro, the president of Cuba at that time, to appeal to him to allow the Cedars of Lebanon Bible Seminary to reopen. Due to this courageous act of faith, the seminary was permitted to open again after over 25 years without classes due to the revolution. The seminary continues to train Cuban pastors and church leaders. Today we are seeing first, second, and even third generations of Cuban and Panamanian believers taking the Gospel around the globe.

I feel the following quote appropriately reflects the life of the pioneer generation. It states boldly, ***"I have but one candle of life to burn, and I would rather burn it out in a land filled with darkness than in a land flooded with light."*** Brother Carlisle, Brother Tom Willey, Jr., and

our other pioneer missionaries let their lights shine in lands filled with darkness. Now many of those lights are out because they have passed on. But we can be assured that the candles they lit while serving will light other candles, and they, in turn, will light others until the return of Christ.

This denomination will forever honor the faithful service of the pioneer generation. Generations to come will speak of their examples of faithfulness. But we must know that the need to spread the Gospel did not stop with the pioneer generation and therefore must be passed from generation to generation.

IM MKs (Missionary Kids) – THE SECOND GENERATION: It is evident that not all of the IM MKs will be called to be missionaries as their parents were. We must be careful to not accuse the MKs who are not called of being disobedient simply because they do not become missionaries. Quite frankly, it would be a grievous mistake for a missionary to attempt to impose their calling on their children.

Please note that for the MKs who have sensed God's call on their life, it is not accurate to say they have *followed in their parents' footsteps*. It is certainly more appropriate to say they are following in the *footsteps of obedience in response to the call to labor with the Body of Christ to fulfill the Great Commission*.

At IM we are abundantly blessed with missionaries who have seen their children respond positively to the call from God to serve as a missionary. What a great joy this is for a missionary parent.

Let's take a glance and see how blessed we are that God has called more than one generation from some of our Free Will Baptist missionary families:

1 st Generation	2 nd Generation
Pop and Mom Willey	Tom Willey, Jr. (deceased) and spouse Ethel
Carlisle and Marie Hanna	Dr. Don Hanna, leading our partner, Friends of India. His wife Millie is also an MK from another mission.
Ken and Marvis Eagleton	Kenneth and Terry Eagleton (deceased) and their wives, Rejane and Jamie
Dr. Laverne and Lorene Miley	Lynn Miley and Lynette Morgan and their spouses, Ramona and Clint
Frank and Marie Cousineau	Mike Cousineau and wife, Deleen (1040i partner)
Eddie and Sandra Payne Bobby and Sue Aycock	Debbie Anderson and spouse, Verlin David Aycock and wife, Annette

Dave and Pat Franks, Sr.	David Franks, Jr. and spouse, Becky
Dennis and Carol Teague	Joel Teague and wife, Lydie
Donnie and Ruth McDonald	Kate Speer and husband, Daniel
Dale and Sandra Bishop	Doug Bishop and spouse, Miriam
Jeff and Susana Turnbough	Matthew and wife, Brooke
Trif and Vanya Trifonov	Debbie Driscoll and husband, Brenton, MK from Japan
Mark and Juli Riggs	Sam Riggs and spouse, Lauren

As you will note, some on the previous list have gone on to be with the Lord, others served but are no longer with IM, and some are presently serving directly under IM or with one of our partners. There are many more who have served as short-term missionaries and others who have served with other mission organizations. I think we can all raise our voices in praise at how God is using IM missionaries to take the Gospel to the nations from generation to generation.

The Lord calling from more than one generation also happens on our fields as national pastors see their children grow up and answer the call to ministry. Over the past year, I have visited Panama and Ivory Coast, and on both of those fields there are pastors whose sons are now pastors.

THE NEXT GENERATION: We will continue to see the Gospel pass from generation to generation through the ministries of the many young people sensing His calling and coming to serve under IM.

Over the past year, Bryson Foulks, Emily Petty, Tyler Justice, and Taylor Pate have acquired the needed funding and have begun their two-year internships. France and Japan are blessed to have such highly-committed interns serving along with, and under the care of, experienced field team members. I believe that together they will be a part of and see the *generation to generation* idea being lived out.

PREPARING THE NEXT GENERATION: To effectively prepare the next generation for service, an organization must have great visionaries doing the training. God has richly blessed us in this area. We have clearly seen God's hand at work at IM as He has positioned the right people, at the right time, for the right job. The following shifts have provided the normal ups and downs of emotions that come with hiring well-qualified individuals when personnel leaves.

- **Cody and Lauren Herron:** With the departure of Hanna Mott as ETEAM Coordinator, we began the search for someone with the same passion and cultural sensitivity to take

over the program and continue its journey to have an even greater impact and influence on the coming generations of FWBs. God brought us a young couple with unquestionable hearts for the denomination's youth, Cody and Lauren Herren. This is a great example of *getting the right people on the bus and in the right seat*.

- **Sydney McClure:** The Hanna Project (THP) Director, Danny Gasperson, is always running in high gear. He greatly needed an assistant to help carry the heavy load of taking care of logistics for the many projects and activities of THP. Sydney has stepped comfortably into this new role and has found her place. We are confident she will play a strategic role in helping Danny address the needs of the 19 projects in 2023.
- **Donnie McDonald, Field Ministry Personnel Associate:** Donnie McDonald and his wife Ruth have made the quantum leap from field missionary to the US. Ruth is serving as the Director of WNAC, and Donnie is working on special assignment with Curt Holland in helping walk candidates through the process from candidate to career status. He has a lot of new things to learn and process, but we are quite certain he will do well.
- **Caroline Pierce, Manager of Financial Operations:** We absolutely hate to lose IM field or office personnel. Each team member fills a specific role in the overall ethos, well-being, and execution of strategic activities of IM, Inc. Caroline has been an amazingly committed worker in the financial department. No doubt Rob Conley will have more to say about her departure, but I can say without hesitation we will miss her warm, kind, gentle spirit and we commit to pray for her success in her new venture.
- **Andy Yerby, replacing Caroline as Manager of Financial Operations:** With Caroline's departure, we had to find someone capable to step into that slot. Fortunately, we did not have to look very far. In fact, just a glance outside of Caroline's office revealed the answer, Andy Yerby. He had done an outstanding job working with Caroline and is prepared to step into this vacancy in the financial department.
- **Kristi Johnson, Development Communications Manager:** In my report last year, I spoke of the lateral moves of several missionary couples from the fields to the States. After 25 years of exemplary service in Spain as IM missionaries, the Johnsons returned to the States for Tim to take up the role of professor of missions at Welch College. Kristi very quickly found a slot on our Development team. Her love for Christ, missions, and communication has given her a continued role in reaching the nations through IM.
- **Jaimie Lancaster, Associate Director of Field Partnerships:** Last year we reported the transition of the Lancasters from Uruguay to the States. Jaimie has seamlessly made the adjustments to this new role. We are confident he will make a great representative to promote the partnerships in our Free Will Baptist churches and to assist Dr. Kenneth Eagleton, Director of Field Partnerships, in his many demanding tasks.

IM DIRECTORS LEADING THIS GENERATION: Every IM director keeps a keen eye of interest and involvement in their department. It's a great feeling to know that no one is out of sync or out of focus. I can confidently say that our directors do their jobs with excellence and integrity.

- **Curt Holland, Director of Field Ministry Personnel:** One of the many great accomplishments of the DFMP this past year has been the full-throttle emphasis on "Missionary Care". At IM, we are absolutely committed to the well-being (spiritually, mentally, and physically) of our missionaries. Along with the many other tasks on Curt's plate, caring for missionaries burns very deep in his soul.
- **Leslie Nichols, Director of Mobilization:** Since the beginning of this year, Leslie has officially stepped into her new role as Director of Mobilization. Leslie has grabbed on to this new role with vision, passion, commitment, and a proper dose of caution. I believe this year will be one of our best ever as it relates to student ministries and their impact on the denomination and its outreach to the lost.
- **Rob Conley, Chief Financial Officer:** Rob's objectivity, strategic thinking, meticulous processing, cautious (but not paranoid) mindset, and dependability keeps our financial department locked in and consistently stewarding our resources. To use some Rob jargon, you can always know that Rob *has your six*. Our auditor once again expressed to me his confidence in, and appreciation for, the work of our financial department.
- **Dr. Kenneth Eagleton, Director of Field Partnerships:** Kenneth's leadership in the area of field partnerships is second to none. His ability to ask the right questions, move the conversations in a productive direction, and nail down concrete action steps is exemplary. Kenneth is seeing, and hopefully will continue to see, the expanding of God's Kingdom by passing the vision for reaching the lost from generation to generation on our partnership fields.
- **Danny Gasperson, Director of The Hanna Project:** It appears that Danny is hitting the long ball right now. His burning passion to be out there on the field working with missionaries and church leaders is evident. The COVID years forced him to tap the brakes, or more like *slam on brakes*. But we hope those days are behind us. I have no doubts that Danny will lead and develop leaders that will carry out the 19 projects sitting in the shute for the year 2023. Under Danny's leadership, The Hanna Project, named in honor of Brother Carlisle Hanna, will continue to help the national churches bring Help, Hope, and Healing to some of the most neglected people in the world.
- **Don Matchett, Director of Development:** Under the excellent leadership of Don, the Development team is running on all cylinders. Anyone who knows anything about IM these days is talking about the superb work of this team. Don has demonstrated great skills in leading them to collectively complete the parameters of each project and task.

Each team member's creative energy helps develop world-class resources and information with a clear focus of advancing the IM mission statement.

PASSING OF MISSION FAMILY: It is with great sadness that we report on the passing of the legacy of dear brothers and sisters in Christ. We would like to extend our deepest sympathies to the families that experienced losses since the time we reported last year.

- **Ana Belén Alvarez**, sister of Michelle Chereau, missionary to France, passed away June 15, 2022.
- **Margo Kate Hawkins**, granddaughter of Curt Holland, passed away on July 1, 2022.
- **Julia Faye Ogletree**, grandmother of Doug Bishop, missionary to Japan, died on August 6, 2022.
- **Jim Awtrey**, father of Tim Awtrey, passed away on August 14, 2022.
- **June Critcher**, wife of Harold Critcher, former CFO for IM, went to be with the Lord on August 19, 2022.
- **Jerry Taylor**, grandfather of Hannah Goucher, missionary to Japan, died September 9, 2022.
- **Rev. Elmer Turnbough**, father of Judy Bailey, missionary to Japan, and Jeff Turnbough, missionary to Spain, and grandfather of Matthew, THP field worker to Spain, entered heaven on September 29, 2022.
- **Tom Willey, Jr.**, former missionary to Panama, went to be with the Lord on January 31, 2023.
- **Rev. Carlisle Hanna**, former missionary to India, entered heaven on February 17, 2023.
- **Sharon Ferguson**, former missionary to Ivory Coast, met her Savior on April 10, 2023.

STATS AND STRATEGIC OBJECTIVES: It is beneficial for us to have goals and objectives. In all likelihood, we all have them, even if we do not articulate them in word or take time to write them down. As a mission agency, we are committed to not just writing down strategic goals and objectives, but also pursuing them with faith and commitment.

Our strategic goals and objectives from 2020-2025 are aligned with the three main focuses as determined by the NAFWB Executive Department: (1) Reach (2) Train (3) Give. We are encouraged with the information gathered from our fields where we have missionaries and partners that are directly aligned with Free Will Baptist associations or local churches.

A quick look shows some great progress in some areas and others that can still be improved.

- (1) **Reach:** We cannot emphasize enough the importance of knowing that the number of people coming to know Christ and following Him in baptism is a joint effort between missionaries and national believers. The 2022 stats are very encouraging:
 - **8 new missionaries approved by the IM board**

- **113 missionaries serving under IM**
- **34 countries** being touched with the Gospel through IM missionaries, national believers, and IM partners
- **1,788 professions of faith**
- **1,308 baptisms**
- **48,938 average attendance** of Free Will Baptist churches outside of the United States

(2) **Train:** The information presented reflects the number of people who are either in a Bible institute or seminary as well as those who are following an organized leadership or discipleship training program. Training the next generation helps ensure that the Kingdom work passes to another generation.

- **1,385 national believers in leadership and discipleship training programs**
- **380 students attending Bible institutes or seminaries**

(3) **Give:** I will leave it to Rob Conley to give the precise numbers concerning income, expenses, and budgets. But we must praise God that our income for last year was unparalleled. Due to the high quality of training by IM's Development department and other staff, committed fundraising of our missionaries, and your generosity, we exceeded **\$8.8 million in income in 2022**. This is a record-breaking income for IM.

CONCLUSION: As we look back over 2022 and forward to 2023, I feel confident in stating that IM is moving in a direction that is pleasing to God. Have we done all we can? Not yet! Will we do even better this year than last? Yes! Will we continue to pass the Good News from generation to generation? Absolutely! Will you join us and play a strategic role in establishing the legacy of this generation? That question is yours to answer.



Clint Morgan

General Director, IM, Inc.



BOARD MEETING SUMMARY

The Board of IM, Inc. met three times in person and one e-vote from May 30, 2022, to April 30, 2023. 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), Cameron Lane (AR), and Darren Walker (NC).

Board actions throughout the year included:

- Accepted the resignation of Tim and Kristi Johnson as missionaries to Spain
- Approved that the IM Leadership Team of IM, Inc. serve as The Hanna Project Board of Trustees for a term of three years
- Approved amendments to the Charter for The Hanna Project
- Approved amendments to the By-Laws of The Hanna Project
- Approved Josh Provow leave special assignment and return to church planting in Shumen, Bulgaria
- Approved change to Handbook regarding Wellness Leave
- Accepted resignation of Ruth McDonald as missionary to Japan
- Accepted resignation of Jaimie and Tammy Lancaster as missionaries to Uruguay
- Approved IMpact Project for leadership conference in Togo
- Approved IMpact Project adjustment for the New Life Church in Japan
- Approved Tristen and Sierra White for a two-year internship to Japan
- Approved Callie Stox for a two-year internship to Japan
- Approved Bradley Mercer for a two-year internship to MO International Students
- Approved Jace Dixon for a two-year internship to France
- Approved Brenton and Debbie Driscoll as career missionaries to Bulgaria
- Approved Jacob as career field worker to France
- Approved Keren Delgado as career missionary to Spain
- Approved Jonathan and Michelle Chereau as career national missionaries to France
- Appointed Blankenship CPA Group to perform 2022 audit
- Approved housing allowance for ordained directors
- Approved 2023 budget totaling \$14,753,607.09
- Accepted the revised Candidate Guidelines
- Approved Daniel and Karah for two-year internship
- Approved Josh and Bethany for career status
- Accepted 2022 Audit
- Approved the creation of IMpact Pakistan Church Building
- Adopted a \$9,100,00.00 framework budget for 2024
- Amended the Fixed Asset Capitalization Policy

FINANCIAL SUMMARIES:

2022 Total Unaudited Income: \$8,827,876

Below are the top 25 churches that gave to IM in 2022. We are thankful for every congregation and individual that gives to share the Gospel around the world.

Church Name	City, State	Total Given
Unity FWB Church	Greenville, NC	\$163,693.21
Donelson FWB Church	Nashville, TN	\$136,302.54
New Hope FWB Church	Joelton, TN	\$81,948.31
Bethel FWB Church	Kinston, NC	\$73,895.69
Horse Branch FWB Church	Turbeville, SC	\$67,083.19
Hilltop FWB Church	Fuquay Varina, NC	\$66,787.00
First FWB Church Washington	Washington, NC	\$50,226.64
Bethany FWB Church	Broken Arrow, OK	\$50,084.63
First FWB Church Gastonia	Gastonia, NC	\$43,557.77
Lebanon FWB Church	Effingham, SC	\$41,576.58
Bethlehem FWB Church	Ashland City, TN	\$39,840.35
Collinsville FWB Church	Collinsville, OK	\$37,207.68
Good Springs FWB Church	Pleasant View, TN	\$37,159.03
Ebenezer FWB Church	Glennville, GA	\$36,866.49
Macedonia FWB Church	Purdy, MO	\$36,632.37
Heds FWB Church	Cedar Hill, TN	\$32,430.33
Union Grove FWB Church	Atkins, AR	\$31,532.00
Bethel FWB Church	Chapmansboro, TN	\$31,054.47
First FWB Church Poteau	Poteau, OK	\$30,414.79
Zephyr Hills FWB Church	Asheville, NC	\$29,788.13
Westside FWB Church	Johnsonville, SC	\$29,092.62
Connect Church	Russellville, AR	\$28,717.43
First FWB Church Albany	Albany, GA	\$28,384.00
Mt. Zion FWB Church Pell City	Pell City, AL	\$28,144.85
Parkers Chapel FWB Church	Greenville, NC	\$25,742.00

In 2022, we recorded **\$614,028** in undesignated funds for the World Missions Offering. Below is a list of the top twenty-five churches who gave to the WMO.

Church Name	City, State	Total Given
Cavanaugh FWB Church	Fort Smith, AR	\$23,671.21
First FWB Church Poteau	Poteau, OK	\$23,559.79
Ebenezer FWB Church	Glennville, GA	\$23,416.20
Bethel FWB Church	Kinston, NC	\$22,818.89
West Palm Beach FWB Church	Greenacres, FL	\$21,845.00
Heads FWB Church	Cedar Hill, TN	\$21,733.33
Zephyr Hills FWB Church	Asheville, NC	\$18,301.85
Unity FWB Church	Greenville, NC	\$18,023.66
Sutton FWB Church	Pocahontas, AR	\$13,306.70
First FWB Church	Springfield, MO	\$10,000.00
Macedonia FWB Church	Millport, AL	\$9,740.00
First FWB Church Walnut Ridge	Walnut Ridge, AR	\$8,895.00
Winfield First FWB Church	Winfield, AL	\$8,017.00
Bethany FWB Church	Timmons ville, SC	\$7,064.00
First FWB Church	Dickson, TN	\$6,852.00
Sherwood Forest FWB Church	El Sobrante, CA	\$6,832.00
Calvary Fellowship FWB Ch	Fenton, MO	\$6,601.00
Union Grove FWB Church	Atkins, AR	\$6,380.00
Ina FWB Church	Ina, IL	\$6,100.00
Faith FWB Church	Lubbock, TX	\$6,064.34
McCorkle FWB Church	Sod, WV	\$6,000.00
Harrison FWB Church	Minford, OH	\$5,434.50
Rejoice First FWB Church	Owasso, OK	\$5,000.00
Ryanwood Fellowship FWB Ch	Vero Beach, FL	\$4,535.00
Liberty Bible FWB Church	Oakwood, GA	\$4,485.25



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, 2022 and 2021, 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, 2022 and 2021, 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 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 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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
April 15, 2023



IM, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 1,662,702	\$ 1,025,932
Investments in trusts	2,319,419	2,254,248
Investments, other	5,923	7,119
Endowment investments in trusts	343,271	279,398
Prepaid expenses	187,440	196,413
Advances and receivables	598,387	469,347
Property and equipment, net	1,488,973	1,553,709
Total assets	<u>\$ 6,606,115</u>	<u>\$ 5,786,166</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 306,246	\$ 316,906
Accrued employee benefits	62,471	56,633
Notes payable	11,650	28,137
Total liabilities	<u>380,367</u>	<u>401,676</u>
Net assets		
Without donor restrictions	950,994	723,774
With donor restrictions	5,274,754	4,660,716
Total net assets	<u>6,225,748</u>	<u>5,384,490</u>
Total liabilities and net assets	<u>\$ 6,606,115</u>	<u>\$ 5,786,166</u>

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenues, Gains, and Other Support			
Contributions	\$ 1,345,680	\$ 7,550,046	\$ 8,895,726
Investment and interest income	28,071	-	28,071
Gain on disposal of property and equipment	111,108	-	111,108
Net assets released from restrictions	<u>6,936,008</u>	<u>(6,936,008)</u>	<u>-</u>
Total revenues, gains, and other support	8,420,867	614,038	9,034,905
Expenses			
Program services	7,157,470	-	7,157,470
Management and general	472,151	-	472,151
Fundraising	<u>564,026</u>	<u>-</u>	<u>564,026</u>
Total expenses	8,193,647	-	8,193,647
Change in net assets	227,220	614,038	841,258
Net assets, beginning of year	<u>723,774</u>	<u>4,660,716</u>	<u>5,384,490</u>
Net assets, end of year	\$ 950,994	\$ 5,274,754	\$ 6,225,748

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	6,015,121	(6,015,121)	-
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	448,018	-	448,018
Total expenses	7,793,116	-	7,793,116
Change in net assets	(188,123)	924,607	736,484
Net assets, beginning of year	911,897	3,736,109	4,648,006
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 Functional Expenses
For the Year Ended December 31, 2022

		Supporting services		
	Program services	Management and general	Fundraising	Total
Compensation and benefits	\$ 3,629,295	\$ 279,033	\$ 329,972	\$ 4,238,300
Depreciation	185,863	73,179	15,000	274,042
Equipment and supplies	58,833	110,226	5,726	174,785
Facilities and utilities	144,053	115,029	7,025	266,107
Field housing and education	857,912	-	-	857,912
Field projects	946,604	10	-	946,614
Marketing and development	83,286	2,228	104,926	190,440
National convention	18,576	3,478	38,398	60,452
Professional services	7,709	14,627	-	22,336
Training	99,041	591	9,773	109,405
Travel	896,517	27,643	33,370	957,530
WMO campaign	-	-	19,795	19,795
Bank and credit card charges	7,420	45,742	-	53,162
Miscellaneous	21,894	832	41	22,767
Total expenses before allocation	6,957,003	672,618	564,026	8,193,647
Indirect missionary expense allocation	200,467	(200,467)	-	-
Total expenses	\$ 7,157,470	\$ 472,151	\$ 564,026	\$ 8,193,647

See notes to consolidated financial statements

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

	Program services	Supporting services		Total
		Management and general	Fundraising	
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 Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash, beginning of year	\$ 1,025,932	\$ 1,196,411
Cash flows from operating activities		
Change in net assets	841,258	736,484
Adjustments to reconcile change in net assets to net cash provided by (used) operating activities:		
Depreciation	274,042	222,815
Unrealized gain on investment	(16,593)	(74,221)
Gain on disposal of property and equipment	(111,108)	(26,765)
Forgiveness of PPP loan	-	(240,000)
Contributions restricted for long-term investments	(111,255)	(136,756)
Change in:		
Prepaid expenses	8,973	108,843
Advances and receivables	(129,040)	(40,366)
Account payable and accrued expenses	(10,660)	103,239
Accrued employee benefits	5,838	(7,773)
Net cash provided by (used) operating activities	<u>751,455</u>	<u>645,500</u>
Cash flows from investing activities		
Purchases of investments	(111,255)	(136,756)
Purchases of property and equipment	(331,179)	(864,705)
Proceeds from sale of property and equipment	232,981	64,255
Net cash provided (used) by investing activities	<u>(209,453)</u>	<u>(937,206)</u>
Cash flows from financing activities		
Payments on notes payable	(16,487)	(15,529)
Contributions restricted for long-term investments	111,255	136,756
Net cash provided (used) by financing activities	<u>94,768</u>	<u>121,227</u>
Net change in cash	<u>636,770</u>	<u>(170,479)</u>
Cash, end of year	\$ 1,662,702	\$ 1,025,932
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 1,237	\$ 2,195

See notes to consolidated financial statements

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

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, 2022 and 2021

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 of Cash and Other Financial Assets

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, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Codification (ASC) *Topic 842, Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases. The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

Note 3. Availability and Liquidity

The following represents the Organization's financial assets:

	2022	2021
Financial assets		
Cash	\$ 1,662,702	\$ 1,025,932
Investments in trusts	2,319,419	2,254,248
Investments, other	5,923	7,119
Endowment investments in trusts	343,271	279,398
Advances and receivables	<u>598,387</u>	<u>469,347</u>
Total financial assets	4,929,702	4,036,044
Less amounts not available to be used within one year		
Advances for long-term use	(52,279)	(81,037)
Permanently restricted portion of investments	<u>(274,252)</u>	<u>(162,997)</u>
	(326,531)	(244,034)
Financial assets available to meet cash needs for general expenditures over the next 12 months	\$ 4,603,171	\$ 3,792,010

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.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 4. Investments in Trusts

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

	2022	2021
General Reserves Trust	\$ 2,316,505	\$ 2,251,407
MK Scholarship Trust	<u>2,914</u>	<u>2,841</u>
	\$ 2,319,419	\$ 2,254,248

The total investment income for the trusts was \$65,171 and \$61,562 for 2022 and 2021, 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.

Note 5. Investments, Other

The Organization's investments at December 31, 2022 and 2021 consisted of equity securities. Unrealized gains (losses) were (\$1,196) and \$722 for 2022 and 2021, 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

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 from donors begin to fund the IM Cornerstone Endowment. Additional contributions were received for both endowments in 2022. The Organization's endowment investments consist of the following:

	2022	2021
IM Cornerstone Endowment	\$ 338,697	\$ 279,398
IM Grow Endowment	<u>4,574</u>	<u>-</u>
	\$ 343,271	\$ 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.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 6. Endowment Investments

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
Contributions	-	111,255	111,255
Investment loss	<u>(47,382)</u>	<u>-</u>	<u>(47,382)</u>
December 31, 2022	\$ 70,229	\$ 273,042	\$ 343,271

Note 7. Advances and Receivables

Included in advances and receivables is \$535,653 and \$453,948 at December 31, 2022 and 2021, 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.

Note 8. Property and Equipment

A summary of property and equipment is as follows:

	2022	2021
Land	\$ 178,483	\$ 178,483
Buildings	966,239	966,239
Office furniture and equipment	79,097	79,098
Cameras and projectors	98,754	98,754
Automobiles	1,223,722	1,267,224
Computer equipment and software	<u>47,648</u>	<u>47,648</u>
	2,593,943	2,637,445
Less: accumulated depreciation	<u>(1,104,970)</u>	<u>(1,083,736)</u>
Property and equipment, net	\$ 1,488,973	\$ 1,553,709

Depreciation expense amounted to \$274,042 and \$222,815 for 2022 and 2021, respectively.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

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:

	2022	2021
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.	\$ 11,650	\$ 28,137

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. 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 \$112,510 and \$107,964 for 2022 and 2021, respectively.

Note 13. Net Assets With Donor Restrictions

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

	2022	2021
Subject to expenditure for mission personnel and projects	\$ 5,000,502	\$ 4,497,719
Endowment investments in perpetuity	273,042	161,787
Other investments in perpetuity	<u>1,210</u>	<u>1,210</u>
	\$ 5,274,754	\$ 4,660,716

The Organization has a policy of allocating certain indirect missionary costs to missionary/field net assets. The administrative allocation totaled \$538,786 and \$569,049 for 2022 and 2021, respectively, and is recorded as a direct transfer from net assets with donor restrictions to net assets without donor restrictions. The support allocation totaled \$200,467 and \$178,899 for 2022 and 2021, respectively, and is recorded as an increase in program services and a reduction of management and general expenses on the statements of functional expenses.

IM, Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 14. 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 are as follows:

	2022	2021
Designated for missionary accounts	\$ 471,474	\$ 399,789
Endowment investments	<u>71,933</u>	<u>105,674</u>
	\$ 543,407	\$ 505,463

Note 15. 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 \$113,506 and \$106,160 for 2022 and 2021, 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 16. Concentrations

The Organization has cash balances in banks in the United States in excess of amounts federally insured. The uninsured balances totaled approximately \$1,000,000 and \$774,000 at December 31, 2022 and 2021, 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 \$1,070,293 and \$1,123,171 at December 31, 2022 and 2021, 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 15, 2023, the date on which the financial statements were available for issuance.

IM, Inc.

2024 Operational Budget Summary

Category	<u>2022 Approved Budget</u>		<u>2022 Actuals</u>		<u>2023 Approved Budget</u>		<u>2024 Proposed Budget</u>	
Field Ministries & Projects		\$1,352,000.00	\$	1,779,226.49		\$1,416,000.00		\$2,093,000.00
Missionary Compensation & Benefits	\$	4,225,000.00		\$3,574,513.51	\$	4,425,000.00	\$	4,368,000.00
Missionary Travel/Transportation	\$	1,183,000.00		\$666,638.55	\$	1,239,000.00	\$	728,000.00
Mobilization & Development	\$	507,000.00		\$857,501.13	\$	531,000.00	\$	728,000.00
Administration	\$	1,183,000.00		\$746,370.29	\$	1,239,000.00	\$	1,183,000.00
Grand Totals	\$	8,450,000.00	\$	7,624,249.97	\$	8,850,000.00	\$	9,100,000.00

IM Directors Compensation Proposals 2024

	2022 Actual	2023 Actual	2024 Proposed
General Director - Clint Morgan			
Salary	62,349.36	79,619.24	84,800.20
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	14,481.59	17,377.91	18,246.80
Retirement	4,317.47	5,180.96	5,440.01
Insurance	20,886.84	20,886.84	20,886.84
Christmas Bonus	1,660.56	1,992.68	2,092.31
Total Cost of Employment	127,695.83	149,057.62	155,466.16
CFO/Director of Financial Operations - Robert Conley			
Salary	76,114.02	83,860.36	88,053.38
Social Security	12,852.62	14,160.66	14,868.70
Retirement	3,805.70	4,193.02	4,402.67
Insurance	21,574.28	20,964.24	20,964.24
Christmas Bonus	1,463.73	1,612.70	1,693.33
Total Cost of Employment	115,810.35	124,790.98	129,982.32
Director of Field Ministry Personnel - Curt Holland			
Salary	46,236.69	53,860.36	58,053.38
Housing and Utilities	30,000.00	30,000.00	30,000.00
Social Security	12,785.60	14,064.16	14,767.37
Retirement	3,811.83	4,193.02	4,402.67
Insurance	27,947.16	27,947.16	27,947.16
Christmas Bonus	1,466.09	1,612.70	1,693.33
Total Cost of Employment	122,247.38	131,677.40	136,863.92
Director of Development - Don Matchett			
Salary	36,489.54	43,738.49	47,725.42
Housing and Utilities	36,000.00	36,000.00	36,000.00
Social Security	12,157.17	13,372.89	14,041.53
Retirement	3,624.48	3,986.92	4,186.27
Insurance	28,287.36	28,287.36	28,287.36
Christmas Bonus	1,394.03	1,533.43	1,610.10
Total Cost of Employment	117,952.58	126,919.10	131,850.68
Director of THP - Danny Gasperson			
Salary	46,747.47	53,822.22	57,713.33
Housing and Utilities	24,000.00	24,000.00	24,000.00
Social Security	11,865.01	13,051.51	13,704.08
Retirement	3,537.37	3,891.11	4,085.67
Insurance	20,964.24	20,964.24	20,964.24
Christmas Bonus	1,360.53	1,496.58	1,571.41
Total Cost of Employment	108,474.62	117,225.66	122,038.73
Director of Mobilization - Leslie Nichols			
Salary	54,504.00	71,500.00	75,075.00
Social Security	9,203.55	12,073.49	12,677.17
Retirement	2,725.20	3,575.00	3,753.75
Insurance	10,514.76	11,250.79	12,038.35
Christmas Bonus	1,048.15	1,375.00	1,443.75
Total Cost of Employment	77,995.66	99,774.29	104,988.02
Director of Field Partnerships - Kenneth Eagleton			
Salary	52,133.85	53,147.24	57,004.60
Housing and Utilities	18,000.00	24,000.00	24,000.00
Retirement Bonus	600.00	600.00	600.00
Social Security	11,860.83	13,037.04	13,683.95
Retirement	4,208.03	4,628.83	4,860.28
Insurance	10,080.00	10,080.00	10,080.00
Christmas Bonus	1,348.73	1,483.60	1,557.78
Total Cost of Employment	98,231.44	106,976.71	111,786.61



God's sustaining hand was definitely upon WNAC during 2022. For ten months of the year, Interim Director Phyllis York capably and faithfully led the organization, mobilizing a host of volunteers to ensure forward growth and momentum. On November 1, I assumed the role of executive director after a lifetime of church planting ministry in Japan.

I personally owe a great deal to WNAC. Born a child of NAM missionaries to the Pacific Northwest (John and Leah Postlewaite), I have literally slept on Provision Closet sheets for my entire life! Without FWB women and their generous support, it is doubtful my husband and I could have remained in Japan as missionaries for the 36 years God gave us there.

One of the factors that helped us decide this was God's path for us was the mission statement of WNAC: "We exist to help Free Will Baptist women find and fulfill their role in the Great Commission, both at home and abroad." The Great Commission has always been our driving motivation, and my new position is not a departure from that life calling. I am excited to turn my energy and efforts toward giving back to the Free Will Baptist women who have faithfully supported me throughout my entire life.

WNAC gave \$433,125.11 to missions and ministry causes in 2022. Few would deny our women have been among the most loyal supporters of missions since the 1800s. They are best known as sacrificial givers and prayer warriors.

The ministry of the WNAC office has not always fared so well in donations. In an effort to support the fruit-bearing "trunk," WNAC launched The Giving Tree in 2022 to raise \$35,000. We were thrilled at the response that exceeded our goal and brought in \$45,560. We're incredibly grateful that many men have participated by putting WNAC in their church budgets. We have decided to continue that campaign and humbly ask that you consider supporting women's ministries with your continued and increased giving.

After a few months in my position, I believe our biggest challenge is communication. We are striving to set up a database, increase our reach, and use social media effectively to get resources to our women. In addition to two full-time staff members, we have added two part-time employees and are recruiting volunteers toward that end.

WNAC ministries:

Shine! is the branch of WNAC focused on discipling girls ages 12-18. In addition to regional events designed to help girls "realize their worth," we also have a website and a blog dedicated to this age group: shinefwb.com. We are thrilled to now partner with Vertical 3 to expand this ministry.

Flourish ladies' events are back! The next one is in Ozark, Missouri, on October 14 for attendees from Arkansas, Missouri, and Oklahoma. Please contact us if your church/region is interested in hosting a Flourish event.

The **Steward Provision Closet** remains one of our ladies' favorite ministries. Our latest news is that you can now give directly to the closet by visiting our Amazon and Walmart wish lists online! Simply click the item or gift card you'd like to give, checkout, and it will be delivered directly to the closet. Check by the exhibit for more information or visit wnac.org.

Treasure Bible study is an online, fully downloadable resource available at no cost. It includes timely articles and monthly Bible studies appropriate for women's groups and individuals. Visit wnac.org for more details.

Short **YouTube** videos are sent to subscribers twice a month, giving devotional, instructional, and inspir-

ing testimonies from various FWB women. Sign up at <https://mailchi.mp/wnac.org/wnac-email-subscribe>.

As You Go is a brand-new podcast launching at the 2023 Convention in Raleigh. Our goal is to encourage and equip women to be disciples and make disciples as they go about their lives in this world. Please stop by the convention exhibit for more information about subscribing.

Scholarships continue to be one way in which WNAC blesses deserving students around the world. Our 2022 recipients were:

Miley Scholarship – Daniel Delgado
Pursell Scholarship – Word of Life School of Evangelism in Bangladesh
Wisehart Scholarship – Leslie Arrendondo (Southeastern FWB College), Heather Thomas (Welch College), and Michelle Sharp (Randall University).

We also maintain an active presence on **Facebook, Instagram, and Twitter**.

At Free Will Baptist Women's Ministries/WNAC, we seek to include all Free Will Baptist women between the ages of 12 and 112! We want to encourage and equip those who are part of a traditional local chapter of WAC and those who are not. If you are a woman and a Free Will Baptist...you are a part! No dues, no membership...you're already in.

I look forward to serving our women as we actively pursue Christ and make disciples for Him.

Respectfully submitted,

Ruth McDonald

Ruth McDonald
Executive Director

Synopsis of Board Minutes

March 1, 2022: An interview was held with Ruth McDonald, candidate for Executive Director position. At the conclusion of the interview, Ruth exited the Zoom call. Chairman Amy Johnson then directed each board member to go online and vote by secret ballot for or against hiring Ruth McDonald to be the next WNAC Executive Director.

March 2, 2022: Results of online secret ballot vote for or against hiring Ruth McDonald to be the next WNAC Executive Director: For: 9; Against: 0. Call made to Ruth McDonald, who accepted the position.

May 5, 2022: M/S/C to accept the proposed 2023 budget as recommended by the Finance Committee.

April 9, 2022: M/S/C to accept the proposed salary and benefits package for Executive Director position as recommended by the Finance Committee.

M/S/C to keep Phyllis York's salary as it presently is set for her service as acting director's salary.

July 27, 2022: The following positions were elected by secret ballot:

Chair:	Amy Johnson
Vice Chair:	Tracy Payne
Secretary:	Lee Ann Wilfong

October 30, 2022: M/S/C to accept the Memorandum of Understanding regarding Ruth McDonald in agreement with IM, Inc.

December 5-7, 2022: Board meeting held in person in Nashville, Tennessee. No motions were made.



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, 2022 and 2021, 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, 2022 and 2021, 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 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 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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410 Bobby Drive
Franklin, Tennessee 37069

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.



A Professional Limited Liability Company
Franklin, Tennessee
April 12, 2023

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

Statements of Financial Position

December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents:		
Cash in bank	\$ 141,091	41,284
Funds held by Free Will Baptist Foundation (including \$30,018 in 2022 and \$25,304 in 2021 of funds with donor restrictions)	56,444	51,819
	197,535	93,103
Investments for operations with Board of Retirement and Insurance of NAFWB, Inc.	111,041	124,814
Accounts receivable	-	665
Inventory and prepaid expenses	5,406	6,530
Total current assets	313,982	225,112
Long lived assets:		
Depreciable assets:		
Vehicle	23,740	23,740
Office equipment and furniture	30,690	29,543
	54,430	53,283
Less accumulated depreciation	49,040	39,833
	5,390	13,450
Right of use assets, net of amortization of \$2,320	7,464	-
Funds held by Free Will Baptist entities for endowments	55,573	62,633
Total long lived assets	68,427	76,083
	\$ 382,409	301,195
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued payroll withholdings	\$ 4,909	4,165
Funds held for other organizations and agencies	3,683	4,968
Current portion of right of use liability	2,320	-
Deferred revenues	-	2,199
Total current liabilities	10,912	11,332
Long term right of use liability, less current maturities	5,144	
Total liabilities	16,056	11,332
Net assets:		
Net assets without donor restrictions	167,893	82,575
Net assets with donor restrictions	198,460	207,288
Total net assets	366,353	289,863
	\$ 382,409	301,195

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 years ended December 31, 2022 and 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total
Revenue and Support:						
Funds for other agencies and departments:						
Amount received	\$ 19,692	-	19,692	29,231	-	29,231
Amount incurred	(19,692)	-	(19,692)	(29,231)	-	(29,231)
Operations:						
Gifts, grants and offerings	101,819	18,969	120,788	80,775	16,180	96,955
Together Way Plan distribution	97,200	-	97,200	86,563	-	86,563
Interest income	1,132	218	1,350	1,228	3,240	4,468
Other revenue	1,337	-	1,337	68	-	68
Distributions - endowment income	-	-	-	1,319	(1,319)	-
Convention and retreats:						
Convention revenues	25,302	-	25,302	21,071	-	21,071
Retreat revenues	3,724	-	3,724	-	-	-
Total revenue and support	230,514	19,187	249,701	191,024	18,101	209,125
Net assets released from restrictions	12,055	(12,055)	-	13,638	(13,638)	-
Net revenue and support	242,569	7,132	249,701	204,662	4,463	209,125
Operating expenses:						
Program services	177,956	-	177,956	214,823	-	214,823
Supporting service	24,423	-	24,423	25,292	-	25,292
	202,379	-	202,379	240,115	-	240,115
Net change from operating activities	40,190	7,132	47,322	(35,453)	4,463	(30,990)
Non-operating activities:						
Grant from FWB Foundation	50,000	-	50,000	-	-	-
PPP loan forgiven to become grant	-	-	-	17,160	-	17,160
Gain (loss) from investment assets	(4,872)	(15,960)	(20,832)	3,373	5,003	8,376
Net change from non-operating activities	45,128	(15,960)	29,168	20,533	5,003	25,536
Change in net assets	85,318	(8,828)	76,490	(14,920)	9,466	(5,454)
Net assets:						
Beginning of year	82,575	207,288	289,863	97,495	197,822	295,317
End of year	\$ 167,893	198,460	366,353	82,575	207,288	289,863

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 years ended December 31, 2022 and 2021

	2022			2021		
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>
Operations:						
Salaries	\$ 53,592	4,432	58,024	76,373	8,722	85,095
Employee benefits, payroll taxes, and health insurance	23,849	1,068	24,917	29,748	3,212	32,960
Rent	28,689	-	28,689	27,594	-	27,594
Travel	5,961	-	5,961	2,083	-	2,083
Office expense and other	9,443	-	9,443	20,842	-	20,842
Vehicle expense	5,224	-	5,224	4,849	-	4,849
Legal and audit	-	5,500	5,500	-	5,500	5,500
Postage and shipping	965	-	965	1,106	-	1,106
WNAC Board of Trustees	-	8,627	8,627	-	5,274	5,274
Promotion	5,862	-	5,862	3,232	-	3,232
Dues, subscriptions and continuing edu	-	4,796	4,796	-	2,584	2,584
Depreciation	9,207	-	9,207	9,743	-	9,743
Support for One Magazine	8,942	-	8,942	8,853	-	8,853
Restricted expenditures:						
C. Pursell Foreign Scholarship Fund	1,000	-	1,000	600	-	600
Mary Wisehart Student Scholarship Fund	3,000	-	3,000	4,000	-	4,000
Steward Provision Closet	6,908	-	6,908	9,038	-	9,038
Total expenses of operations	162,642	24,423	187,065	198,061	25,292	223,353
Convention:						
Annual convention	12,833	-	12,833	16,475	-	16,475
Retreats	2,481	-	2,481	287	-	287
Total expenses	\$ <u>177,956</u>	<u>24,423</u>	<u>202,379</u>	<u>214,823</u>	<u>25,292</u>	<u>240,115</u>

See accompanying notes to financial statements.

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

Statement of Cash Flows

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 76,490	(5,454)
Adjustments to reconcile change in net assets to net operating activities:		
Depreciation	9,207	9,743
Unrealized gain (loss) on endowment funds held by Free Will Baptist Foundation	7,060	(2,491)
Unrealized gain (loss) on investment with FWB Board of Retirement	13,772	(8,376)
PPP loan forgiven	-	(17,160)
(Increase) decrease in:		
Receivables	665	895
Inventory and prepaid expenses	1,124	(596)
Increase (decrease) in:		
Deferred revenues	(2,199)	-
Funds held for other denominational agencies and organizations	(1,285)	2,335
Accounts payable and accrued expenses	745	(350)
Net operating activities	<u>105,579</u>	<u>(21,454)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of investment with FWB Board of Retirement	-	(75,000)
Purchase of office furnishings	(1,147)	-
Net change in endowment investments held by Free Will Baptist Foundation	<u>-</u>	<u>(1,477)</u>
Net investing activities	<u>(1,147)</u>	<u>(76,477)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from PPP loan, subsequently forgiven	<u>-</u>	<u>17,160</u>
Increase (decrease) in cash and cash equivalents	104,432	(80,771)
Cash and cash equivalents:		
Beginning of year	<u>93,103</u>	<u>173,874</u>
End of year	<u>\$ 197,535</u>	<u>93,103</u>
Cash and cash equivalents consist of:		
Cash in bank	\$ 141,091	41,284
Funds held by Free Will Baptist Foundation	<u>56,444</u>	<u>51,819</u>
	<u>\$ 197,535</u>	<u>93,103</u>
Non cash transactions:		
Lease assets obtained in exchange for lease obligations	<u>\$ 9,784</u>	
Amortization of right-of-use assets	<u>\$ 2,320</u>	

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2022 and 2021

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 2022 and 2021. Further, management believes that WNAC has no activities which will lead to income taxes being levied.

Leases

Effective year ending 2022, WNAC adopted FASB ASC 842 which requires the present value of leases be capitalized as right-of-use assets with a corresponding lease obligation recorded between current and long term liabilities. This implementation had no effect on prior net asset carrying values.

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 April 12, 2023, 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 197,535	93,103
Gift cards included in inventory and prepaid assets	1,905	3,030
Investments with Board of Retirement and Insurance of NAFWB, Inc. (net of endowment investment of \$53,483 in 2022 and \$60,117 in 2021)	111,041	124,814
Accounts receivable	-	665
	<u>310,481</u>	<u>221,612</u>
Donor restricted net assets included in financial assets above		
Mary Wisehart Student Scholarship Fund	79,206	90,229
C. Pursell Foreign Scholarship Fund	974	915
Steward Provision Closet (providing supplies and other benefit to missionaries)	61,530	53,511
Gift from FWB Foundation for update in office furnishings	1,177	-
	<u>142,887</u>	<u>144,655</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 167,594</u>	<u>76,957</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:

	2022			2021		
	Cost or Basis	Market Value	Change Gain (loss)	Cost or Basis	Market Value	Change Gain (loss)
Endowment	\$ 52,163	55,573	3,410	52,138	62,633	10,495
Operations	\$ 112,795	111,041	(1,754)	112,795	124,814	12,019
Totals	\$ 164,958	166,614	1,656	164,933	187,447	22,514

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

	2022	2021
Endowment:		
Free Will Baptist Foundation	2,090	2,516
Board of Retirement and Insurance of the NAFWB	53,483	60,117
	<u>55,573</u>	<u>62,633</u>

Operations - Board of Retirement and Insurance of the NAFWB

	2022	2021
Change in market value to cost	\$ (20,832)	9,548
Gifts invested	-	(2,491)
Income distributions	-	1,319
	<u>\$ (20,832)</u>	<u>8,376</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>2022</u>	<u>2021</u>
Amounts required to be invested in perpetuity:		
Balance at beginning of year	\$ 52,138	52,113
Donor gifts	-	25
	<u>\$ 52,138</u>	<u>52,138</u>
Funds accumulated for appropriations:		
Balance at beginning of year	\$ 10,495	7,186
Investment earnings, including investment gains and losses	(7,060)	4,628
Distributions of earnings	-	(1,319)
	<u>\$ 3,435</u>	<u>10,495</u>
Total invested funds with Free Will Baptist entities as endowment	<u>\$ 55,573</u>	<u>62,633</u>

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Specific purposes:		
Mary Wischart Student Scholarship Fund	\$ 79,206	90,229
C. Pursell Foreign Scholarship Fund	974	915
Steward Provision Closet	61,530	53,511
Gift from FWB Foundation for update in office furnishings	1,177	-
	<u>142,887</u>	<u>144,655</u>
Endowment fund components:		
Undesignated funds invested in perpetuity	52,138	52,138
Funds available for distributions	3,435	10,495
	<u>55,573</u>	<u>62,633</u>
Total net assets with donor restrictions	<u>\$ 198,460</u>	<u>207,288</u>

(6) Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions during the year ended December 31, 2022 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

Cleo Pursell Foreign Student Scholarship Fund	\$ 1,000
Mary Wischart Student Scholarship Fund	3,000
Steward Provision Closet	6,908
Furnishings through gift from Free Will Baptist Foundation	1,147
Net assets released	<u>\$ 12,055</u>

**(7) 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 in 2021 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 bore interest at 1%.

Under terms of the PPP, the loan was forgiven since the loan proceeds were 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. This forgiveness 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
OF THE NATIONAL ASSOCIATION OF FREE WILL BAPTISTS, INC.**

Notes to Financial Statements, continued

(8) Leases

Right-of-Use Assets and Relating Obligations

Effective the year ended December 31, 2022, WNAC adopted FASB ASC 842, this adoption had no impact on prior year net asset carrying values. These office equipment leases are operating leases and the adoption of this standard and have no effect on current year reported results of operations. Further, election was made to exempt leases with remaining terms of one year or less from these calculations.

The right-of-use asset had a balance of \$9,784 reported as an other asset, with corresponding current liability of \$2,320 and long term liability of \$5,144, which are presented on the statement of financial position. The lease liabilities at present value were calculated using WNAC's incremental borrowing rate of 5%.

Maturities of operating lease liabilities are as follows:

	<u>Required Payments</u>	<u>Interest Amount</u>	<u>Lease Maturities</u>
2023	\$ 2,756	436	2,320
2024	2,756	318	2,438
2025	2,756	194	2,562
2026	2,525	61	2,464
	<u>\$ 10,793</u>	<u>1,009</u>	<u>9,784</u>

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 \$28,689 in 2022 and \$27,594 in 2021.

Rental expense for the office equipment capitalized above amounted to \$2,838 in 2022 and \$2,990 in 2021.

(9) 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 \$9,473 in 2022 and \$10,320 in 2021. 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.

(10) Related Party Transactions

Operating Leases

WNAC rents office space from the National Office Building located in Antioch, Tennessee. See note 8 above.

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 \$8,942 in 2022 and \$8,853 in 2021.

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>2022</u>	<u>2021</u>
Cooperative giving through the Together Way Plan (including \$4,901 in 2022 and \$4,860 in 2021 from the Executive Office of NAFWB)	\$ 97,200	86,563
Free Will Baptist Foundation		
Unrestricted grant	50,000	-
For update of office furnishings	2,324	-
North American Ministries of NAFWB - giving tree campaign	12,000	-

WOMEN NATIONALLY ACTIVE FOR CHRIST

2023 Proposed Budget

Projected Revenue	2022	2022 Actuals	2023 Proposed	2024 Proposed
Gifts, dues, and offerings	106,550	101,819	122,549	126,000
Together Way Funds	95,000	97,200	95,970	100,000
Foundation Gift		50,000		
Other Revenue	150	1,337	150	2,000
Convention and Retreats	25,000	29,026	25,000	29,000
Interest Income	1,500	1,132	1,500	1,500
Endowment Income	1,500	218	1,500	1,500
Gain from investment assets		(20,832)		
Total	229,700	259,900	246,669	260,000
Projected Operating Expenses				
Salaries and Wages	85,000	58,024	97,865	108,762
Payroll Taxes and Employee Benefits	36,000	24,917	35,868	37,858
Rent	28,500	28,689	29,786	33,945
Travel	5,000	5,961	5,000	7,000
International Translations			650	
Auto Expense	3,000	5,224	9,000	8,000
Promotion	1,000	5,862	1,000	2,000
Office Expense	17,000	9,443	17,000	12,000
Professional Service	5,500	5,500	6,500	6,500
Postage and shipping	1,500	965	1,100	1,100
WNAC Board	5,000	8,627	5,000	6,000
Dues, Subscriptions, Cont. Education	2,000	1,796	2,800	2,000
Depreciation		9,207		
Conventions & Retreats	22,000	12,833	20,000	19,433
Support for One Magazine	9,100	8,942	9,000	9,302
Shine	1,500	-	1,500	1,500
Flourish	1,500	2,481	1,500	1,500
PushPay	3,100	3,000	3,100	3,100
Total	226,700	191,471	246,669	260,000

WNAC SALARIES AND BENEFITS BREAKDOWN

	2022 (revised)	2023	2024
Executive Director *			
Salary	9,333	56,000	57,120
Social Security/Medicare	714	4,284	4,370
Retirement	1,400	8,400	8,568
Insurance (Travel/Key Man/Healthy/Life)***	167	1,000	1,000
Christmas Bonus	1,000	1,000	1,000
Total Salary and Benefits	12,614 *	70,684	72,058
Administrative Assistant **			
Salary	38,865	38,865	39,642
Social Security/Medicare	2,975	2,975	3,035
Retirement	5,829	5,829	5,946
Insurance (Health & Life)	11,000	11,269	11,300
Christmas Bonus	1,000	1,000	1,000
Total Salary and Benefits	59,669	59,938	60,923
Office Staff (part time)			
Salary	3,000	3,000	12,000
Social Security/Medicare	230	230	1,339
Christmas Bonus	150	150	300
Total Salary and Benefits	3,380	3,380	13,639
Grand Total of Salaries and Benefits	75,663	134,002	146,620

*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 10,000 budgeted cost moved to salary.

WNAC Receipts 2022

		FWB Foundation Accts.															
	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	20,010.23	50.00	530.19	925.00	500.00									22,015.42			
AR	8,984.09	250.00	16,763.22	65.00	635.00									26,697.31			
AZ			21.03											21.03			
CA	745.00		133.97											878.97			
CN	24.71		90.36											115.07			
CO														-			
DE			112.20											112.20			
FL	1,462.00		1,751.16											3,213.16			
GA	6,261.55	600.00	3,511.04	430.00	259.50		151.00	793.00	9,583.75	6,670.20		620.00	405.75	29,285.79			
HI														-			
IL	3,475.50		2,776.76	895.00	20.00				720.00					7,887.28			
IN			87.92		400.00									487.92			
KS			2.57											2.57			
KY	4,575.00		673.92		115.00									5,363.92			
MD														-			
MI	1,135.00		483.22	1,625.00										3,243.22			
MO	1,230.00	25.00	25,361.26	300.00	5,700.00									32,616.26			
MS	480.00		1,336.98						342.00	250.00				2,408.98			
NC	8,752.63	318.00	3,655.27		180.00		25.00	60.00						12,990.90			
NH														-			
NM	67.00		406.63		150.00									623.63			
NJ														-			
OH	9,373.50	200.00	3,878.58	350.00										13,802.08			
OK	9,759.18		17,992.72	150.00	300.00		10.00							28,211.90			
OR			222.08											222.08			
PANNY														-			
SC	5,326.80		58.47		275.00									5,660.27			
TN	21,706.91	463.00	4,750.11	450.00	1,292.00		375.00	304.00						29,341.02			
TX	5,171.00		222.49		350.00									5,743.49			
UT														-			
VA	30.00		874.14											904.14			
VI			51.58											51.58			
WA														-			
WV	1,145.00		454.76						120.00	40.00				1,759.76			
Gift	50,000.00													50,000.00			
1% Exe. Off			4,901.19											4,901.19			
Other	1,011.55						100.00										
	160,726.65	1,906.00	91,103.84	5,190.00	10,176.50	-	661.00	1,157.00	10,765.75	6,960.20	-	620.00	405.75	289,672.69			
Together Way Other: 1% Coop from Executive Office				General Fund Other: anonymous donations													

BOARD OF RETIREMENT

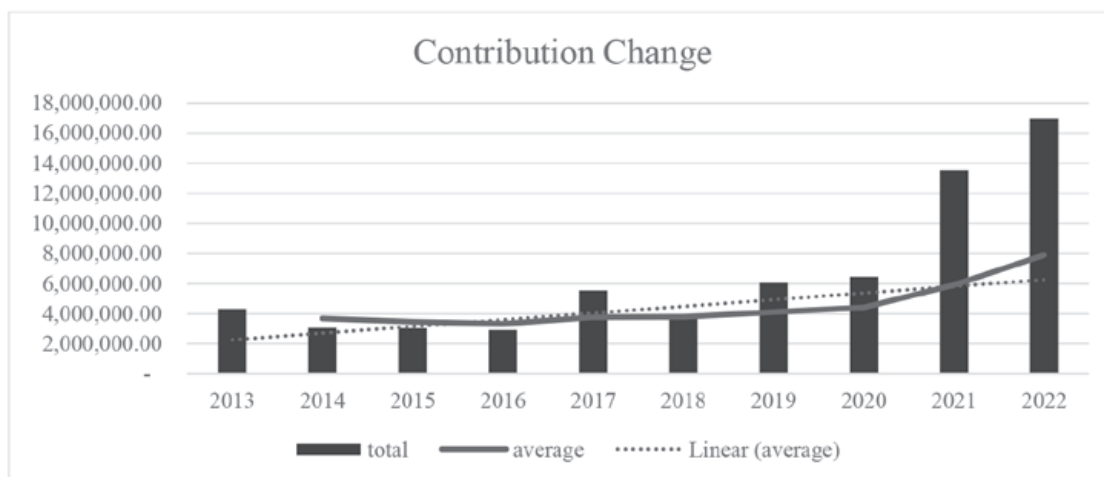
John Brummitt, President and CEO

2022 LOOK BACK

2022 was a massive year of growth for the Board of Retirement. We saw our second-highest year for new enrollments with 133. We also had our largest year by far in new funds coming into the plan with just under \$17MM in new funds coming into the plan, most of which came in through our Institutional investment program, which began in 2017. Thanks in large part to the changes we made in 2022 to switch to separate asset classes for options for investment, we saw a large influx of funds into those options. In 2022, we also saw a decrease in retirement contributions. This isn't shocking given the volatile investment environment we were in during 2022. While counterproductive on their part, we still have a number of participants that will reduce or stop contributing to their retirement accounts if the markets are volatile. Participants do have the option to manage their accounts as they see fit. However, remaining consistent in retirement contributions in all phases of the market cycle produces the greatest overall returns for retirement readiness.

	2016	2017	2018	2019	2020	2021	2022
ENROLLMENTS	124	125	123	183	96	95	133
CONTRIBUTIONS	\$2,441,646	\$3,716,839	\$2,961,546	\$4,008,889	\$ 4,321,421	\$ 4,123,929	3,588,293
INSTITUTIONAL	N/A	\$1,835,000	177,040	1,859,604	2,113,220	9,401,096	13,396,776
TOTAL	\$2,441,646	\$5,551,839	3,138,587	6,060,209	6,434,642	13,525,025	16,985,059

2022 was the first year since we dropped below the \$4MM mark in new contributions since 2019. Looking at our previous years on the chart below, you can see we are still well above where we were in 2016 with our low of \$2.4MM. Our last two years have brought in over \$30.5MM to our plan. Since we are limited on reach and finding growth opportunities, we don't expect to continue to have years like this continue right on. However, we are thankful for the opportunities when the Lord places them in our path. We are praying for extended growth in our investments as we come out of this bear market that will bring healthy returns for these in the plan currently. This will help our overall recruitment and growth.

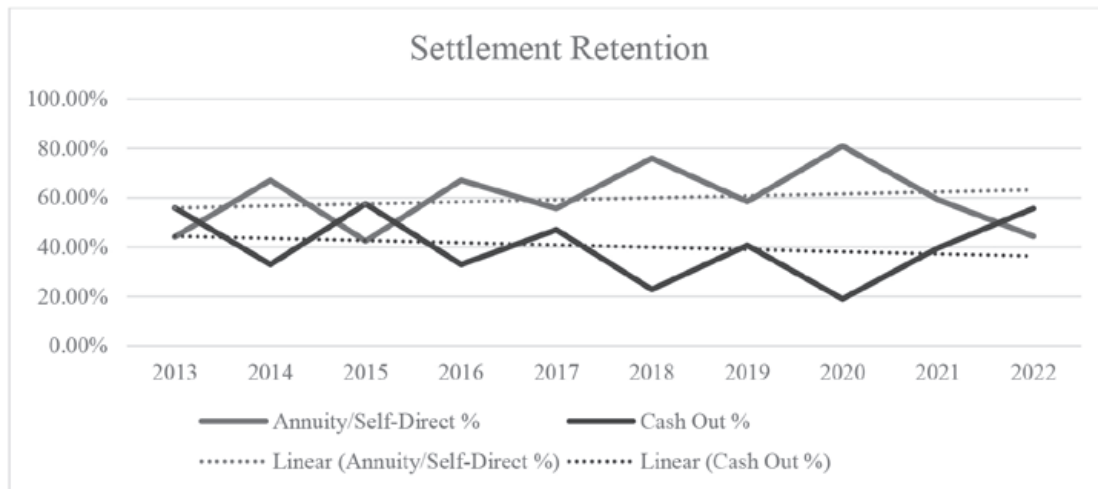


We focused a lot of effort in 2022 on getting out with our people again. We saw a lot of the COVID restrictions get lifted, and we started working on developing more relationships with groups that we haven't had in the past. We are continuing this in 2023 by targeting church schools and daycares, as well as seeking opportunities to attend and represent at different state and local events. We have also worked to enhance our relationships with the state leaders to learn better how we can be of service to the pastors and churches in their states.

We have also started traveling to do some church consulting, meeting on-site and over the phone with churches to discuss financial strategy for churches and to look for opportunities for future growth. We also have increased conversations with church leadership on setting up salary packages for staff and managing the growing cost of labor within their budgets. This is important for our churches because they not only compete for employees with other churches, but also the secular employment market. As inflation continues to tick up, it's important to ensure staff is taken care of for the health of the church and the denomination.

SETTLEMENTS

Settlement retention continues to be an area of focus for our Annuity Pool and Self-Directed options. Last year we saw around \$2.5MM issue in a settlement, with a little more than half of those funds moving completely out of our program. We are still trending more towards our larger accounts staying with us during the decumulation stage of retirement rather than leaving our program altogether. However, we are having a large number of the smaller accounts that are settling in a lump sum or cash out. This is not concerning to us. Our demographics are top-heavy with a lot of our participants being within the retirement window. As the boomer generation continues to age, we will have more and more accounts that settle. Since many of those are small, then we could see our settlement ratio hover around the 50% mark, especially in down years in the markets. Participants are more likely to withdraw/cash out to avoid extending volatility in their accounts. Small account balances don't provide a lot of options for participants, so many times, cash outs or rollovers may be the only option available for many of them. If our average account balances for our participants stay low, then we most likely will see this start leaning more towards cash outs in the future.



We saw almost 6% growth in new enrollments last year over the previous year. We have increased our average yearly enrollment number to just over 125 per year for the last seven years. Over the last seven years, we have added over 875 accounts. With so many of our accounts being less than seven years old, participants will need consistent contributions in order to get them to the place they need to be for a lasting retirement. Over the last few years, guaranteed income for life has been gaining more and more attention, and even legislative bills pushing the need for it with workers in retirement. BOR's lifetime payout options are something we have been offering since the 1980s. Others are now seeing the benefit/need of caring for employees during their working careers and in their retirement years. Lifetime payout options along with plan design, including housing allowance for ordained ministers, make our product unmatched in the open market for our people. It will be prudent for us to stay on top of the changing market since so much attention is being given to this area, and rules and regulations surrounding them will be changing. We will need to make sure we are changing with them.

INVESTMENTS

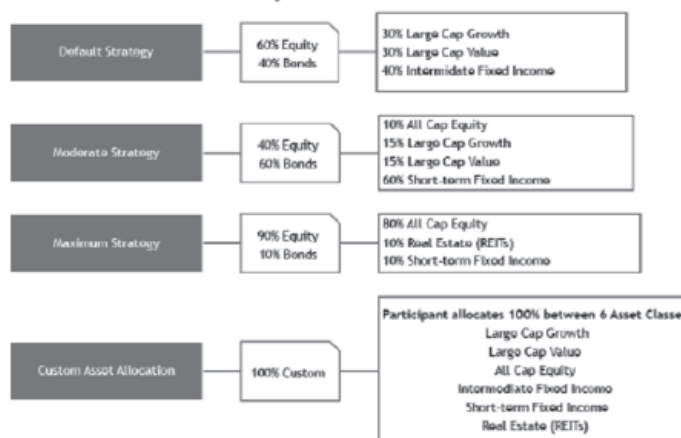
Last year, we took on another massive undertaking to enhance our plan service for our participants. We transitioned from a model approach to an asset class approach while blending preset allocation models to keep some of the same feel for our participants. It is always exciting to know that we are pioneering a way for our participants to have the best of both worlds. We worked hard interviewing and finding the right managers to fill out our card for the right asset classes to align with the previous models. Taking us from his took us from 4 investment options to 10, without having to raise additional capital to set up those asset classes. We were able to set up our investment options in such a way that has made other groups take notice of what the Board of Retirement is doing. They are now starting to follow our lead.

Everything in the investment world has not gone smoothly, however. Last year was not a good environment for investing. This was due in large part to the Fed increasing interest rates at a rapid pace, trying to fight back inflations that have hit highs not seen since the 1980s.

Investments for 2022 have struggled, but the changes we made in the spring have been very popular with our participants. While it does require more education and knowledge on the participant's part, we have given them the ability to now craft a portfolio that is tailored to their individual situations, while not overloading them with 1,000s of choices to research and weed through.

As a reminder of the new breakdown in our new allocations and plan options I have included a chart.

Allocation of Plan Options



SET RATE FUND INVESTMENT OPTION

In addition to the allocations listed above, we also have our Set Rate Fund investment option. This option took the place of our Conservative option in 2021. The fund was created to provide a base of fixed income in an overall portfolio. The Set Rate Fund is managed to earn a set rate of return to the participant and help offset volatility over the short term. The rate of return is set by the board of trustees and is subject to change based on the fund's overall performance. The Set Rate Fund has a mixture of equities and fixed income adjusted to meet a board-directed rate of return. We wanted to set up an option that would allow us to have a set rate of earnings (currently set at 2%) to allow participants to have an option that reduced the short-term volatility we see in the day-to-day markets. In 2022, we also enhanced our Set Rate fund to add more diversification of assets and allow for opportunities for increased rate of return.

PLAN DOCUMENT UPDATE

Last year, we started a deep dive into our Summary Plan Document to make sure we had everything up to date with the changes. The first change was a stand-alone plan amendment that addresses the following changes to the beneficiary provisions. The effective date was April 1, 2022.

1. Upon a divorce, a beneficiary designation entered into prior to the divorce is revoked unless provided for otherwise in a QDRO or divorce decree, or unless prohibited under applicable state law. A participant could still name a former spouse as a beneficiary by entering into a new beneficiary designation after the divorce, subject to getting any written spousal consent from any new spouse.
2. The amendment change also allows plan beneficiaries and alternate payees to name a beneficiary under the plan. The same spousal consent rules and divorce revocation rules would apply to the beneficiary designation of an alternate payee and beneficiary.

These changes will help us significantly reduce the administration cost. When a participant is divorced but doesn't update their beneficiary information, we have to go through a legal search to see what laws in each state allow for in the situation. In 2021, we had multiple accounts that fell into this situation.

In December of last year, the board approved the following changes:

1. Language for clarity and convenience's sake that spousal consent is required for all plan distributions, loans, and any other withdrawals, except for RMDs and small account cash-out distributions.
2. Language for clarity and convenience's sake that age 59½ and older in-service distributions (whether for employee and/or employer contributions) are only allowed once during any 12-month period, even though the participant may elect to receive the total amount of any such withdrawal in the form of a series of 12 equal monthly installments.
3. The addition of the qualified birth or adoption withdrawal change, which will be added with the rest of the SECURE Act changes that will be done by the deadline of 12/31/2025.

Most, if not all, of these, are due to the changes made in Congress during the pandemic. We worked through several revisions with our lawyers to make sure everything is correct and in order, but as with all legal processes, it takes time to get everything processed.

NAFWB 3 FOR 30 AND OUTREACH

The executive office along with the rest of the National offices have been working hard to develop the 3 for 30 initiative. We have also been working on different resources for our churches and states to help get our denomination growing instead of contracting. Our 3 for 30 goals fall into the following categories:

1. Increase the average account balance of our participants.
2. Increase the percentage of participating denominational employers.
3. Expand financial opportunities for FWB churches.

To help meet these goals, we are offering to pay for the "Know your Community" research for churches if they currently provide retirement benefits for their employees or if they will start providing retirement for their employees. We are partnering with everyone that we can. We want our partnerships to be strategic. We are happy to provide partnerships or services at an event if it helps set up retirement accounts for our FWB employees. We look for benefits for our workers and our plan through a mutual relationship.

CHURCH ALLIANCE UPDATE

Every year at the CBA Conference the Church Alliance provides us with a Washington Update. The update this time focused on key takeaways from the Midterm Elections, implications for policy, Church Alliance priorities, and coalition partners. Church Alliance updated us on the implications of the midterm elections and how a divided government is generally more favorable for producing sustainable legislative results rather than one party controlling and making changes that just get changed back under the next cycle. The changes also cause us to have to rethink who our champions for church plans will be moving forward. Senators and congressmen that change during the election cycle leave the Church Alliance needing to develop new relationships and alliances with incoming officials.

We have been watching Retirement Reform 2.0 and the SECURE 2.0 Act (which passed December 29, 2022) and how those changes will affect church plans, and making sure that our plans are not left out of the decision-making process. We can become overlooked, and then we spend years trying to get things put in place to provide us with the same level footing as other retirement plans, or in some cases exempt us from rules that we could not follow, like automatic enrollment requirements and multiple employer plans rules that would cause undue burden for churches.

Church Alliance is also watching issues that are still developing, like the GAO studies on church plans. The Government Accountability Office, the independent, non-partisan agency that works for Congress, was requested by the House Education & Labor Committee to do two studies, one on 403(b) and the other Church plan study for collecting data.

Church Alliance has been watching headlines as well to make sure we stay out in front of items that pop up on the radar, like “Warnock’s Huge Tax-Free Housing Allowances Become Larger Problem” – National Republican Senatorial Committee or “AME Church alleges ex-retirement services executive embezzled millions” – The Washington Post. Knowing and being aware of these situations allows us an opportunity to be prepped in case reporters start calling and wanting comments.

Being a part of this organization allows us a huge benefit of having a voice in Washington as well as protecting us from situations that we wouldn’t necessarily be aware of or able to research and deal with on an ongoing basis.

CONCLUSION

I am genuinely thankful for the work the Lord has entrusted us to do for our denomination. Retirement is not at the forefront of everyone’s mind, especially when we are young. It gets increasingly pushed forward as we age. Our office is here for the workers in our denomination and the members of our churches as a trusted resource.

I want to say a special word of thanks to Dr. Danny Baer, Mr. James Beasley, and Rev. Mike Gladson, whose terms are expiring at this meeting. They have worked with us over the last 12 years to accomplish a lot of significant changes to our plan. These changes have benefited not only our participants but the denomination as well. When they look back at the changes that have happened in their tenure, it truly is astonishing the blessings the Lord has provided to us. We have seen AUM grow from \$40.9MM in 2011 to now hovering around \$105MM, even with the downturn in the markets for 2022 and 2023. This averages out to around 8.12% annual growth for the office.

If you have not started saving for your retirement or have not set something up for your pastor, please contact our office or swing by our booth and talk with us today. Starting as soon as possible makes accumulating the amount of assets needed in retirement much easier, by allowing time and compounding interest to work in your favor. Also, churches and institutions you should be planning for your future ministry as well. You can do this by setting aside funds that can grow and compound for events we know are coming in the future, such as expansion of ministries or major repairs to facilities.

We are here to help serve our denomination in the work the Lord has call us to do.

Board of Retirement

Synopsis of 2022 Board Meetings

March 21-22, 2022

All board members were present except James Beasley; John Brummitt and Chris Compton were also present. 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

Lance Boyer, Assistant Chair

Don Myers, Secretary

Mike Gladson, Assistant Secretary

Appointments to standing committees were as follows:

Investment and Audit Committee

Lance Boyer, Chair

Randy Wilson

James Beasley

Joel Franks

Budget Committee

Don Myers, Chair

Danny Baer

Clayton Hampton

Brent Nix

Mike Gladson

Motions made and carried included:

1. To officially adopt NAFWB policy regarding incorporation of new materials into our current handbook.
2. To form a committee to look at how to best implement NAFWB Board Manual Policy into our current policy.
3. To task CEO John Brummitt with researching a Board of Retirement name change.
4. To retain BKD for the 2022 audit.
5. To approve the 2023 budget.

December 6, 2022

All board members were present except James Beasley; John Brummitt and Chris Compton were also present. Reports presented, discussed, and approved included: Director's Report and Financial Report.

Motions made and carried included:

1. To task CEO John Brummitt with pursuing a possible name change and report to the board in March 2023.
2. To accept updates to the 2023 budget as reviewed by the Budget Committee.
3. To contract with Forvis for the 2022 audit.



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Independent Auditor's Report

Board of Directors
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 statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, functional expenses and cash flow for the years 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, 2022 and 2021, 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 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 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 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.

FORVIS,LLP

Indianapolis, Indiana
March 23, 2023

**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 Statements of Financial Position
December 31, 2022 and 2021**

Assets

	2022	2021
Operating Assets		
Cash and cash equivalents	\$ 219,525	\$ 191,327
Investments	963,826	796,046
Receivables and other assets	225,873	249,578
Property and equipment, net of accumulated depreciation	83,560	60,632
	<u>1,492,784</u>	<u>1,297,583</u>
Retirement Assets		
Cash and cash equivalents	208,261	310,259
Investments	102,311,181	111,926,187
Participant loans and other receivables	543,402	564,187
	<u>103,062,844</u>	<u>112,800,633</u>
 Total assets	 <u><u>\$ 104,555,628</u></u>	 <u><u>\$ 114,098,216</u></u>

Liabilities

Accounts payable and accrued expenses - operating	\$ 29,147	\$ 29,612
Accounts payable and accrued expenses - retirement	226,955	249,590
Institutional investing program	24,580,421	16,207,755
Held for benefit of annuitants	16,934,905	16,967,107
Self-direct investments	4,593,613	4,681,225
Total liabilities	<u>46,365,041</u>	<u>38,135,289</u>

Net Assets

Net assets without donor restrictions	1,415,373	1,234,055
Net assets with donor restrictions	48,264	33,916
Net assets available for benefits	56,726,950	74,694,956
Total net assets	<u>58,190,587</u>	<u>75,962,927</u>
 Total liabilities and net assets	 <u><u>\$ 104,555,628</u></u>	 <u><u>\$ 114,098,216</u></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**

**Combined Statements of Activities
Years Ended December 31, 2022 and 2021**

	2022		
	Operations	Retirement	Total
Changes in Net Assets Without Donor Restriction			
Revenue, Gains and Other Support			
Contributions to participants accounts	\$ -	\$ 3,588,254	\$ 3,588,254
Net unrealized and realized gains (losses)	(118,304)	(18,270,487)	(18,388,791)
Interest and dividends	-	1,997,013	1,997,013
Other income	79,240	-	79,240
Net assets released from restriction	-	-	-
Total revenue, gains and other support	<u>(39,064)</u>	<u>(12,685,220)</u>	<u>(12,724,284)</u>
Expenses			
Participant benefits	-	3,601,969	3,601,969
Administrative expenses	702,276	1,360	703,636
Total expenses	<u>702,276</u>	<u>3,603,329</u>	<u>4,305,605</u>
Other Changes - Gain (Loss)			
Actuarial change in value of annuitant liability	-	(756,799)	(756,799)
Intercompany service fee	922,658	(922,658)	-
Total other changes	<u>922,658</u>	<u>(1,679,457)</u>	<u>(756,799)</u>
Change in Net Assets Without Donor Restriction	<u>181,318</u>	<u>(17,968,006)</u>	<u>(17,786,688)</u>
Changes in Net Assets With Donor Restriction			
Grant income	14,348	-	14,348
Net assets released from restriction	-	-	-
Change in Net Assets With Donor Restriction	<u>14,348</u>	<u>-</u>	<u>14,348</u>
Total Changes in Net Assets	<u>195,666</u>	<u>(17,968,006)</u>	<u>(17,772,340)</u>
Net Assets, Beginning of Year	<u>1,267,971</u>	<u>74,694,956</u>	<u>75,962,927</u>
Net Assets, End of Year	<u>\$ 1,463,637</u>	<u>\$ 56,726,950</u>	<u>\$ 58,190,587</u>

See Notes to Combined Financial Statements

2021		
Operations	Retirement	Total
\$ -	\$ 4,452,391	\$ 4,452,391
246,017	7,747,052	7,993,069
-	1,869,007	1,869,007
92,174	-	92,174
17,753	-	17,753
<u>355,944</u>	<u>14,068,450</u>	<u>14,424,394</u>
-	6,665,425	6,665,425
574,690	1,360	576,050
<u>574,690</u>	<u>6,666,785</u>	<u>7,241,475</u>
-	452,520	452,520
916,462	(916,462)	-
<u>916,462</u>	<u>(463,942)</u>	<u>452,520</u>
<u>697,716</u>	<u>6,937,723</u>	<u>7,635,439</u>
15,000	-	15,000
<u>(17,753)</u>	<u>-</u>	<u>(17,753)</u>
<u>(2,753)</u>	<u>-</u>	<u>(2,753)</u>
694,963	6,937,723	7,632,686
<u>573,008</u>	<u>67,757,233</u>	<u>68,330,241</u>
<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, 2022

	2022			
	Program		Supporting Services	Total
	Retirement	Operations	Operations	
Withdrawals from participants	\$ 1,423,607	-	-	\$ 1,423,607
Defaulted participant loans	29,685	-	-	29,685
Transfers to annuities by participants	546,572	-	-	546,572
Transfers to self-directed by participants	586,956	-	-	586,956
Income allocated to annuitant obligations	784,805	-	-	784,805
Income allocated to self-directed accounts	230,344	-	-	230,344
Service fees	1,360	-	-	1,360
Salaries	-	201,452	10,603	212,055
Housing	-	35,150	1,850	37,000
Fringe benefits	-	108,720	5,722	114,442
Travel and promotional	-	24,763	24,762	49,525
Auto maintenance and expense	-	3,833	3,832	7,665
Office supplies and expense	-	118,380	6,231	124,611
Occupancy	-	35,071	1,846	36,917
Board members expense	-	9,140	9,140	18,280
Legal and accounting	-	18,447	55,342	73,789
Grant expense	-	260	-	260
Depreciation	-	-	21,278	21,278
Annuitant benefit payments	-	4,104	-	4,104
Other	-	2,247	103	2,350
Total	\$ 3,603,329	\$ 561,567	\$ 140,709	\$ 4,305,605

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
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

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**

**Combined Statements of Cash Flows
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (17,772,340)	\$ 7,632,686
Items not requiring (providing) cash		
Depreciation	21,278	27,252
Realized and unrealized (gains) losses on investments	18,388,791	(7,993,069)
Actuarial change in value of annuitant liability	756,799	(452,520)
Transfers to annuities by participants	546,572	1,289,632
Transfers to self-directed by participants	586,956	1,720,088
Income allocated to annuitant obligations	784,805	1,506,558
Income allocated to self-directed accounts	230,344	192,915
Changes in		
Receivables and other assets	44,490	(121,419)
Accounts payable and accrued expenses	(23,100)	246,153
Net cash provided by operating activities	<u>3,564,595</u>	<u>4,048,276</u>
Investing Activities		
Purchase of office equipment	(44,206)	(24,801)
Purchase of investments	(32,834,235)	(19,635,615)
Sales and maturities of investments	20,930,738	8,738,142
Net cash used in investing activities	<u>(11,947,703)</u>	<u>(10,922,274)</u>
Financing Activities		
Distributions to self-directed investment beneficiaries	(904,912)	(581,504)
Distributions to annuitants	(2,120,378)	(1,415,354)
Contributions to Institutional investing program	13,922,598	9,164,301
Distributions from Institutional investing program	(2,588,000)	(40,500)
Net cash provided by financing activities	<u>8,309,308</u>	<u>7,126,943</u>
Increase (Decrease) in Cash and Cash Equivalents	(73,800)	252,945
Cash and Cash Equivalents, Beginning of Year	<u>501,586</u>	<u>248,641</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 427,786</u></u>	<u><u>\$ 501,586</u></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, 2022 and 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, 2022 and 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
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National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2022 and 2021**

Cash

At December 31, 2022, the Board's cash accounts exceeded federally insured limits by approximately \$180,500.

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.

The Board invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined statements of financial position.

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.

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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 statements 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
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**Notes to Combined Financial Statements
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Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined statements 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

Subsequent events have been evaluated through March 23, 2023, which is the date the combined financial statements were available to be issued.

Note 2: 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 \$922,658 and \$916,462 for 2022 and 2021, respectively. 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 statements of activities. Additionally, the fourth quarter fees totaling \$226,362 and \$249,590 was unpaid as of December 31, 2022 and 2021 and is reflected as a receivable of the operating fund and a payable of the retirement fund.

**Board of Retirement and Insurance of the
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**Notes to Combined Financial Statements
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Note 3: Investments

The Board's investments are as follows:

	2022	
	Operating	Retirement
Cash sweep accounts	\$ 963,826	\$ 3,203,046
Common stocks	-	66,146,696
Equities - structured products	-	2,009,341
U.S. Government issues	-	16,084,980
Corporate bonds and notes	-	10,612,206
Asset backed securities	-	3,903,582
Municipal securities	-	150,710
Accrued interest	-	200,620
	<hr/>	<hr/>
Total investments	\$ 963,826	\$ 102,311,181
	<hr/>	<hr/>

	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
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National Association of Free Will Baptists**

**Notes to Combined Financial Statements
December 31, 2022 and 2021**

Note 4: Property and Equipment

Property and equipment at December 31, 2022 and 2021 consists of:

	2022	2021
Office furniture and fixtures	\$ 66,166	\$ 65,677
Computer hardware and software	147,921	147,921
Automobiles	97,601	84,406
	<u>311,688</u>	<u>298,004</u>
Less: accumulated depreciation	<u>(228,128)</u>	<u>(237,372)</u>
	<u><u>\$ 83,560</u></u>	<u><u>\$ 60,632</u></u>

Note 5: 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, 2022 and 2021, the recorded liability amounted to \$16,934,905 and \$16,967,107, respectively. 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:

	2022	2021
Annuity reserve account	\$ 13,905,772	\$ 17,188,293
Held for benefit of annuitants	<u>(16,934,905)</u>	<u>(16,967,107)</u>
Excess (deficit) of annuity reserve account over (under) liability	<u><u>\$ (3,029,133)</u></u>	<u><u>\$ 221,186</u></u>

Note 6: 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, 2022 and 2021, the recorded liability amounted to \$4,593,613 and \$4,681,225, respectively.

**Board of Retirement and Insurance of the
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The comparison of the self-directed reserve account (included in investments) to the liability is as follows:

	<u>2022</u>	<u>2021</u>
Self-directed reserve account	\$ 4,455,458	\$ 5,624,926
Self-direct liability	<u>(4,593,613)</u>	<u>(4,681,225)</u>
Excess (deficit) of annuity reserve account over (under) liability	<u>\$ (138,155)</u>	<u>\$ 943,701</u>

Note 7: 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 \$36,917 and \$35,825 for the years ended December 31, 2022 and 2021, respectively.

Note 8: 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.

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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.

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The composition and changes in the endowment as of and for the years ended December 31, 2022 and 2021 was:

	2022	2021
	Without Donor Restrictions	Without Donor Restrictions
Balance, beginning of year	\$ 54,629	\$ 43,525
Investment return	(8,131)	11,104
Balance, end of year	<u>\$ 46,498</u>	<u>\$ 54,629</u>

Note 9: 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
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**Notes to Combined Financial Statements
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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying combined statements 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, 2022 and 2021:

2022				
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	\$ 66,146,696	\$ 66,146,696	\$ -	\$ -
Equities - structured products	2,009,341	-	2,009,341	-
U.S. Government issues	16,084,980	16,084,980	-	-
Corporate bonds and notes	10,612,206	10,612,206	-	-
Asset-backed securities	3,903,582	-	3,903,582	-
Municipal securities	150,710	150,710	-	-
	<u>\$ 98,907,515</u>	<u>\$ 92,994,592</u>	<u>\$ 5,912,923</u>	<u>\$ -</u>
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>

**Board of Retirement and Insurance of the
National Association of Free Will Baptists, Inc. and
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**Notes to Combined Financial Statements
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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 statements 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 years ended December 31, 2022 and 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.

Note 10: 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, 2022 and 2021, comprise the following:

	2022	2021
Operating cash	\$ 219,525	\$ 191,327
Operating investments	963,826	796,046
Total liquid financial assets	<u>1,183,351</u>	<u>987,373</u>
Board designated endowment	<u>46,498</u>	<u>54,629</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,136,853</u>	<u>\$ 932,744</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 2024

	2022 Actual	2022 Budget	2023 Budget	2024 Proposed Budget
Revenue				
Service Fees From Retirement	922,658.46	700,000.00	792,000.00	792,000.00
Insurance Administrative Fees	227.00	400.00	250.00	250.00
The Together Way	56,403.28	58,500.00	58,500.00	58,500.00
Other State Gifts	796.92	300.00	300.00	300.00
Rest Of The Family Offering	7,882.53	1,700.00	1,700.00	1,700.00
Reimbursement From Foundation	3,377.87			
Interest Income Checking Savings	740.07	2,000.00	100.00	100.00
Interest Income Future Purchases	3,328.45	-	-	-
Investment Income Annuitants	1,971.68	-	-	-
Investment Income Endowment	(9,380.69)	-	-	-
Investment Income Net Assets	(116,212.73)	-	-	-
Gain Loss On Sale Of Assets	-	-	-	-
Grant Income - Building Future	9,000.00	-	-	-
Miscellaneous Income	5,342.05	3,000.00	3,000.00	3,000.00
Total Revenue	886,134.89	765,900.00	855,850.00	855,850.00
Expenses				
Salaries and Wages	212,055.07	214,885.81	269,517.82	269,517.82
Fringe Benefits	114,442.81	126,000.00	130,000.00	130,000.00
Housing	36,999.56	37,000.00	37,000.00	37,000.00
Travel and Promotion	49,524.75	55,000.00	65,000.00	65,000.00
Auto Maintance and Expense	7,664.98	8,000.00	8,000.00	8,000.00
Payments to Annuitants	4,103.97	-	-	-
Plant Fund	36,917.08	40,000.00	40,000.00	48,000.00
Office Expense	34,939.20	36,000.00	40,000.00	40,000.00
Equipment	2,658.35	10,000.00	10,000.00	10,000.00
Equipment Lease	5,348.39	2,000.00	2,000.00	6,000.00
Education/Training	11,159.80	20,000.00	20,000.00	20,000.00
Publications	24,853.42	27,500.00	30,000.00	30,000.00
Communications	34,009.13	27,000.00	52,000.00	52,000.00
Board Member Expense	18,279.90	18,000.00	20,000.00	20,000.00
Website Development/Maintance	1,642.26	5,000.00	7,500.00	7,500.00
Legal Expense	31,088.59	12,000.00	20,000.00	30,000.00
Auditing Expense	42,700.00	32,000.00	35,000.00	30,000.00
Offsite Backup Storage	0.00	1,200.00	1,200.00	1,200.00
Software Support	10,874.98	10,000.00	50,000.00	35,000.00
Depreciation Expense	0.00	82,314.19	16,632.18	14,632.18
Miscellaneous Expense	577.63	2,000.00	2,000.00	2,000.00
Grant Expense	260.00	-	-	-
Total Expenses	680,099.87	765,900.00	855,850.00	855,850.00
Current Year Change	206,035.02	-	-	-

Board of Retirement and Insurance

Compensation Detail 2024 Proposed

President and CEO: John Brummitt		2023 Approved	2024 Proposed
	Salary	\$112,011.90	\$118,732.61
	Christmas	\$2,154.08	\$2,283.32
	Retirement	\$7,840.83	\$11,873.26
	Total	\$122,006.81	\$132,889.19

Medical, Dental, Vision and Life Insurance is provided.

Accounting Administrator: Chris Compton		2023 Approved	2024 Proposed
	Salary/Housing	\$79,800.03	\$84,588.00
	Christmas	\$1,534.62	\$1,626.69
	Retirement	\$7,980.00	\$8,458.80
	Total	\$89,314.65	\$94,673.49

Medical, Dental, Vision and Life Insurance is provided.

Staff		2023 Approved	2024 Proposed
	Salary/Housing	\$83,441.22	\$88,447.69
	Christmas	\$1,604.64	\$1,700.92
	Retirement	\$5,840.84	\$8,844.77
	Total	\$90,886.70	\$98,993.38

Medical, Dental, Vision and Life Insurance is provided.

FREE WILL BAPTIST FOUNDATION

The Foundation Exists To Serve Other FWB Ministries

This is our purpose statement. How we do this is pretty straightforward for most ministries. We encourage individuals to tithe on their estate to leave it to ministries they support. We also encourage them to make their gifts in the form of an endowment. We want our people to consider planned gifts where they receive an income for their lives, and the remainder goes to ministries when they die. Our individual revocable trust program will produce provisional gifts to ministries through the 20% ministry designation. In addition, we manage endowments and investments in the charitable investment pool that will benefit ministries in the future.

How Did we Do Last Year

As I predicted, we lost around \$800,000. If you consider we gave away \$1.1 million, it means we would have made \$300,000. Since it was a down year for endowments, we also did not collect our fee, which would have been around \$135,000. So really, we made \$435,000. In retrospect, we shouldn't have given that much away. On the date we made that decision, the S&P 500 was already down 6%, which means we were giving away more earnings than we had. Of course, we also did not expect that the S&P 500 would be down more than 20% by the end of June and down 19.6% for the year. We were able to sell early in the year to acquire the \$750,000 we needed for grants, but by the end of the year, we had few capital gains. Despite the almost 20% decline in the market, we still actually managed to increase our total assets by \$1.3 million as we finished the year at almost \$115 million.

How About Next Years Budget

We have cut our promotional budget, so we will not sponsor as many events. Raises have been set at 3%. I am making plans to lay off one of our field guys, which will trim about \$100,000 out of the estate planning budget.

Fundamental Changes

We need to make some fundamental changes to our future capital gains. Currently, we have designated all capital gains to be used for grants. To build a reserve, we will need to allow some capital gains to be used to build our reserves. We need to start thinking like a bank and have cash reserves for the next recession and/or downturn in the market. My understanding is that banks are required to have an 8% capital reserve. We will make plans to build an 8% cash reserve in future years.

Do Not Grow Weary

I recently heard a great sermon based on Isaiah 6, but not on the verses most people preach. It was based on the last few verses after Isaiah says, "Here am I send me." After making this

commitment, the Lord tells him that he will have no converts. That's not what most of us would sign up for, but he did see much fruit just not during his lifetime. He inspired Ezra and Nehemiah, who did have some fruit. His entire book has been an inspiration to millions of Christians through the years with all the great quotable passages. I thought about this in relation to the Foundation. We are doing good work in establishing estate plans and planned gifts and also through endowments and beneficiary designations from trusts. I'm 66 years old, and much of the impact of the Foundation will be after I've gone to heaven, and yet we shall not grow weary in doing the work of the Foundation

Summary of Minutes

April 19, 2022

All members present except Ron Hunter and Clint Morgan

The Director's report was presented and approved

A motion was made, seconded, and approved to reduce the percentage of Co-Op that the Foundation receives to ½ percent and deposit the difference in the Together Way Endowment.

A motion was made, seconded, and approved to reduce the amount the Foundation receives from the Rest of the Family offering to 1%.

A motion was made, seconded, and approved to distribute most of the excess income the Foundation earned in 2021 to the following ministries, \$1 million to The Together Way Endowment, \$50,000 to WNAC, and \$50,000 to Vertical Three Ministries for a total of \$1.1 million.

The audit was presented and approved.

The first quarter financial statements were presented and approved.

The Budget Committee presented the 2022 budget, which was approved. The Field Director's report was presented and approved. The Director Evaluation Committee report was presented and approved.

The Director gave an update on the progress of the state registration process as information.

Dr. Jeff Crabtree, chairman of the Welch College Board, presented a report, which was approved.

A motion was made, seconded, and approved to adopt the Foundation board manual.

Officers were elected.

April 19, 2022

Grant Committee minutes

All elected members were present.

57 applicants were reviewed with requests of \$4,161,947.

\$750,000 in grants were made to the following ministries:

Arms of Compassion	\$13,500
Faith Church, Goldsboro	\$7,500
Faith in Action, Arkansas	\$13,500
Harmony FWB Church, Oklahoma	\$4,500
Northpoint FWB Church, New York	\$45,000

Ohio State Association	\$50,000
Ozark FWB Church, Arkansas	\$5,400
South Carolina State Association, FOI	\$25,000
South Carolina State Association, South India	\$25,000
West Virginia State Association	\$7,500
Whitney FWB Church, South Carolina	\$45,000
Vertical FWB Church, Arizona	\$25,000
Board of Retirement, Re:invest	\$9,000
Commission for Theological Integrity	\$10,000
IM, Bangladesh Conference Center	\$100,000
IM, Bulgaria	\$36,000
IM, Japan	\$150,000
IM, Pop Willey	\$50,000
IM, Village of Hope	\$10,500
FWB Media Commission	\$39,600
NAM, Spanish Book	\$18,000
ONE Magazine	\$15,000
<u>Randall House</u>	<u>\$45,000</u>
Total Grants	\$750,000

July 25, 2022

All members were present except David Crowe and Hubert Stafford.

Brief reports were presented concerning the progress of the state registrations and a six-month financial report. These were presented as information, and no motions were passed.

Specially Called Email Board Meeting

September 27-30, 2022

The purpose of the meeting was to approve the Collective Investment Fund Board Resolution. The documents were sent in advance to each board member for review and to email a ballot to either approve or reject the resolution. The resolution was approved unanimously.

December 5, 2022

All members were present except Hubert Stafford. The Financial, Social media, Field Director, Director, and Investment Committee reports were presented and approved. The board heard a report from one of our investment advisors as information. Dr. Jeff Crabtree, chairman of Welch College Board, appeared before the board, and his report was approved. A change was made to the grant application in adding a question, "If the Free Will Baptist Foundation awards ONLY HALF of your grant request do you have a plan to complete your project?" Changes were made to the narrative portion of the grant application as well. The board had a discussion about how future gifts of income may be distributed to ministries.



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, 2022 and 2021, 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, 2022 and 2021, 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 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 25, 2023

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 4,528,368	\$ 3,289,124
Other receivables	278,002	232,812
Office equipment and automobiles, net of accumulated depreciation	47,185	25,044
	<u>4,853,555</u>	<u>3,546,980</u>
Investments, at fair market value		
U.S. Government instruments	2,348,790	4,194,785
Common stocks	26,997,818	36,423,722
FWB Ministries Partnership	1,041,808	996,946
Real estate investments	4,169,693	5,140,385
Mutual funds	34,136,846	31,443,316
Corporate bonds	1,040,857	172,392
Municipal bonds	1,905,079	547,652
Free Will Baptist Board of Retirement investment	21,080,005	13,342,334
	<u>92,720,896</u>	<u>92,261,532</u>
Notes receivable		
Notes receivable Welch College	14,789,968	15,145,125
Notes receivable Welch College - line of credit	1,299,450	1,144,532
Notes receivable other	1,256,675	1,502,025
Total notes receivable	<u>17,346,093</u>	<u>17,791,682</u>
TOTAL ASSETS	<u><u>\$114,920,544</u></u>	<u><u>\$113,600,194</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Operating liabilities:		
Line of credit	\$ -	\$ -
Liabilities to beneficial owners		
Individual revocable trusts	37,392,787	38,885,522
Organization revocable trusts	61,346,821	44,766,757
Gift Annuity Pool	1,681,250	1,407,268
Funds held in trust - Unitrust Pool	2,204,166	2,771,507
Funds held in trust - Endowments	7,034,432	7,616,172
Unrealized gains and losses - unallocated	(4,859,068)	6,156,825
Total liabilities	<u>104,800,388</u>	<u>101,604,051</u>
NET ASSETS		
Without donor restrictions		
Operating	2,230,866	2,029,132
Board designated	214,830	1,216,089
Total net assets without donor restrictions	<u>2,445,696</u>	<u>3,245,221</u>
With donor restrictions		
Endowments	7,674,460	8,750,922
Total net assets	<u>10,120,156</u>	<u>11,996,143</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$114,920,544</u></u>	<u><u>\$113,600,194</u></u>

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

FREE WILL BAPTIST FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<i>WITHOUT DONOR RESTRICTIONS</i>		
REVENUE AND SUPPORT		
Investment income:		
Interest and dividends, net of investment fees	\$ 3,093,012	\$ 2,904,272
Realized gains (losses) on sale of investments	1,103,382	2,259,263
Unrealized gains (losses) from investments	(13,958,600)	7,684,405
Total investment income	(9,762,206)	12,847,940
Support through "The Together Way"		
Plan and other contributions	35,449	10,231
Gain (loss) on sale of property and equipment	15,000	27,800
Estate planning fees	460,550	356,695
Interest income - note receivable	871,638	732,679
Net assets released from restrictions:		
Restrictions satisfied by payments	558,560	2,013,546
Total Support and Revenue	(7,821,009)	15,988,891
Allocation of earnings to revocable trusts, beneficiaries and annuitants	287,537	(4,453,170)
Allocation to unrealized gains and losses - unallocated	11,015,892	(5,894,614)
Revenue and support after allocations	3,482,420	5,641,107
EXPENSES		
Operating	1,099,898	837,228
Grants	1,850,000	544,400
Estate Planning	773,487	817,376
Withdrawals	558,560	2,013,546
	4,281,945	4,212,550
Increase (decrease) in net assets without donor restrictions	(799,525)	1,428,557
<i>WITH DONOR RESTRICTIONS</i>		
REVENUE AND SUPPORT		
Contributions	1,320,452	1,304,155
Earnings on investments	(1,838,354)	981,012
Net assets released from restrictions:		
Restrictions satisfied by payments - withdrawals	(558,560)	(2,013,546)
Increase (decrease) in net assets with donor restrictions	(1,076,462)	271,621
Total increase (decrease) in net assets	(1,875,987)	1,700,178
Net assets - beginning of year	11,996,143	10,295,965
Net assets - end of year	<u>10,120,156</u>	<u>11,996,143</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, 2022 AND 2021

	2022				
	With Donor	Without Donor Restrictions			
	Restrictions				
	Withdrawals	Operating	Grants	Estate Planning	Total
EXPENSES					
Salaries and benefits	\$ -	\$ 473,680	\$ -	\$ 261,837	\$ 735,517
Equipment expense	-	17,502	-	-	17,502
Travel	-	133,120	-	115,353	248,473
Promotion	-	65,465	-	6,237	71,702
Board expense	-	17,457	-	-	17,457
Office expense	-	78,460	-	-	78,460
Rent expense	-	52,723	-	-	52,723
Printing and publications	-	4,754	-	-	4,754
One magazine	-	51,960	-	-	51,960
Interest	-	-	-	-	-
Training and education	-	24,145	-	-	24,145
Legal and accounting	-	167,323	-	-	167,323
Depreciation	-	11,558	-	-	11,558
Ministry gifts	-	-	1,100,000	-	1,100,000
Grants	-	-	750,000	-	750,000
Fees	-	-	-	390,060	390,060
Cancellations	-	-	-	-	-
Miscellaneous	-	1,751	-	-	1,751
Payments to beneficiaries and annuitants	558,560	-	-	-	558,560
Total expenses	<u>\$ 558,560</u>	<u>\$1,099,898</u>	<u>\$1,850,000</u>	<u>\$ 773,487</u>	<u>\$4,281,945</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, 2022 AND 2021

	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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for:		
Contributions	\$ 1,320,452	\$ 1,304,155
Donations and other support	35,449	10,231
Interest and dividends	3,093,012	4,099,973
Other income	1,286,998	1,089,374
Payments to beneficiaries and annuitants	(558,560)	(2,013,546)
Cash paid to suppliers and employees	(3,711,827)	(2,160,350)
Allocation of earnings to revocable trusts, beneficiaries and annuitants	(1,550,817)	(3,472,158)
Allocation to unrealized gains and losses - unallocated	11,015,892	(5,894,614)
Net Cash Provided (Used) By Operating Activities	<u>10,930,599</u>	<u>(7,036,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of office equipment and automobiles	(33,699)	(33,836)
Proceeds from the sale of office equipment and automobiles	15,000	27,800
New loans made	(332,096)	(681,111)
Principal payments received on notes receivable	777,685	320,501
Proceeds from sale or call of investment securities	20,535,876	9,811,917
Purchase of investment securities	(33,850,458)	(26,371,797)
Net Cash Provided (Used) By Investing Activities	<u>(12,887,692)</u>	<u>(16,926,526)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from additions, net of withdrawals, to future gift interest and revocable trusts	39,359,499	68,309,785
Contributions to funds held in trust	(26,478,361)	(55,926,120)
Earnings allocated to funds held in trust	1,331,091	3,669,317
Change in unrealized gains and losses	(11,015,892)	5,894,614
Repayment of line of credit	-	(605,728)
Net Cash Provided (Used) by Financing Activities	<u>3,196,337</u>	<u>21,341,868</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,239,244	(2,621,593)
Cash and cash equivalents at beginning of years	<u>3,289,124</u>	<u>5,910,717</u>
Cash and cash equivalents at end of years	<u><u>\$ 4,528,368</u></u>	<u><u>\$ 3,289,124</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, 2022 AND 2021

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 2022 and 2021.

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, 2022 AND 2021

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:

	2022		
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 2,348,790	\$ 2,605,610	\$ (256,820)
Common stocks	26,997,818	22,507,908	4,489,910
FWB Ministries Partnership	1,041,808	1,041,808	-
Mutual Funds	34,136,846	36,858,622	(2,721,776)
Corporate bonds	1,040,857	1,111,433	(70,576)
Municipal bonds	1,905,079	1,888,539	16,540
Real estate investment trust	4,169,693	4,913,874	(744,181)
FWB Board of Retirement Investment	21,080,005	21,409,503	(329,498)
Total Investments	<u>\$ 92,720,896</u>	<u>\$ 92,337,297</u>	<u>\$ 383,599</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. INVESTMENTS - CONTINUED

		2021	
	Market Value	Cost	(Depreciation) Appreciation
Investments:			
Marketable Securities:			
U.S. Government instruments	\$ 4,194,785	\$ 4,215,669	\$ (20,884)
Common stocks	36,423,722	27,259,627	9,164,095
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
FWB Board of Retirement Investment	13,342,334	11,250,588	2,091,746
Total Investments	<u>\$ 92,261,532</u>	<u>\$ 78,095,032</u>	<u>\$ 14,166,500</u>

Total investment income (loss) amounted to (\$9,762,206) for 2022, consisting of investment gains (losses) of (\$12,855,218) and interest and dividends of \$3,093,012 (net of investment fees of \$448,287). This investment income (loss) represents yields of (10.55%) and (11.46%) based on the average market value and average cost of such investments for 2022.

Total investment income (loss) amounted to \$12,847,940 for 2021, consisting of investment gains (losses) of \$9,943,668 and interest and dividends of \$2,904,272 (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.

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, 2022 no amounts were past due on any of the loans.

4. INDIVIDUAL REVOCABLE TRUSTS

The Foundation maintains trusts which totaled \$37,392,787 and \$38,885,522 at December 31, 2022 and 2021, respectively. The trusts 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 trusts are without maturity.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. ORGANIZATIONAL REVOCABLE TRUST

The Foundation maintains a organization revocable trust which totaled \$61,346,821 and \$44,766,757 at December 31, 2022 and 2021, respectively. The trust 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 future gifts payable amounting to \$2,204,166 and \$2,771,507 and gift annuities amounting to \$1,681,250 and \$1,407,268 as of December 31, 2022 and 2021, 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, 2022 and 2021, the endowment funds totaled \$7,034,432 and \$7,616,172 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, 2022 and 2021:

		2022	
	Account Balance	Amount Insured/ Secured	Amount of Accounting Risk of Loss
Cash and cash equivalents	\$ 890,289	\$ 250,000	\$ 640,289
Short term liquid investments	3,638,079	3,638,079	-
U.S. Government instruments	2,648,790	-	2,648,790
Common Stocks	26,997,818	-	26,997,818
FWB Ministries Partnership	1,041,808	-	1,041,808
Mutual funds	34,136,846	-	34,136,846
Corporate bonds	1,040,857	-	1,040,857
Municipal bonds	1,905,079	-	1,905,079
Real estate investment trust	4,169,693	-	4,169,693
FWB Board of Retirement Investment	21,080,005	-	21,080,005
Investment in Welch College loan	16,089,418	-	16,089,418
Receivables	1,256,675	-	1,256,675
Total Investments	<u>\$ 114,895,357</u>	<u>\$ 3,888,079</u>	<u>\$ 111,007,278</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. INFORMATION REGARDING FINANCIAL STATEMENTS - CONTINUED

		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	4,194,785	-	4,194,785
Common Stocks	36,423,722	-	36,423,722
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 investment trust	5,140,385	-	5,140,385
FWB Board of Retirement Investment	13,342,334	-	13,342,334
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>

9. OFFICE EQUIPMENT AND AUTOMOBILES

A summary of office equipment and automobiles is as follows:

	2022	2021
Automobiles - five	\$ 174,787	\$ 171,021
Office equipment	57,087	57,087
Furnishings	19,463	19,463
Software	29,581	29,581
	<u>280,918</u>	<u>277,152</u>
Accumulated Depreciation	(233,733)	(252,108)
	<u>\$ 47,185</u>	<u>\$ 25,044</u>

10. LEASE AND OCCUPANCY EXPENSE

The Foundation adopted FASB Topic 842, *Leases*, effective January 1, 2022. The Foundation's lease is a year to year lease and, accordingly, was not impacted by the adoption of this new standard.

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 (\$1.15 in 2021) 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 \$52,723 and \$43,035 for the years ended December 31, 2022 and 2021, respectively.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 \$-0- at December 31, 2022 and 2021 respectively. During 2022 the Foundation paid \$-0- in interest payments related to borrowings on the line of credit (\$4,205 in 2021).

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 \$52,910 (\$58,341 in 2021). 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 \$214,830 and \$1,216,089 at December 31, 2022 and 2021 respectively.

14. RESTRICTIONS ON NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Endowments	<u>\$ 7,674,460</u>	<u>\$ 8,750,922</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, 2022 (\$-0- at December 31, 2021).

16. CONCENTRATION

The notes receivable from Welch College represent 14.00% of the assets of the Foundation.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 Using				
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Government instruments	\$ 2,348,790	\$ 2,348,790	\$ -	\$ -
Common stocks	26,997,818	26,997,818	-	-
FWB Ministries Partnership	1,041,808	-	1,041,808	-
Real estate investments	4,169,693	4,080,943	-	88,750
Mutual funds	34,136,846	34,136,846	-	-
Corporate bonds	1,040,857	-	1,040,857	-
Municipal bonds	1,905,079	-	1,905,079	-
FWB Bd of Retirement Invest	21,080,005	21,080,005	-	-
	<u>\$92,720,896</u>	<u>\$88,644,402</u>	<u>\$ 3,987,744</u>	<u>\$ 88,750</u>

Fair Value Measurements at December 31, 2021 Using				
		Quoted Prices		
		In Active	Significant	
		Markets for	Other	Significant
		Identical	Observable	Unobservable
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
U.S. Government instruments	\$ 4,194,785	\$ 4,194,785	\$ -	\$ -
Common stocks	36,423,722	36,423,722	-	-
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	-
FWB Bd of Retirement Invest	13,342,334	13,342,334	-	-
	<u>\$92,261,532</u>	<u>\$90,455,792</u>	<u>\$ 1,716,990</u>	<u>\$ 88,750</u>

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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>2022</u>	<u>2021</u>
Real estate investments:		
Beginning balance	\$ 88,750	\$ 397,480
Purchases	-	-
Transfer to Level 1	-	-
Gains (losses) on value	-	-
Sales	-	(308,730)
Ending balance	<u>\$ 88,750</u>	<u>\$ 88,750</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, 2022, 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, 2022 AND 2021

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, 2022 and 2021 was \$14,789,968 and \$15,145,125.

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, 2022 and 2021 was \$1,299,450 and \$1,144,532.

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 2022 amounted to \$711,730 (\$641,504 for 2021) net of interest paid on its line of credit of \$54,154 (\$25,417 for 2021).

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, 2022 and 2021 was \$489,903 and \$497,656.

21. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 25, 2023 which is the date the financial statements were available to be issued.

FREE WILL BAPTIST FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 114,873,359	\$ 113,575,150
Less those unavailable for general expenditures within one year due to:		
Line of credit	-	-
Reserved for beneficial owners	(104,800,388)	(101,604,051)
Board designated net assets	(214,830)	(1,216,089)
Net assets with donor restrictions	(7,674,460)	(8,750,922)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,183,681</u>	<u>\$ 2,004,088</u>

23. PRIOR PERIOD ADJUSTMENTS

The Foundation had previously included the investment in the Free Will Baptist Board of Retirement institutional investments in the U.S. Government instruments and common stocks lines of the statements of financial position. The Foundation has elected to list the Board of Retirement investments as a separate line item in the statements of financial position. In order for 2022 and 2021 to be comparable, the 2021 amounts have been restated. There was no change in total assets as a result of this restatement.

The Foundation had previously included the income from the Free Will Baptist Board of Retirement institutional investments in interest and dividends line on the statements of activities. This income is more appropriately included in the unrealized gains (losses) on the statements of activities. In order for 2022 and 2021 to be comparable, the 2021 amounts have been restated. There was no change in increase total increase (decrease) in net assets as a result of this restatement.

The results of these restatements of 2021 are as follows:

	<u>2021</u>	
	<u>As Previously Reported</u>	<u>Restated</u>
U.S. Government instruments	\$ 4,327,416	\$ 4,194,785
Common stocks	49,633,425	36,423,722
Free Will Baptist Board of Retirement investment	-	13,342,334
Interest and dividends, net of investment fees	3,988,907	2,904,272
Unrealized gains (losses) from investments	6,599,770	7,684,405

FREE WILL BAPTIST FOUNDATION
Proposed 2024 Department Budget

	<u>Operations</u>	<u>Estate Planning</u>	<u>Grants</u>	<u>Total Budget</u>
INCOME				
Together Way	\$ 2,500	\$ -	\$ -	\$ 2,500
Gifts & other	2,500	-	-	2,500
Rest of the Family Offering	1,000	-	-	1,000
Capital gains	-	-	550,000	550,000
Realized gains/losses vehicles	25,000	-	-	25,000
Management fees	1,213,012	-	-	1,213,012
Completed estate plans	-	540,000	-	540,000
Total Income	1,244,012	540,000	550,000	2,334,012
EXPENSES				
Salaries & benefits	506,833	257,929	-	764,762
Other employee expense	12,500	12,500	-	25,000
Travel	125,000	125,000	-	250,000
Promotion	15,000	-	-	15,000
ONE Magazine	53,000	-	-	53,000
Office expense	63,000	-	-	63,000
Rent	53,000	-	-	53,000
Subscriptions & publications	24,000	-	-	24,000
Training & education	26,000	-	-	26,000
Legal & accounting	175,000	-	-	175,000
Cornerstone Estate Planning	-	147,500	-	147,500
Attorney fees	-	147,500	-	147,500
Delivery contractors	-	26,250	-	26,250
Noncollectible fees	10,000	-	-	10,000
Grants to be awarded	500,000	-	-	500,000
Board expense	18,000	-	-	18,000
Equipment & maintenance	20,000	-	-	20,000
Depreciation	16,000	-	-	16,000
Total Expense	1,617,333	716,679	-	2,334,012
Surplus / (Deficit)	\$ (373,321)	\$ (176,679)	\$ 550,000	\$ (0)

FREE WILL BAPTIST FOUNDATION
Consolidated Proposed Budget and Actual

	<u>Proposed 2024 Budget</u>	<u>Approved 2023 Budget</u>	<u>Approved 2022 Budget</u>	<u>2022 Actual</u>
INCOME				
Together Way	\$ 2,500	\$ 5,000	\$ 5,000	\$ -
Gifts & other income	2,500	2,000	9,000	31,995
Rest of the Family Offering	1,000	3,000	4,000	3,454
Capital gains harvested	550,000	750,000	500,000	848,741
Realized gains/losses vehicles	25,000	-	-	15,000
Management fees	1,213,012	1,250,000	1,150,000	1,564,120
Completed Estate Plans	540,000	480,000	600,000	460,550
Total Income	<u>2,334,012</u>	<u>2,490,000</u>	<u>2,268,000</u>	<u>2,923,860</u>
EXPENSES				
Salaries & Benefits	764,762	739,772	724,941	723,348
Other employee expense	25,000	25,000	25,000	12,170
Travel	250,000	175,000	230,000	248,514
Promotion	15,000	75,000	95,000	65,465
ONE Magazine	53,000	52,000	52,000	51,960
Office expense	63,000	70,000	75,000	68,503
Rent	53,000	47,000	47,000	52,723
Subscriptions & publications	24,000	5,000	5,000	22,696
Training & education	26,000	17,000	17,000	24,145
Legal & accounting	175,000	85,000	30,000	167,323
Cornerstone Estate Planning	147,500	247,500	247,500	247,500
Attorney fees estate planning	147,500	100,000	100,000	127,160
Contractors deliveries	26,250	12,000	25,000	15,400
Noncollectible fees	10,000	10,000	10,000	-
Grants to be awarded	500,000	750,000	500,000	1,850,000
Board expense	18,000	25,000	25,000	17,458
Equipment & maintenance	20,000	15,000	12,000	17,462
Depreciation	16,000	40,000	30,000	11,558
Total Expense	<u>2,334,012</u>	<u>2,490,272</u>	<u>2,236,141</u>	<u>3,723,385</u>
Surplus / (Deficit)	<u>\$ (0)</u>	<u>\$ (272)</u>	<u>\$ 31,859</u>	<u>\$ (799,525)</u>

FREE WILL BAPTIST FOUNDATION
Compensation Package Detail - 2024 Proposed

	<u>2024</u>			<u>2023</u>			<u>2022</u>	
Director/CEO								
Salary	\$	121,001	3%	\$	117,202	5%	\$	111,172 5%
Insurance replacement		9,438			9,438			9,438
FICA/Medicare		9,979			9,688			9,227
Retirement		13,044			12,664			12,061
Total		<u>153,462</u>			<u>148,992</u>			<u>141,897</u>

Note: Office car furnished

Chief Financial Officer								
Salary	\$	99,586	3%	\$	95,495	5%	\$	89,758 5%
Insurance replacement		-			1,190			2,380
FICA/Medicare		7,618			7,396			7,049
Retirement		9,959			9,669			9,214
Health Insurance		10,284			10,284			10,284
Total		<u>127,446</u>			<u>124,034</u>			<u>118,685</u>

Note: Office car furnished

Field Coordinator								
Salary	\$	49,834	3%	\$	48,383	5%	\$	46,079 5%
Housing		42,107			40,881			38,934
Retirement		9,194			8,926			8,501
Medicare reimbursement		4,800			4,800			4,800
Total	\$	<u>105,936</u>		\$	<u>102,990</u>		\$	<u>98,315</u>

Note: Office car furnished

Field Reps & Support Staff								
Salary	\$	268,044	3%	\$	260,237	5%	\$	247,845 5%
Housing		58,597			56,890			54,181
Insurance Replacement		9,183			5,954			5,954
FICA/Medicare		12,036			11,459			10,935
Retirement		24,058			23,213			22,129
Health Insurance		6,000			6,000			-
Total	\$	<u>377,918</u>		\$	<u>363,753</u>		\$	<u>341,044</u>

Note: Office car furnished for field reps

Total Salaries & Benefits	\$	<u>764,762</u>		\$	<u>739,769</u>		\$	<u>699,941</u>
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North American Ministries 2022

Dear Friends of North American Ministries,

At North American Ministries we believe the foundation of a Gospel-centered life is a *willing spirit*. As our department celebrates 85 years of ministry, we can look back and clearly see that God has accomplished great things for the Kingdom through countless individuals *willing* to gather together, *give* sacrificially, and *go* wherever He leads for the sake of the Gospel.

Willing to Give

Our faithful Free Will Baptist friends across North America have shown a consistent willingness to give sacrificially of their time and financial resources. We are all encouraged by their generosity and love for the cause of North American Ministries.

Total gifts for 2022 exceeded \$3.9 million! Thank you for your faithful support. Listed below are the top ten states for giving this year.

North Carolina	\$743,708.70
Alabama	\$530,383.57
Tennessee	\$460,451.83
Oklahoma	\$242,646.81
Georgia	\$211,445.32
Florida	\$169,227.35
Virginia	\$157,311.75
Missouri	\$153,350.12
Ohio	\$145,820.28
South Carolina	\$122,939.62

Church Planters- Willing to Follow the Lord's Call

All across North America our church planters are willing to go wherever the Lord leads them to build fellowships of believers committed to learning more about walking with the Lord and sharing Him in their communities. They are seeing hundreds of people surrender their lives to Christ through their ministries and their obedience to His calling. They are building beautiful, multi-functional facilities that are great tools for training new converts and bringing families to worship the Father. Diverse, multi-ethnic ministry is flourishing as our cross-cultural missionaries preach the Gospel and win the souls of countless individuals coming to America from all over the world.

Military Chaplains - Willing to Serve Their Savior and Their Country

North American Ministries continues to endorse and support our Free Will Baptist chaplains for the United States Army, Air Force, Navy, National Guard and Reserve Forces. We thank these men and their families for their willing service to our country and the Lord.

CH (CPT) Amir Ashoori, US Army Reserve

CH (CPT) Michael Beatty, US Army

CH (1LT) Elliott Deilus, US Army Reserve

CH (CPT) David Dodson, US Army

CH (MAJ) W. Lee Frye, Jr. US Army

CH (LTC) Brad Hanna, Army National Guard

CH(1LT) Shaun Hembree, US Army

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.)

NAM Staff - Willing to Support the Lord's Work Each Day

I must express my profound appreciation to our 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 and Kylah Kivette, Accounting Administrators; Bethany Douglas, Administrative Assistant; Mayan Bustamante, Chief Translation Specialist; Megan Morgan, Historical Digital Scanner; and Daniel Rodriguez, Historical Digital Scanner. I appreciate their willing spirits, commitment to our ministry, and excellent work in our office.

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

Dr. H David Crowe

Executive Director

North American Ministries

May 4, 2022

Motion, seconded, and carried to move the Hispanic Institute to Parkers Chapel FWB Church in Greenville, NC, pending the approval of the Parkers Chapel Church.

Motion, seconded, and carried to approve the NAM Board Manual with allowance for Jeff Jones and Brad Ransom to make minor changes to bring into compliance with the denominational standards.

Motion, seconded, and carried to require the Soddy Daisy Church to resume making full monthly payments on their CELF loan within 90 days. If they do not resume full monthly payments within 90 days, we will require them to sell the property and pay off their CELF loan.

Motion, seconded, and carried to approve Justin Feight as a Church Planter to Jamestown, North Dakota.

Motion, seconded, and carried to approve Matt Hanshaw to lead a church revitalization in Ardmore, Oklahoma, as a joint project with the Oklahoma Executive Office, First Oklahoma Mission Board, and Bob Thomas Ministries.

Motion, seconded, and carried to approve Greg Smith as a Church Planter in Ypsilanti, Michigan, as a joint project with The Donelson Fellowship and the Michigan State Mission Board, conditioned on approval from the Michigan State Mission Board.

Motion, seconded, and carried to approve Shakil Khondoker as a Bangladeshi Cross Cultural Church Planter to the Detroit area in Michigan, as a joint project with the Michigan State Mission Board, conditioned on approval from the Michigan State Mission Board.

December 7, 2022

Motion, seconded, and carried to adopt the Church Extension Loan Fund, Inc. Resolutions of the Board of Trustees.



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, 2022 and 2021, 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, 2022 and 2021, 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 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, 2023

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 193,681	\$ 190,308
Investments	1,660	3,991
Investments in Church Extension Fund	611,976	554,505
Investments in Free Will Baptist Foundation	7,365	28,513
Endowments	690,006	880,428
Inventory	8,219	16,437
Property & equipment, at cost less accumulated less accumulated depreciation of \$251,641 (\$189,102 in 2021)	<u>249,119</u>	<u>267,738</u>
TOTAL ASSETS	<u><u>\$ 1,762,026</u></u>	<u><u>\$ 1,941,920</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 31,274	\$ 31,152
Financing lease payable	<u>4,509</u>	<u>10,247</u>
Total liabilities	<u>35,783</u>	<u>41,399</u>
COMMITMENTS		
<u>NET ASSETS</u>		
NET ASSETS		
Without donor restrictions		
Operating	68,392	172,200
Total Without Donor Restrictions	<u>68,392</u>	<u>172,200</u>
With donor restrictions	<u>1,657,851</u>	<u>1,728,321</u>
Total net assets	<u>1,726,243</u>	<u>1,900,521</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,762,026</u></u>	<u><u>\$ 1,941,920</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<i>WITHOUT DONOR RESTRICTIONS</i>		
REVENUES		
Cooperative program	\$ 227,930	\$ 215,779
Designated contributions	671,871	518,981
Fund-raising special events	22,742	12,718
Management fees - Note 4	1,250,000	995,000
Investment income	23,210	36,493
Unrealized gain (loss) on value of investment	(151,375)	890
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>3,323,513</u>	<u>3,474,368</u>
Total revenue	<u>5,367,891</u>	<u>5,254,229</u>
EXPENSES		
North American Ministries' management and general expenses	2,112,644	1,855,278
North American Ministries' missionary expenses	3,294,047	3,403,494
Master's Men management and general expenses	22,307	23,204
Master's Men fundraising expenses	13,235	15,641
Master's Men Ridge Church Bell Tower expenses	1,500	6,700
Master's Men disaster relief expenses	<u>27,966</u>	<u>64,174</u>
Total expenses	<u>5,471,699</u>	<u>5,368,491</u>
Increase (decrease) in net assets without donor restrictions	<u>(103,808)</u>	<u>(114,262)</u>
<i>WITH DONOR RESTRICTIONS</i>		
REVENUES		
Cooperative program	297,899	318,508
Designated contributions	2,955,144	3,123,979
Increase (decrease) in value of the beneficial trust	-	81,637
Net assets released from restrictions:		
Restrictions satisfied by payments		
Missionary expenses	(3,294,047)	(3,403,494)
Ridge Church Bell Tower	(1,500)	(6,700)
Master's Men disaster relief fund	<u>(27,966)</u>	<u>(64,174)</u>
Increase (decrease) in net assets with donor restrictions	<u>(70,470)</u>	<u>49,756</u>
Total increase (decrease) in net assets	<u>(174,278)</u>	<u>(64,506)</u>
Net assets - beginning of year	<u>1,900,521</u>	<u>1,965,027</u>
Net assets - end of year	<u><u>\$ 1,726,243</u></u>	<u><u>\$ 1,900,521</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, 2022 AND 2021

	2022				2021			
	Master's Men				North American Ministries			
	Program services		Operations		Program services		Operations	
	Disaster Relief	Ridge Church Bell Tower	Management and General	Fundraising	Missionaries	Management and General	Total	
EXPENSES AND OTHER DEDUCTIONS								
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ 2,585,517	\$ 623,538	\$ 3,209,055	
Payroll taxes	-	-	-	-	-	17,524	17,524	
Housing allowance and employee benefits	-	-	-	-	-	116,400	116,400	
Retirement	-	-	-	-	60,547	16,353	76,900	
Literature	-	-	-	-	27,840	1,626	29,466	
Promotion expense	100	-	2,032	1,173	23,787	116,271	143,363	
Utilities	-	-	-	-	-	30,858	30,858	
Office expense	354	-	449	-	-	51,159	51,962	
Printing and postage	801	-	-	-	6,753	107,959	115,513	
Rent expense	-	-	3,109	-	-	68,802	71,911	
Professional fees	-	-	-	-	-	14,986	14,986	
Auto and travel expense	10,257	-	(129)	12,632	175,554	319,532	517,846	
Board meeting expense	-	-	-	-	-	19,604	19,604	
Conference expense	-	-	-	-	-	27,633	27,633	
Insurance expense	498	-	851	-	62,137	152,496	215,982	
Telephone	-	-	-	-	-	910	910	
Scholarships	-	-	-	-	-	6,000	6,000	
Flowers and gifts	-	-	563	-	-	55,637	56,200	
Fund-raising special events expense	-	-	-	-	-	-	-	
Disaster relief expenses	-	-	-	-	-	-	-	
Resource development	-	-	-	-	-	-	-	
Miscellaneous	15,956	1,500	705	(570)	113,404	230,565	361,560	
One magazine	-	-	6,706	-	-	78,071	84,777	
Missionary land and buildings	-	-	-	-	238,508	-	238,508	
Depreciation	-	-	8,021	-	-	56,720	64,741	
Total expenses and other deductions	\$ 27,966	\$ 1,500	\$ 22,307	\$ 13,235	\$ 3,294,047	\$ 2,112,644	\$ 5,471,699	

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, 2022 AND 2021

	2021					
	Master's Men			North American Ministries		
	Program services		Operations	Program services		Operations
	Disaster Relief	Ridge Church Bell Tower		Management and General	Fundraising	Missionaries
EXPENSES AND OTHER DEDUCTIONS						
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,671,644
Payroll taxes	-	-	-	-	-	-
Housing allowance and employee benefits	-	-	-	-	-	-
Retirement	-	-	-	-	-	-
Literature	-	-	(72)	-	-	60,192
Promotion expense	18	-	2,413	-	1,126	78,106
Utilities	-	-	-	-	-	9,085
Office expense	146	-	4	-	28	-
Printing and postage	-	-	-	-	-	23,563
Rent expense	-	-	3,220	-	-	-
Professional fees	-	-	-	-	-	-
Auto and travel expense	16,115	-	327	-	13,140	178,437
Board meeting expense	-	-	-	-	-	-
Conference expense	-	-	-	-	-	-
Insurance expense	318	-	413	-	-	68,150
Telephone	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Flowers and gifts	-	-	-	-	-	-
Fund-raising special events expense	-	-	-	-	-	-
Disaster relief expenses	-	-	-	-	-	-
Resource development	-	-	-	-	-	-
Miscellaneous	47,577	6,700	328	-	1,347	85,086
One magazine	-	-	8,549	-	-	-
Missionary land and buildings	-	-	-	-	-	229,231
Depreciation	-	-	8,022	-	-	-
Total expenses and other deductions	\$ 64,174	\$ 6,700	\$ 23,204	\$ 15,641	\$ 3,403,494	\$ 1,855,278
						\$ 5,368,491

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (174,278)	\$ (64,506)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	64,741	58,342
(Gain) loss on value of investment	151,028	(14,324)
Changes in operating assets and liabilities:		
(Increase) decrease in inventories	8,218	8,218
Increase (decrease) in accounts payable and accrued expenses	122	(7,409)
Net Cash Provided (Used) By Operating Activities	<u>49,831</u>	<u>(19,679)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments	62,873	28,788
Acquisition of investments	(57,471)	(87,924)
Purchases of property and equipment	<u>(46,122)</u>	<u>(2,505)</u>
Net Cash Provided (Used) By Investing Activities	<u>(40,720)</u>	<u>(61,641)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing lease payments made	<u>(5,738)</u>	<u>(4,706)</u>
Net Cash Provided (Used) by Financing Activities	<u>(5,738)</u>	<u>(4,706)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,373	(86,026)
Cash and cash equivalents at beginning of years	<u>190,308</u>	<u>276,334</u>
Cash and cash equivalents at end of years	<u>\$ 193,681</u>	<u>\$ 190,308</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 1,542</u>	<u>\$ 2,575</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, 2022 AND 2021

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 2022 or 2021.

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 nets 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, 2022 and 2021.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

2. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2022	2021
Land - Puerto Rico	\$ 105,000	\$ 105,000
Automobile	183,820	183,820
Computer equipment	1,228	1,228
Equipment	80,282	43,087
Trailers	13,640	1,950
Office furniture & equipment	116,790	121,755
	<u>500,760</u>	<u>456,840</u>
Less: Accumulated depreciation	(251,641)	(189,102)
	<u>\$ 249,119</u>	<u>\$ 267,738</u>
 Depreciation for the year	 <u>\$ 64,741</u>	 <u>\$ 58,342</u>

3. RESTRICTIONS ON NET ASSETS

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

	2022	2021
Missionaries	\$ 1,348,985	\$ 1,491,791
Build a House program	50,181	50,181
Disaster Relief Program	225,710	151,874
Ridge Church	(68,275)	(66,775)
Life Member endowment	101,250	101,250
	<u>\$ 1,657,851</u>	<u>\$ 1,728,321</u>

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

4. LEASE

As noted in note 19, the board adopted FASB Topic 842, *Leases*, effective January 1, 2022. The North American Ministries 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, 2022 and 2021 amounted to \$71,911 and \$67,897.

As noted in note 19, the board adopted FASB Topic 842, *Leases*, effective January 1, 2022. This lease is a year to year lease and, accordingly, was not impacted by the adoption of this new standard.

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. RELATED PARTY TRANSACTIONS

The North American Ministries 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 North American Ministries a management fee of \$1,250,000 (\$995,000 in 2021) to reimburse the cost of the office space and salaries. The North American Ministries has invested money in a demand note of the Church Extension Loan Fund. The balance in this investment at December 31, 2022 and 2021 was \$611,976 and \$554,505 respectively. This investment is uncollateralized. The North American Ministries' 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, 2022 and 2021, the excess amount over the federally insured limit was \$-0- and \$-0-. 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 \$611,976 and \$554,505 invested in a demand note of the Church Extension Loan Fund at December 31, 2022 and 2021 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 \$76,900 (\$78,816 in 2021). 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, 2022 AND 2021

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, 2022 and 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 Board is exempt from filing annual tax returns.

9. FUNDRAISING EXPENSES

Fundraising expenses amounted to \$13,235 and \$15,641 for the years ended December 31, 2022 and 2021.

10. INVESTMENTS

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

	December 31, 2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity securities	<u>\$ 5,685</u>	<u>\$ 1,660</u>	<u>\$ (4,025)</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ (2,331)</u>
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	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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FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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:

	2022	2021
Build A House	\$ 7,024	\$ 8,458
Disaster Relief Trust	-	18,219
Ridge Trust	341	1,837
East Nashville Church Endowment	590,417	757,214
Life Member Endowment	99,589	123,213
	<u>\$ 697,371</u>	<u>\$ 908,941</u>

Investment return is summarized as follows:

Net realized and unrealized income (loss)	<u>\$ (149,045)</u>	<u>\$ 96,533</u>
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12. FAIR VALUE MEASUREMENTS

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

Fair Value Measurements at December 31, 2022			
	Fair Value	(Level 1)	(Level 2)
Equity securities	\$ 1,660	\$ 1,660	\$ -
Investment in the FWB Foundation	697,371	-	697,371
	<u>\$ 699,031</u>	<u>\$ 1,660</u>	<u>\$ 697,371</u>
Fair Value Measurements at December 31, 2021			
	Fair Value	(Level 1)	(Level 2)
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>

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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. FINANCING 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, 2022, 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:

2023	\$ 4,853
	<hr/> 4,853
Less amount representing interest	(344)
Present value of net minimum lease payments	<hr/> <hr/> \$ 4,509

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

The following summarizes the line items in the statements of financial position which include amounts for finance leases as of December 31:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 22,900	\$ 22,900
Less: Accumulated depreciation	(19,465)	(14,885)
	<hr/> <hr/> \$ 3,435	<hr/> <hr/> \$ 8,015

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 was a deficiency of (\$1,661) of \$ as of December 31, 2022 (\$-0- at December 31, 2021).

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022			
Board designated endowment funds	(\$ 1,661)	\$ -	(\$ 1,661)
Donor-restricted endowment funds	-	691,667	691,667
	<u>(\$ 1,661)</u>	<u>\$ 691,667</u>	<u>\$ 690,006</u>
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>

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

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Net Assets
December 31, 2022			
Beginning balance	\$ 21,963	\$ 858,465	\$ 880,428
Total gains or losses (realized and unrealized) included in the Statement of Activities	(20,570)	(127,045)	(147,615)
Purchases, issuances, settlements, and transfers from unallocated to allocated (net)	(3,054)	(39,753)	(42,807)
Ending balance	<u>(\$ 1,661)</u>	<u>\$ 691,667</u>	<u>\$ 690,006</u>

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

14. ENDOWMENT - CONTINUED

	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>

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.

	2022	2021
Total assets	<u>\$ 119,037,996</u>	<u>\$ 107,104,557</u>
Total liabilities	<u>\$ 115,884,090</u>	<u>\$ 103,847,618</u>
Net assets	<u>\$ 3,153,906</u>	<u>\$ 3,256,939</u>
Revenue	<u>\$ 5,836,188</u>	<u>\$ 5,313,661</u>
Expenses	<u>\$ 5,939,221</u>	<u>\$ 4,904,915</u>

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 28, 2023 which is the date the financial statements were available to be issued.

17. 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 2022 was a decrease of (\$166,797) (an increase of \$65,213 for 2021).

FREE WILL BAPTIST NORTH AMERICAN MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

18. 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>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 1,504,688	\$ 1,657,745
Less those unavailable for general expenditures within one year due to:		
Reserved for net assets with donor restrictions	(1,657,851)	(1,728,321)
Financial assets available to meet cash needs for general expenditures within one year	<u>(\$ 153,163)</u>	<u>(\$ 70,576)</u>

19. NEW ACCOUNTING STANDARD

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2020-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments; and ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption did not have a material impact on the Organization's statement of financial position or on the statement of activities.

	2021	2022	2023
Chief Executive Officer: David Crowe			
Salary	\$77,432.78	\$101,756.27	\$101,756.27
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$5,000.00	\$6,865.03	\$7,000.00
Retirement	\$4,773.87	\$4,773.87	\$5,000.00
Insurance*	\$18,000.00	\$18,000.00	\$20,000.00
TOTALS	\$123,206.65	\$149,395.17	\$151,756.27
Office car furnished			
Chief Training Officer: Brad Ransom			
Salary	\$62,083.24	\$91,160.65	\$80,000.00
Housing	\$18,000.00	\$18,000.00	\$18,000.00
Utilities	\$5,200.00	\$2,000.00	\$5,000.00
Retirement	\$4,004.16	\$4,119.16	\$5,000.00
Insurance*	\$17,500.00	\$18,000.00	\$20,000.00
TOTALS	\$106,787.40	\$133,279.81	\$128,000.00
Office car furnished			
Church Relations Officer: Sam McVay			
Salary	\$62,083.24	\$75,486.59	\$86,092.56
Housing	\$18,000.00	\$30,000.00	\$30,000.00
Utilities	\$5,200.00	\$3,135.91	\$5,000.00
Retirement	\$4,004.16	\$4,119.16	\$5,000.00
Insurance*	\$17,500.00	\$18,000.00	\$20,000.00
TOTALS	\$106,787.40	\$130,741.66	\$146,092.56
Office car furnished			
Master's Men Director/Chief Financial Officer: Ken Akers			
Salary	\$ 57,945.74	\$ 84,207.24	\$ 64,295.88
Housing	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00
Utilities	\$ 5,300.00	\$ 3,200.00	\$ 5,000.00
Retirement	\$ 4,119.16	\$ 4,119.16	\$ 5,000.00
Insurance*	\$ 18,000.00	\$ 18,000.00	\$ 20,000.00
TOTALS	\$ 109,364.90	\$ 133,526.40	\$ 118,295.88
Office car furnished			
Cross Cultural Officer: Rick Bowling			
Salary	\$ 57,945.74	\$ 71,253.99	\$ 88,295.88
Housing	\$ 21,600.00	\$ 21,600.00	\$ 21,600.00
Utilities	\$ -	\$ -	\$ -
Retirement	\$ -	\$ -	\$ -
Insurance*	\$ -	\$ -	\$ -
TOTALS	\$ 79,545.74	\$ 92,853.99	\$ 109,895.88
Office car furnished			

2023 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

Proposed 2024 Budget

	Administrative	Church Planter	Total
Salaries/Housing	\$700,000.00	\$2,600,000.00	\$3,300,000.00
Retirement	\$17,000.00	\$61,000.00	\$78,000.00
Insurance	\$155,000.00	\$63,000.00	\$218,000.00
Auto and Travel	\$260,000.00	\$176,000.00	\$436,000.00
Postage	\$15,000.00	\$1,000.00	\$16,000.00
Printing	\$50,000.00	\$6,000.00	\$56,000.00
Promotion/Adv.	\$120,000.00	\$25,000.00	\$145,000.00
Off. Supplies/Maint.	\$50,000.00		\$50,000.00
ONE Magazine	\$85,000.00		\$85,000.00
Utilities	\$32,000.00		\$32,000.00
Board Expense	\$15,000.00		\$15,000.00
Literature	\$3,000.00	\$15,000.00	\$18,000.00
Rent	\$80,000.00		\$80,000.00
Phone/Fax	\$2,000.00		\$2,000.00
Depreciation	\$55,000.00		\$55,000.00
Payroll Taxes	\$15,000.00		\$15,000.00
Medicare Taxes	\$4,000.00		\$4,000.00
Legal/Audit	\$15,000.00		\$15,000.00
Misc.	\$100,000.00	\$100,000.00	\$200,000.00
Scholarships	\$5,000.00		\$5,000.00
Flowers/Gifts	\$55,000.00		\$55,000.00
Misc. Receipts		\$2,000.00	\$2,000.00
Land/Building		\$100,000.00	\$100,000.00
FM Exchange		\$18,000.00	\$18,000.00
TOTALS	\$1,833,000.00	\$3,167,000.00	\$5,000,000.00



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, 2022 and 2021, 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, 2022 and 2021, 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 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.

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 26, 2023

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>		
		<u>2022</u>	<u>2021</u>
ASSETS			
Cash		\$ 10,436,321	\$ 11,474,063
Investment in the Free Will Baptist Foundation		24,409,972	9,409,972
Investment in the Free Will Baptist Board of Retirement		865,822	1,030,315
Investment in the Free Will Baptist Ministries Partnership		750,000	750,000
Notes receivable, net of allowance for doubtful accounts of \$802,418 (\$879,043 in 2021)		81,547,048	84,002,499
Accrued interest receivable		428,833	437,708
Welch College line of credit		600,000	-
Property & equipment, at cost less accumulated depreciation of \$49,387 (\$49,387 in 2021)		-	-
TOTAL ASSETS		<u>\$ 119,037,996</u>	<u>\$ 107,104,557</u>
<u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Accrued interest		\$ -	\$ 926
Irrevocable trusts		875,128	1,401,162
Notes payable		115,003,277	102,439,845
Other accrued liabilities		5,685	5,685
Total liabilities		<u>115,884,090</u>	<u>103,847,618</u>
NET ASSETS			
Without donor restrictions			
Operating		3,153,906	3,256,939
Total Net Assets		<u>3,153,906</u>	<u>3,256,939</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 119,037,996</u>	<u>\$ 107,104,557</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
	<u>Without Donor Restrictions</u>	
REVENUES		
Investment income	\$ 881,781	\$ 164,781
Unrealized gain (loss) on value of investment	(164,493)	30,315
Interest income on notes receivable	<u>5,118,900</u>	<u>5,118,565</u>
Total revenue	<u>5,836,188</u>	<u>5,313,661</u>
EXPENSES		
Program expenses		
Interest expense	4,623,584	3,712,321
Build My Church Project expense	63,784	40,000
Bad debt expense	<u>(76,625)</u>	<u>-</u>
Total program expenses	<u>4,610,743</u>	<u>3,752,321</u>
Operating expenses		
Office expense	2,494	16,889
Management fee - Note 4	1,250,000	995,000
Promotion	-	39,418
Professional fees	54,942	74,244
Unrelated Business Income Tax	<u>21,042</u>	<u>27,043</u>
Total operating expenses	<u>1,328,478</u>	<u>1,152,594</u>
Total expenses	<u>5,939,221</u>	<u>4,904,915</u>
Increase (decrease) in operating net assets	<u>(103,033)</u>	<u>408,746</u>
Net assets - beginning of year	<u>3,256,939</u>	<u>2,848,193</u>
Net assets - end of year	<u><u>\$ 3,153,906</u></u>	<u><u>\$ 3,256,939</u></u>

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

CHURCH EXTENSION LOAN FUND, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (103,033)	\$ 408,746
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debt expense	(76,625)	-
(Gain) loss on value of investment	164,493	(30,315)
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	8,875	(34,136)
Increase (decrease) in other accrued liabilities	-	(19,999)
Increase (decrease) in accrued interest payable	(926)	76
Net Cash Provided (Used) By Operating Activities	<u>(7,216)</u>	<u>324,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to notes and bonds receivable	(6,707,423)	(22,108,402)
Collection on notes receivable	9,239,499	18,234,415
Purchase of Free Will Baptist Board of Retirement investment	-	(1,000,000)
Purchase of Free Will Baptist Foundation investment	(15,000,000)	(8,160,770)
Additions to Welch line of credit	(600,000)	-
Net Cash Provided (Used) By Investing Activities	<u>(13,067,924)</u>	<u>(13,034,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Additions to trust	84,107	98,810
Terminations of trust	(610,141)	(78,815)
Additions to notes payable	26,708,184	28,824,801
Repayment of notes payable	(14,144,752)	(9,156,306)
Net Cash Provided (Used) by Financing Activities	<u>12,037,398</u>	<u>19,688,490</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,037,742)</u>	<u>6,978,105</u>
Cash and cash equivalents at beginning of years	<u>11,474,063</u>	<u>4,495,958</u>
Cash and cash equivalents at end of years	<u><u>\$ 10,436,321</u></u>	<u><u>\$ 11,474,063</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest received	<u><u>\$ 6,009,556</u></u>	<u><u>\$ 5,279,525</u></u>
Interest paid	<u><u>\$ 4,624,510</u></u>	<u><u>\$ 3,712,245</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, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

The Church Extension Loan Fund, Inc., is a nonprofit organization under the direction of the Free Will Baptist North American Ministries, Inc. located in Antioch, Tennessee. The purpose of the Fund is to loan money to Free Will Baptist Churches, primarily North American Ministries 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 \$259,181 unrelated business income for 2022 (\$262,815 for 2021).

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, 2022 AND 2021

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:

	2022	2021
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 2021) 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 Directors changes the interest rates on these notes payable as other interest rates change.

4. RELATED PARTY TRANSACTIONS

The Fund paid the Free Will Baptist North American Ministries, Inc. a management fee of \$1,250,000 (\$995,000 at December 31, 2021) to reimburse the North American Ministries for salary, rent and other expenses paid by the North American Ministries. The Fund had accounts payable to the North American Ministries in the amount of \$-0- (\$-0- at December 31, 2021).

Several directors and trustees were invested in the Church Extension Loan Fund's notes payable described in Note 3 at December 31, 2022. 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, 2022 AND 2021

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 \$63,784 (\$40,000 at December 31, 2021) were made during the year to the land funds of two North American Ministries' 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 North American Ministries 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, 2022 was \$187,750 (\$187,750 at December 31, 2021).

6. CONCENTRATION OF CREDIT RISK

The Fund maintains cash deposits in excess of the federally insured amount of \$250,000. At December 31, 2022, the excess amount over the federally insured limit was \$10,186,321 (\$11,224,063 in 2021). 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 \$24,409,972 (\$9,409,972 at December 31, 2021) invested with the Free Will Baptist Foundation, Inc. at December 31, 2022.

7. CONCENTRATION

Included in notes receivable at December 31, 2022 are seventeen loans which total \$51,120,259 (twenty-one which total \$55,837,683 in 2021). This balance represents 62.08% (65.79% in 2021) of total notes receivable.

Notes payable include forty-four notes which total \$52,361,683 or 45.53% (thirty-eight notes which total \$45,338,845 or 44.21% in 2021) 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, 2022, 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, 2020 through 2022 are subject to examination.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 amounted to \$107,403 (\$101,254 at December 31, 2021).

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:

	2022	2021
Investment in the Free Will Baptist Foundation	\$ 24,409,972	\$ 9,409,972
Income earned on the trust	\$ 868,230	\$ 160,771

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:

	2022	2021
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:

	2022	2021
Investment in the FWB Board of Retirement	\$ 865,822	\$ 1,030,315
Income earned on the investment	(\$ 164,493)	\$ 30,315

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

13. 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, 2022			
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 24,409,972	\$ -	\$ 24,409,972
Invest. in the FWB Ministries Partnership	750,000	-	750,000
Investment in the FWB Bd of Retirement	865,822	865,822	-
	<u>\$ 26,025,794</u>	<u>\$ 865,822</u>	<u>\$ 25,159,972</u>
Fair Value Measurements at December 31, 2021			
	Fair Value	(Level 1)	(Level 2)
Investment in the FWB Foundation	\$ 9,409,972	\$ -	\$ 9,409,972
Invest. in the FWB Ministries Partnership	750,000	-	750,000
Investment in the FWB Bd of Retirement	1,030,315	1,030,315	-
	<u>\$ 11,190,287</u>	<u>\$ 1,030,315</u>	<u>\$ 10,159,972</u>

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

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

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

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input. There were no Level 3 investments.

CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

14. NOTES RECEIVABLE

The Fund loans money to Free Will Baptist Churches, primarily North American Ministries 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 2021) over a fifteen to twenty year period except for churches still under construction which are required to pay interest only. The Board of Directors 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 \$802,418 (\$879,043 in 2021) 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:

	2022	2021
Beginning balance	\$ 879,043	\$ 879,043
Loan written off	-	-
Current year provision	(76,625)	-
Ending balance	<u>\$ 802,418</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:

	2022	2021
Loans evaluated individually	<u>\$ 802,418</u>	<u>\$ 879,043</u>

The ending balance of notes evaluated individually as follows:

Loans evaluated individually	<u>\$ 25,532,243</u>	<u>\$ 13,819,184</u>
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CHURCH EXTENSION LOAN FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

15. 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, 2022 was \$-0- (\$-0- for 2019).

The following tables provide informative data at December 31, 2022 and 2021 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, 2022		For the Year Ended December 31, 2022	
Recorded Investment In Impaired Notes	Unpaid Principal Balance of Impaired Notes	Allowance for Doubtful Accounts on Impaired Notes	Average Recorded Investment In Impaired Notes
\$25,532,243	\$25,532,243	\$ 802,418	\$ 1,021,290
			\$ -

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

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
\$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, 2022 AND 2021

16. 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, 2022. The amount shown as past due represent the total amount of loans in each category that have past due amounts.

	Financing Receivables Past Due			Total Financing Receivables on Greater and Still Accruing Interest		
	Current	30-59 Days	60-89 Days	90 Days or Greater	Total Past Due	Total Financing Receivables
Notes receivable	\$56,817,223	\$1,826,618	\$12,996,100	\$10,709,525	\$25,532,243	\$82,349,466
						\$3,770,994
						\$6,938,531

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, 2022 AND 2021

17. 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.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 118,609,163	\$ 106,666,849
Less those unavailable for general expenditures within one year due to:		
Reserved for holders of notes payable	(115,003,277)	(102,439,845)
Reserved for holders of irrevocable trusts	(875,128)	(1,401,162)
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>\$ 543,008</u>	<u>\$ 638,092</u>

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated by Management through April 26, 2023 which is the date the financial statements were available to be issued.

19. 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 2022 the balance on the account was \$600,000.



Master's Men
National Association of Free Will Baptists
Post Office Box 5002
ANTIOCH, TN 37011-5002

2022 North American Ministries/Master's Men Report

2022 was filled with travel and many work opportunities for Master's Men.

Many men's retreats were on the schedule, from California to Florida and from Michigan to Mississippi.

We were able to be involved in several fellowship activities including the Deep South Golf Tournament and events at the three Free Will Baptist Colleges.

We again led the way at the National Convention with IMPACT, where we partnered with The Salvation Army to work with the homeless of Birmingham.

During the Convention, we handled all the ushering duties for services and business sessions.

Last year Master's Men Disaster Response Teams were busy working in several states to help with cleanup from tornados, hurricanes and floods. We thank the many volunteers and those that donated to help in these times. We were able to organize four new DRT groups and purchase much needed equipment and supplies for these groups.

We were able to provide much needed study material through our Direction Bible Study Series to men's groups.

Master's Men continues to assist our churches, our denomination and our Savior through opportunities to serve.

What can we do for you?

Kenneth W Akers, Director



2022-2023 Historical Commission Report

When Robert E. Picirilli's name first appeared in the 1973 NAFWB minutes as a member of the Historical Commission, his passion for Free Will Baptist history had already existed for decades. Through the five decades that followed, Dr. Picirilli became the cornerstone of the commission. He poured himself into the tasks of acquiring, organizing, and cataloguing denominational historical materials, first as a commission member, then chair, and then curator of the growing collection.

The results of his efforts are phenomenal. According to current curator Phillip Morgan, as of May 2023, the Free Will Baptist Historical Collection holds 3,854 distinct "entries." Most entries contain multiple items. And, in some cases, a single entry represents a century or more of a particular publication or the minutes of an association. In short, today, the historical collection is *massive*. "While we don't have an exact number," Morgan observes, "the collection today *easily* reaches into the hundreds of thousands of historical documents, books, and records."

In addition to his work with the collection, Picirilli also has been instrumental in researching and writing on Free Will Baptist history, from pamphlets and books to essays, articles, and the occasional personal letter to remind churches and clerks how important it is to preserve and donate historical materials. In more recent years, Dr. Picirilli guided the commission through its expansion into the digital world, scanning and posting historical content to FWBHistory.com, now one of the largest online repositories of doctrinal history for any denomination.

With these things in mind, on behalf of all Free Will Baptists, the Historical Commission offers deep-felt appreciation to Robert Picirilli for all he has done to preserve and tell the history of Free Will Baptists for the next generation.

2022-2024 Budgets | Free Will Baptist Historical Commission

	2022 Budget	2022 Actuals	2023 Budget	2024 Budget
Income				
Gifts (Together Way)	\$5,500.00	\$4,308.18	\$5,500.00	\$5,500.00
Interest	15.00	24.01	10.00	25.00
Sale of Pamphlets	300.00	286.36	150.00	300.00
Rest of the Family Offering	15.00	66.19	20.00	35.00
Other	0.00	100.00	0.00	0.00
Total Income	5,830.00	\$4,684.74	\$5,680.00	\$5,860.00
Expenses				
Librarian/Curator Expense	2,100.00	2,500.00	2,500.00	2,500.00
Materials, Postage, Software	1,500.00	139.33	1,500.00	1,500.00
Publishing Projects	1,600.00	525.59	1,100.00	1,000.00
Meeting Expenses	250.00	0.00	200.00	210.00
NAFWB Digest	80.00	79.52	80.00	50.00
Website Expense	300.00	0.00	300.00	300.00
Other	0.00	0.00	0.00	300.00
Total Expenses	\$5,830.00	\$2,624.69	\$5,680.00	\$5,860.00

Financial Report 2022
Free Will Baptist Historical Commission

Balance on hand (checking at Regions Bank) 12/31/2021\$14,815.07

Deposits

Coop/Together Way (10 months).....4,308.18

Interest (Regions Bank) 24.01

Sales of booklets (Randall House) 286.36

Rest of Family offering (two).....66.19

Total\$4,684.74

Expenditures

Phillip Morgan: stipend3,000.00

(actually 2,500, but final 2021 check cleared in 2022)

Harland Clarke Co., checks 22.00

Convention Fund, 202138.00

Convention Fund, 202241.52

Randall House, reprinting feet-washing pamphlet..... 525.59

Total\$3,627.11

Balance on hand (checking at Regions Bank) 12/31/2022\$15,872.70

Add: Trust Fund at FWB Foundation 12/31/2022 (gained \$1,022.02 in 2022)\$40,856.60

Total on hand 12/31/2022.....\$56,729.30

Robert E. Picirilli, Treasurer

Music Commission Report

The Music Commission was created 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 tutorials, articles, and links to help 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.

During 2022 we brought the Onsite Worship Workshop project to fruition. We conducted the two-day events in six Free Will Baptist churches. The format provides the opportunity for the workshop leader (a Music Commission member) to review Biblical principles of worship to encourage and inspire the people involved in leading the various aspects of the church's worship ministry. Technical coaching is a key component of the workshop as well. We address the concerns the pastor and worship leader have expressed and inject our own recommendations based on our observations of the rehearsal time together.

Our involvement to assist the Executive Department with the convention services last year increased due to the welcome lifting of restrictions on the music personnel. It was a blessing to have a full in-person choir again. Transitions within the Commission following the convention found us in a temporary pause in our projects for the fall of 2022 and spring of 2023. We anticipate returning to high gear in the fall months of 2023.

Your suggestions and requests are always welcomed 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

James Stevens

MUSIC COMMISSION FINANCIAL SUMMARY 2022

Beginning Balance (01/01/2022)		\$12,308.30
Income		\$ 8,422.95
Together Way (undesignated)	4,903.47	
Together Way (designated)	354.00	
Other gifts	875.00	
Rest of the Family offering	27.91	
Endowment gifts	62.57	
Workshop fees	2,200.00	
Expenses		\$ 5,699.86
Meetings	209.91	
Convention	1,508.40	
Projects	3,981.55	
Office Expenses	-0-	
Ending Balance (12/31/2022)		\$15,031.39

MUSIC COMMISSION BUDGET COMPARISONS

	2022 Budget	2022 Actual	2023 Budget	2024 Budget
Income				
Together Way (undesignated)	\$5,000.00	\$4,903.47	\$5,500.00	\$5,500.00
Together Way (designated)	\$1,000.00	\$354.00	\$1,000.00	\$1,000.00
Rest of the Family Offering	\$20.00	\$27.91	\$20.00	\$50.00
Direct gifts	\$500.00	\$875.00	\$500.00	\$500.00
Projects	\$2,000.00	\$2,200.00	\$2,000.00	\$1,000.00
Other	\$300.00	\$62.57	\$300.00	\$300.00
Totals	\$6,300.00	\$8,422.95	\$9,320.00	\$8,350.00
Expenses				
Meetings	\$2,500.00	\$209.91	\$2,500.00	\$2,500.00
Convention	\$500.00	\$1,508.40	\$500.00	\$2,000.00
Projects	\$3,200.00	\$3,981.55	\$3,200.00	\$3,750.00
Office Expenses and Misc	\$200.00	-0-	\$100.00	\$100.00
Totals	\$5,800.00	\$5,699.86	\$6,300.00	\$8,350.00

**Free Will Baptist Media Commission Report
for the National Association of Free Will
Baptists**

Raleigh, North Carolina

July, 2023

Over the last year the Lord has continued to bless the FWB Media Commission allowing us to utilize our talents and gifts to serve our denomination and our churches.

We are extremely grateful to the FWB Foundation for awarding us a Grant last year to improve our livestream quality by purchasing new equipment. The equipment purchased enabled the commission to enhance and extend the Convention livestream opportunities in multiple ways. One of our main focuses at last year's Convention was to provide an inclusive stream that met the needs of not only English and Spanish listeners but also ASL (American Sign Language). With our new equipment, we were able to include an ASL stream embedded in the Convention stream. These funds also allowed us to improve our Spanish stream through the Hispanic NAFWB Facebook page and provide a greater listening clarity through the in-house Spanish assisted listening devices.

Our team is committed to assisting our churches with training and resources to reach our communities and world with the Gospel. Our team is made up of individuals who have audio, video, social media and marketing and graphic design backgrounds. If there is any way in which we can assist you and your church, please reach out to us via our Facebook page (Free Will Baptist Media Commission) or contact us individually.

Our primary focus is to continue to enhance the livestream for the Convention and Leadership Conference. We also continue to network with media teams across the denomination to provide resources and training improving local churches in their weekly activities via online or in person. Please encourage your media teams to connect with us on Facebook via our group page called Free Will Baptist Media Teams to network together. This page is a great place to ask questions, see what other churches are doing and discuss new ideas. We look forward to networking with media teams from all over the denomination.

Thank you for allowing us to serve our Lord through the denomination.

Respectfully Submitted,

Stephen Lopes (TN), Chairman

Josh Owens (TN), Treasurer

Jeremy Smith (NC)

Adrian Holland (TN)

Devon Dundee (AR)

FWB Media Commission Comparative Budget Analysis

April 1, 2022-March 31, 2023

	2022-23 Budget	2022-23 Actual	Difference	2023-24 Budget
INCOME				
Together Way (Undesignated)	\$4,750.00	\$5,051.62	\$301.62	\$4,750.00
Together Way (Designated)	\$100.00	\$99.00	-\$1.00	\$100.00
Rest of the Family Offering	\$15.00	\$39.21	\$24.21	\$25.00
Bill Gardner Memorial Gift	\$45.00	\$52.72	\$7.72	\$50.00
Other Gifts	\$4,515.00	\$3,000.00	-\$1,515.00	\$3,000.00
Free Will Baptist Foundation Grant (1-time)	\$0.00	\$39,600.00	\$39,600.00	\$0.00
TOTAL INCOME	\$9,425.00	\$47,842.55	\$38,417.55	\$7,925.00
EXPENSES				
Office Supplies	\$75.00	\$152.83	-\$77.83	\$100.00
Video Streaming (Vimeo)	\$225.00	\$217.41	\$7.59	\$0.00
Digest of Reports	\$75.00	\$66.27	\$8.73	\$80.00
Convention Streaming Service (Internet & Rental)	\$850.00	\$0.00	\$850.00	\$1,000.00
Equipment Upgrades/Repairs	\$2,500.00	\$32,032.00	-\$29,532.00	\$5,000.00
Convention Supplies	\$150.00	\$901.50	-\$751.50	\$250.00
Convention/Leadership Conference Travel and Lodging	\$3,500.00	\$5,239.10	-\$1,739.10	\$5,500.00
Convention/Leadership Conference Meals	\$1,000.00	\$1,151.05	-\$151.05	\$1,200.00
Convention Seminar	\$0.00	\$0.00	\$0.00	\$50.00
Software/Subscriptions	\$500.00	\$1,296.00	-\$77.83	\$250.00
Development and Training	\$500.00	\$0.00	\$500.00	\$500.00
TOTAL EXPENSES	\$9,375.00	\$41,056.16	-\$31,681.16	\$13,930.00

The Report of the Commission for Theological Integrity

The purpose of the Commission for Theological Integrity is threefold: (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 3–4, 2022, we sponsored our twenty-fifth annual Theological Symposium on the campus of Welch College in Gallatin, Tennessee. The Symposium featured papers on the thought of Robert E. Picirilli, including an interview with Dr. Picirilli at the end of the event.

Our twenty-sixth annual Theological Symposium will meet October 2–3, 2023, on the campus of Randall University in Moore, Oklahoma. For more information on the Symposium, please contact program chairman Cory Thompson at fwbtheology@gmail.com.

The Commission has been working on the report the National Association directed it to prepare at the 2022 Annual Session regarding divorced and remarried ministerial and diaconal candidates. This has preempted work on future initiatives. These include the next issue of *Integrity: A Journal of Christian Thought* as well as the publication of a new occasional supplement to *Integrity* that will consist of substantive theological articles that are shorter than typical *Integrity* articles. The latter initiative is made possible by a generous grant from the Free Will Baptist Foundation. We continue to publish occasional theological essays at our blog, FWBTheology.com.

This year's Theological Integrity Seminar at the Annual Session will consist of a presentation of the Commission's report on divorced and remarried ministerial and diaconal candidates.

The Commission for Theological Integrity and its work are valuable in our day of increasing consumerism and secularism in American culture. These cultural issues have decreased concern for theology in general and the distinctive theology of the Free Will Baptist Church in particular. We appreciate the support and prayers of the National Association of Free Will Baptists as our denomination navigates these difficult waters.

Respectfully submitted,

Matt Pinson (chairman),
for the Commission for Theological Integrity:
Kevin Hester (secretary)
Rodney Holloman
Cory Thompson
Jackson Watts

2022
Commission for Theological Integrity
Financial Report

Bank Balance - January 1, 2022		\$7,615.16
Commission Income		
The Together Way	\$5,059.23	
Theological Symposium Papers	336.63	
Gifts	<u>46.22</u>	
Total Commission Income	5,442.08	
Journal Income		
FWB Foundation Grant	<u>10,000.00</u>	
Total Income		15,442.08
Commission Expenses		
Bookkeeping	400.00	
National Seminar/Digest of Reports	91.52	
Annual Meeting and Symposium Expenses	2,519.95	
Miscellaneous Office Expenses	<u>2.73</u>	
Total Commission Expenses	3,014.20	
Journal Expenses	<u>0.00</u>	
Total Expenses		<u>3,014.20</u>
Bank Balance - December 31, 2022		<u>\$20,043.04</u>

2024
Commission for Theological Integrity
Budgets

	2022 Budget	2022 Actuals	2023 Budget	2024 Budget
Income				
Gifts	\$10,100.00	\$10,046.22	\$700.00	\$700.00
Journal Income	200.00	0.00	250.00	250.00
Theological Symposium Papers	200.00	336.63	350.00	350.00
Together Way Plan	<u>5,300.00</u>	<u>5,059.23</u>	<u>5,500.00</u>	<u>5,500.00</u>
Total Income	<u>15,800.00</u>	<u>15,442.08</u>	<u>6,800.00</u>	<u>6,800.00</u>
Expenses				
Annual Meeting/Symposium	2,500.00	2,519.95	4,000.00	2,800.00
Bookkeeping	400.00	400.00	400.00	400.00
Journal Expenses	11,000.00	0.00	1,000.00	3,500.00
National Seminar/Digest	750.00	91.52	750.00	750.00
Office Expenses	<u>350.00</u>	<u>2.73</u>	<u>350.00</u>	<u>350.00</u>
Total Expenses	<u>\$15,000.00</u>	<u>\$3,014.20</u>	<u>\$6,500.00</u>	<u>\$7,800.00</u>

2023 Election Schedule For Standing Boards and Commissions

Board of Retirement and Insurance

2025 — Lance Boyer (Missouri)
Don Myers (Michigan)
Randy Wilson (Oklahoma)

2027 — Joel Franks (Alabama)
Brent Nix (Northwest)
Clayton Hampton (Northwest)

To be elected in 2023:

2029 — _____

Board of FWB Foundation

(Members include directors of national agencies.)

2025 — Brent Patrick (Virginia)
Hubert Stafford (Georgia)
Corey Minter (Tennessee)

2027 — Gene Williams (North Carolina)
Scott Coghill (North Carolina)
Lee Allen (Arkansas)

To be elected in 2023:

2029 — _____

Board of North American Ministries

2025 — Jeff Jones (North Carolina)
Bob Brown (Florida)
Frank Wiley (Oklahoma)

2027 — Jose Rodriguez (Tennessee)
Mike Cash (Arizona)
Marshall Boney (Virginia)

To be elected in 2023:

2029 — _____

Historical Commission

2024 – Robert Picirilli (Tennessee)

2025 – Eric Thomsen (Tennessee)

2026 – Jim McComas (Tennessee)

2027 – Willie Martin (Georgia)

2028 – _____

Music Commission

2024 – Kevin Justice (North Carolina)

2025 – Bryan Hughes (North Carolina)

2026 – Joshua Riggs (Oklahoma)

2027 – Doug Little (Tennessee)

2028 – _____

Media Commission

2024 – Josh Owens (Tennessee)

2025 – Jeremy Smith (North Carolina)

2026 – Adrian Holland (Tennessee)

2027 – Devon Dundee (Arkansas)

2028 – _____

Commission for Theological Integrity

2024 – Cory Thompson (Oklahoma)

2025 – Rodney Holloman (Tennessee)

2026 – W. Jackson Watts (Missouri)

2027 – Kevin Hester (Tennessee)

2028 – _____

General Board

2024 — North Carolina: Reuben Cason
Northeast: Bill Reynolds
Northwest: Justin Traver
Ohio: Ben Crabtree
Oklahoma: Dick Terry
South Carolina: Chris Todd
Tennessee: Chris Dotson
Texas: John Collier
Virginia: Bruce Barnes
West Virginia: James Cox, Jr.

2025 —Alabama: Danny Williams
Arizona: John Gibson
Arkansas: David Taylor
Assn of Mexico: Luis-Felipe Tijerina
Atlantic-Canada: Oral McAfee
California: Mike Kilcrease
Colorado: Terry Miller
David Marks Heritage: Tom Jones
Florida: Allan Austin
Georgia: Tim Horne
Idaho:
Illinois: David Shores

To be elected in 2023:

2026 —Indiana: _____

Iowa: _____

Kansas: _____

Kentucky: _____

Mexico Assn: _____

Michigan: _____

Mid-Atlantic: _____

Mississippi: _____

Missouri: _____

Executive Committee

2024 —Chris Todd (South Carolina)
Chris Dotson (Tennessee)
Reuben Cason (North Carolina)

2025 —David Taylor (Arkansas)
Danny Williams (Alabama)
Mike Kilcrease (California)

To be elected in 2023:

2026 — _____

General Officers of the Executive Committee

2025 — Moderator: Tim York (Tennessee)
Assistant Clerk: Ernie Lewis (Illinois)

To be elected in 2023:

2027 — _____

The following boards do not elect members in 2023:

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)

2028 — Darin Gibbs (North Carolina)
Tim York (David Marks Heritage)
Jay Baines (Virginia)

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)

2028 — Cameron Lane (Arkansas)
Will Harmon (Arkansas)
Rodney Yerby (Alabama)

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)

2028 — Rusty Campbell (Tennessee)
Brad Ryan (Illinois)
Wayne Miracle (Georgia)

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)

2028 — Sharon Dickey (Texas)
Jonda Patton (Kentucky)
Lee Ann Wilfong (Missouri)

Minutes of the 86th National Association of Free Will Baptists July 24-27, 2022, Birmingham, Alabama

Proceedings

The 86th annual session of the National Association of Free Will Baptists, Inc. met July 24-27, 2022, at the Birmingham-Jefferson Convention Complex in Birmingham, Alabama. "Go the Extra Mile" was the theme of the meeting. Ryan Lewis served as convention manager, and Kevin Justice as convention worship services coordinator.

Sunday School – July 24, 2022

Sunday School began at 9:30 a.m. with Kevin Justice leading the congregation in singing "Blessed Be the Name." Eddie Moody welcomed the body to the convention. Theron Scott introduced Sunday School teacher, Rett Floyd, deacon at Horse Branch Free Will Baptist Church in Turbeville, South Carolina. Bro. Floyd 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 24, 2022

The service began at 10:30 a.m. with Kevin Justice leading the congregation in singing, "At Calvary" and "Living Hope." Rodney Yerby read Matthew 5:38-48. Eddie Moody welcomed the body, led in prayer, and called for the offering. The praise team sang "How Can It Be?" with Jacklyn Reed as soloist. The congregation sang "The Old Rugged Cross" and "Glorious Day" with Kristen Crabtree as soloist. Theron Scott introduced the speaker. A men's ensemble sang "I Believe in a Hill Called Mount Calvary." Chris Todd, executive secretary of the South Carolina State Association of Free Will Baptists, brought the message on "Go the Extra Mile in Practicing Forgiveness" from Luke 15:11-32. The praise team sang, "Living Hope." Eddie Moody shared announcements and closed the service with prayer.

Feet Washing Service – July 24, 2022

A special feet washing service was held at 3:00 p.m. The service began with Kevin Justice leading the congregation in singing "O, How I Love Jesus" and "Jesus, Lord to Me." Eddie Moody welcomed the group and led in prayer. Dr. Kevin

Hester shared a message on the washing of the saints' feet from John 13. The ordinance was practiced by the group. Jonathan Locklear dismissed the service with prayer.

Evening Worship – July 24, 2022

The service began at 7:00 p.m. with Kevin Justice leading the congregation in singing "Since Jesus Came Into My Heart." Eddie Moody welcomed the body, called for the offering, and led in prayer. The choir sang "Hallelujah for the Cross." Matt Mouser read Matthew 18:15-35, and the congregation sang "Worthy is the Lamb." The body observed communion, with Eddie Moody leading the ordinance. First Corinthians 11:23-26 was read and prayer offered. The group partook of the bread and then sang, "At the Cross." First Corinthians 11:25 was read and prayer offered prior to partaking of the cup. "O the Blood" with soloist Lynsey Riggs was sung by the congregation. The choir sang "I Speak Jesus" with Kevin Denton and Meredith Locklear providing solos. Jason Miller introduced the speaker. Tim Baumgarten, pastor of First Free Will Baptist Church of Northport, Alabama, brought the message on "Go the Extra Mile to Protect Our Brother" from Romans 14:1-23. "I Speak Jesus" was sung as the invitation, and Eddie Moody closed the service in prayer.

Monday Evening – July 25, 2022

The service began at 7:00 p.m. with Kevin Justice leading the congregation in singing "Great Things." Jason Miller welcomed the body to Alabama and presented welcome baskets to Moderator Tim York and Executive Secretary Eddie Moody. Eddie Moody welcomed the body, called for the offering, and prayed for the service. The choir sang "The Healer" with Stacie Compton as soloist. The congregation sang "No One Ever Cared for Me Like Jesus" with Steve Trail as soloist. The congregation sang "I Need Thee Every Hour" and "Lord, I Need You" with Jonathan Huff as soloist. "Hymn of Heaven" was sung by the congregation, and Melanie Franks read 1 Corinthians 13. Wayne Bess introduced the speaker, and Jim McComas, executive director and CEO of Free Will Baptist Family Ministries, preached on "Go the Extra Mile in Helping the Hurting" from Luke 8:40-48. "I Speak Jesus" was sung as the invitation. Eddie Moody offered a prayer for the congregation. Clerk Randy Bryant called the meeting to order and introduced the moderator, Dr. Tim York. The moderator announced the following committees and closed in prayer.

Resolution Committee

Stan Bunch (MO) – Chairman

Mike Trimble (MI)

Jeff Jones (NC)

Chris Todd (SC)

Jeremy Estep (KY)

Nominating Committee

Ben Crabtree (OH) – Chairman

William Smith (GA)

Tim Eaton (OK)

Isaiah Hatfield (WV)

Terry Hindes (IN)

David Taylor (AR)

Elizabeth Hodges (TN)

Tuesday Afternoon – July 26, 2022

Moderator Tim York called the business session to order at 1:30 p.m. He brought a message on “Ministry Philosophy” from Acts 20:28-35 and 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 the reports of the Executive Office, *ONE Magazine*, and Building Services.

Auditor Terry Hill gave the financial reports. Motion passed to receive the report and adopt the budgets. David Shores was recognized for his tenure on the Executive Committee.

The clerk read the nomination for the unexpired 2024 term for General Board for Northwest Association. Justin Traver was elected for that position.

The clerk read the nominations for the 2025 terms for the General Board. The slate nominated was elected.

The clerk read the nominations for 2025 terms on the Executive Committee. David Taylor (AR), Danny Williams (AL), and Mike Kilcrease (CA) were elected.

Director David Brown gave the Free Will Baptist Foundation report. Richard Davis gave the financial report. Motion passed to receive the report and adopt the budget.

Director David Crowe gave the North American Ministries report. Board Chairman Jeff Jones recognized Brian and Emily Williams for establishing a self-supporting church in Buffalo, New York, and Marc and Casie Nepl and Kevin and Beth Bass were recognized for establishing a self-supporting church in Portsmouth, Virginia. Motion passed to receive the report and adopt the budget.

The clerk read Item 2 of the General Board report. Motion passed to table the item.

Director John Brummitt gave the Board of Retirement report. Motion passed to receive the report and adopt the budget.

Doug Little gave the Music Commission report. Motion passed to receive the report. Doug Little was elected to the 2027 term on the commission.

Josh Owens gave the Media Commission report. Motion passed to receive report. Devon Dundee (AR) was elected to the 2027 term on the commission.

Matthew Pinson gave the Commission for Theological Integrity report. Motion passed to receive the report. Kevin Hester (TN) was elected to the 2027 term on the commission.

Eric Thomsen gave the Historical Commission report. Motion passed to receive the report. Willie Martin (GA) was elected to the 2027 term on the commission.

Eddie Moody shared a prayer request for Greg Floars and for Brad Ransom's family. Ken Akers led in prayer for these requests.

Tuesday – July 26, 2022

The service began at 7:00 p.m. with Kevin Justice leading the congregation in singing "This Is Amazing Grace" and "Your Grace Is Enough." Eddie Moody welcomed the body and prayed for the service. The congregation sang "Grace Greater Than Our Sin" and "He Giveth More Grace," with Doug Little as soloist. Jason Miller read Mark 2:13-17. Eddie Moody called for the offering and prayed for the offering. The choir, with Kevin Denton as soloist, sang, "My King Is Known by Love." William Smith introduced the speaker and "I Speak Jesus" with Fawn Gibson as soloist was sung by the congregation. Kent Barwick, pastor of the Colquitt Free Will Baptist Church in Colquitt, Georgia, preached on "Go the Extra Mile to Reach the Hard to Reach" from John 4:1-10. Eddie Moody closed the service in prayer.

Wednesday – July 27, 2022

The morning business session began at 9:00 a.m. with Assistant Moderator William Smith reading Psalm 121 and leading in prayer.

Director Clint Morgan gave the IM, Inc. report. Rob Conley gave the financial report. Motion passed to receive the report and adopt the budget. Jerry and Barbara Gibbs were recognized for 50 years of service to IM with the presentation of a globe. Neil Gilliland was recognized for his 26 years of service to IM with the presentation of a watch. Will Harmon (AR), Cameron Lane (AR), and Rodney Yerby (AL) were elected to 2028 terms on the board.

President Matthew Pinson gave the Welch College report. Craig Mahler gave the financial report. Motion passed to receive the report and adopt the budget. Mike Armstrong was recognized with a plaque for two terms of service on the college board. Rusty Campbell (TN), Brad Ryan (IL), and Wayne Miracle (GA) were elected to 2028 terms on the board.

Interim Director Phyllis York gave the WNAC report. Terry Hill gave the financial report. Motion passed to receive the report and adopt the budget. Ruth McDonald, the new director of WNAC, was introduced to the body. She then gave greetings to the body. Jonda Patton (KY), Lee Ann Wilfong (MO), and Sharon Dickey (TX) were elected to 2028 terms on the board.

Director Ron Hunter gave the Randall House Publications report. Motion passed to receive the report and adopt the budget. Ron Hunter introduced a change in their charter to change their name from Randall House Publications to D6 Family Ministries. Randall House Board chairman Mike Trimble presented Dr. Hunter a plaque recognizing 20 years of leadership at Randall House. Jay Baines (VA), Tim York (David Marks Heritage), and Darren Gibbs (NC) were elected to 2028 terms on the board.

Ron Hunter gave the Vertical III report. Motion passed to receive the report.

Motion passed to remove Item 2 of the General Board report from the table. Motion passed to approve Item 2.

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

Eddie Moody gave the Budget Committee report. Motion passed to receive the report.

The Obituary Committee report was given in video form. Motion passed to receive the report. Following a moment of silence, Glen Johnson led in prayer in remembrance of those who have passed away.

Motion passed to receive the Resolution Committee report and adopt item by item.

Wednesday Afternoon – July 27, 2022

Assistant Clerk Ernie Lewis read Psalm 133:1-3 and led in prayer.

Motion passed to adopt Item 1 of the Resolutions Committee report. The delegation stood in thanksgiving for the recent Supreme Court decision regarding abortion, and Mark Price led in prayer.

Motion to adopt Item 2 from the Resolution Committee report. Motion passed to table this item and refer it to the Executive Committee.

Motion to adopt Item 3 from the Resolution Committee report. Motion passed to table and refer the item to the Commission for Theological Integrity for further study relating to “the husband of one wife.”

Motion passed to adopt Item 4 from the Resolution Committee report.

Motion passed to adopt Item 5 from the Resolution Committee report.

Motion made to request that resolutions be turned in by Sunday night, and that the Resolution Committee report be made available by Tuesday morning. Amended to have resolutions handed in by Monday evening. Motion passed as amended.

Motion passed to edit the 2021 Minutes to reflect the following statement from the Commission for Theological Integrity report, which had been tabled as an Appendix to Chapter IV, Section 1 of the *Treatise*:

“Scripture and nature also affirm that two sexes, male and female, distinct and complementary by divine design, undergird the foundation of marriage, and that the denial or alteration of one’s embodied biological identity constitutes a repudiation of the divine intent of creation.”

Motion passed to remove the statement from the table. Motion to adopt was passed.

Motion passed to raise the honorarium for the moderator and clerk to \$1,000 each.

Motion passed to adjourn. The body gathered at the altar to join in a prayer of repentance and ask God’s blessings on our denomination. Tim York led in prayer.

Wednesday Evening – July 27, 2022

Prior to the service, a video on IMPACT Birmingham was shown. The evening worship service began with a kids choir and praise team singing “God So Loved” as missionaries marched in. Sam McVay introduced North American Ministries church planters and chaplains and Curt Holland introduced IM, Inc. missionaries and partners. A commissioning

ceremony was held for new missionaries and church planters, with Clint Morgan offering the charge and David Crowe praying the commissioning prayer. Danny Williams read Revelation 7:9-17. Eddie Moody welcomed the body, called for the offering, and led in prayer. The congregation sang "Great Are You, Lord" and "Hymn of Heaven." David Crowe introduced the speaker, and Fernando Bustamante, church planter in Florence, South Carolina, preached on "Go the Extra Mile in Reaching Out to the Whole World" from Acts 10:11-18. "Wherever He Leads I'll Go" was sung as the invitation. A preview video for the 2023 National Convention in Raleigh, North Carolina, was shown, and the service dismissed.

2022 Nominating Committee Report

The 2022 Nominating Committee presents the following nominees to be considered for the 2022 convention election:

Welch College – 2028 Term

Brad Ryan (IL)

Wayne Miracle (GA)

Rusty Campbell (TN)

IM, Inc. – 2028 Term

Will Harmon (AR)

Cameron Lane (AR)

Rodney Yerby (AL)

Randall House – 2028 Term

Jay Baines (VA)

Timothy York (David Marks Heritage)

Darin Gibbs (NC)

WNAC – 2028 Term

Jonda Patton (KY)

Lee Ann Wilfong (MO)

Sharon Dickey (TX)

Commissions:

Theological Integrity: 2027 Term – Kevin Hester (TN)

Historical: 2027 Term – Willie Martin (GA)

Music: 2027 Term – Doug Little (TN)

Media: 2027 Term – Devon Dundee (AR)

General Board

2024

Northwest Association: Justin Traver

2025 Term

Alabama: Danny Williams

Arizona: John Gibson

Arkansas: David Taylor

Assn. of Mexico: Luis Felipe Tijerina

Atlantic-Canada: Oral McAfee

California: Mile Kilcrease

Colorado: Terry Miller

David Marks Heritage: Tom Jones

Florida: Allan Austin

Georgia: Tim Horne

Idaho:

Illinois: David Shores

Executive Committee - 2025 Term

David Taylor (AR)

Danny Williams (AL)

Mike Kilcrease (CA)

Note: Board of Retirement, FWB Foundation, and North American Ministries do not elect board members in 2022.

Submitted,

Johnny Miller (AR), Chairman;

Ben Crabtree (OH)

Jonathan Locklear (MI)

Shirley Jackson (MO);

Todd Black (SC)

Curtis Smith (IL)

Kent Barwick (GA)

2022 Obituary Report*

Alabama

Glenn Hood
Ernest Walker
Richard Wright

Arkansas

Randy Burris
Glen D. Faulkner
John Freeman
Robert Smith
RueDell Smith

Florida

Tony Henderson

Georgia

Burt Hall
Bruce Kimbrel
Billy Sumner
Terry Tribble
Janice Wallace

North Carolina

Volney Bryan
Marvin Carson
Robert Rose
Ray Smith

Missouri

Howard Anderson
Richard Barker
Larry Bodine
J.D. Caffey

Bill Gilkerson
Gary Hutsell
Marvin Loftin
Jerry Norris
James Lee Reed
Ed Ruble
Don Strausser
Shirley Turner

Oklahoma

Joe Conn
Nathaniel Craig
Bobby Jenkins
Thomas Marberry
Dennis McBride
Orval Minyard
Amos Everett Peace
Gary Ridley
Steve Shaw
RueDell Smith
Jesse Wallis
Ollie Wright

West Virginia

Jerry Casteel

*Report includes pastors, national leaders, and missionaries, as submitted by state associations.

2022 Convention Registration Report*

National Convention

Board/Commission Member.....	65
Local Church Delegate.....	45
NAFWB Attendee	2,740
Ordained Deacon	64
Ordained Minister.....	502
State Delegate.....	36
Total	3,452

Vertical Three**

V3 Attendee.....	1,488
V3 Child Attendee	90
V3 Grades 4-6	233
V3 Grades 7-12.....	761
V3 Grades K-3.....	244
V3 Preschool Worship	78
Total.....	2,894

*Unique: 4,038
**Statistics in the Vertical III report do not reflect final registration totals.

2022 Resolutions Committee Report

Resolution 1 – Resolution on the Roe v. Wade Decision

WHEREAS abortion on demand has been a terrible scourge on our land, costing the lives of tens of millions of babies; and
WHEREAS many have prayed, preached, written, and voted in an effort to see abortion laws changed in our country; and
WHEREAS the Supreme Court of the United States has recently overturned the infamous Roe v. Wade case so that now laws related to abortion rest in the hands of legislators in individual states; Therefore, be it
RESOLVED that we thank God for answering our prayers, that our Executive Secretary write a letter to the Supreme Court expressing our denomination's appreciation of the Court's recent ruling, and that we redouble our efforts to see each state's abortion laws reflect the value of the life of the unborn.

Resolution 2 – Resolution on Pastoral Ordination

WHEREAS God created all persons in His image as male and female to serve under Him on earth to order it as His representatives and therefore, men and women possess equal worth and honor (Gen. 1:26-27; 2:18-24; Matt. 19:4-6; Mk. 10:6-9); and,
WHEREAS God equips persons for varying roles in the divine order, which begins with Christ, who is the head of all, including the home and the church (1 Cor. 11:3; Col. 1:18); and,
WHEREAS God's divine order is further manifested in the home as the husband loves his wife as a servant-leader and the wife assists and faithfully follows her husband's leadership in the fulfillment of the divine purpose for the home (Eph. 5:22-6:4; Col. 3:18-19); and,
WHEREAS God also equips believers for varying roles in the governance of His church (Eph. 4:11-16; 1 Cor. 12:4-5; Rom. 12:4-8); and,
WHEREAS God's order for the church is manifested in pastors/elders/bishops who are charged with the humble oversight and shepherding of the church (Eph. 4:11-13; Acts 20:28; 1 Tim. 5:17); and,
WHEREAS all members of the body are charged to strive together to fulfill the mission of Christ's church (1 Pet. 4:10); now, therefore, be it
RESOLVED that, while men and women are stewards of divine gifts of service in the church, ordination to the office of pastor/elder/bishop is intended only for qualified men as a reflection of God's order for the home and church (1 Tim. 2:8-15; 3:1-7; Titus 1:5-9).

Resolution 3 – Resolution of Reaffirmation

WHEREAS the question regarding the ordination of men that have been divorced and remarried to the office of pastor and deacon, has once more been raised amongst our ranks, and be it therefore

RESOLVED that we reaffirm the stated position that was included in the following 1976 resolution of the National Association of Free Will Baptists:

III. PROPER MARITAL STATE OF MINISTERS AND DEACONS (1976)

WHEREAS there continues to be a need to state the position of the National Association of Free Will Baptists on the proper marital status of ministers and deacons; and

WHEREAS each body comprising said National Association is hereby encouraged to adopt the herein presented statement or a similar position on marriage for ministers and deacons; while not insisting that any new position be made retroactive but rather established as a standard to be upheld for all new candidates for ministers and deacons; therefore,

Be it **RESOLVED:**

1. That Paul's statements in 1 Timothy 3:2, 12 and Titus 1:6, namely "The husband of one wife," be looked upon as making ineligible as ministers or deacons anyone who has been divorced and remarried, regardless of the cause of the divorce or the guilt or innocence of either partner.
2. That said persons, whose marital state disqualifies them to be elders or deacons, not be discouraged in their Christian lives or Christian service, but that they be encouraged to live faithfully for Christ and serve him in the education, music, youth, or any other department or activity of the local church; and that such be reminded that deacons and elders are the only church officers for whom the "husband of one wife" prohibition is given. (While certainly it is the ideal for all believers, it is Biblically insisted upon as a requirement for deacons and elders.)"

Resolution 4 - Resolution of Repentance

***WHEREAS** God has graciously brought about the existence of the National Association of Free Will Baptists and used them for His glory, and*

***WHEREAS** God alone is Worthy of all honor and glory and power; but we have pridefully sought to steal His glory by claiming ministry successes as our own, and have been complacent and callous toward our spiritual condition and others,*

***WHEREAS** God has created all peoples in His image for His glory and called us to love them and reach them with the Gospel, regardless of race, ethnicity or socio-economic status, we have instead failed in our attitudes and actions, particularly by failing to evangelize and disciple all peoples in our communities.*

***WHEREAS** God has called us to unify amid our diversity to accomplish His work in the world, we have instead divided over matters of opinion and preference, failing to focus on His priorities, and often displayed a critical spirit toward leadership and those not in our group, creating factions among us resulting in a state of crisis revealed by:*

- *the decline of nearly five hundred churches*
- *the decline of Sunday School enrollment by nearly 75,000*
- *the decline of ordained ministers by 1,100*
- *the decline of ordained deacons by 2,500*
- *and the staggering reduction in baptisms to an annual average of 1.6 per church, and*

WHEREAS God's Word warns that failure to obey His precepts results in chastisement, weakness, and removal of His blessing, and

WHEREAS God has called His church to be a community of holiness and reconciliation, and because we have sorely neglected the practice of Biblical and redemptive church discipline and are in desperate need of godly sorrow and urgent repentance; Therefore, be it

RESOLVED that we as a denomination corporately acknowledge our sin before God and implore Him to forgive us as we repent of these sins, evidenced by changes in attitude and action. Be it further

RESOLVED that those of us who are redeemed by God's power and strong hand to individually call upon the Lord in fervent prayer and fasting, pleading for Him to hear our prayer and grant us as members and churches of the National Association of Free Will Baptists fruitfulness in obeying His Word. Be it finally

RESOLVED that we set aside the first Tuesday in November which commemorates the organization of The National Association of Free Will Baptists as a day of fasting and prayer as evidence of our resolve and repentance.

Resolution 5 - Resolution of Rising Vote of Thanks:

Be it therefore *RESOLVED* that this body give a rising vote of thanks to the Alabama State Association for hosting the 2022 National Convention.

Respectfully Submitted:

Stan Bunch (MO), Chairman

Jeff Jones (NC)

Jeremy Estep (KY)

Mike Trimble (MI)

Chris Todd (SC)

2022 Credentials 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, 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: Canada, Colorado, David Marks, Iowa, Mid-Atlantic, and Northwest.
3. From the following local churches, which are entitled to be represented by one (1) delegate: the Free Will Baptist Church of St. Croix, Virgin Islands.
4. We recommend delegates from the Arizona District, California Association, Association of Mexico, Harvest Time Free Will Baptist Church of South Dakota, 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.
5. We recommend delegates from the countries, state associations, district associations, and local churches listed above, along with other properly registered delegates, be seated for this session.
6. We recommend all lay delegates entitled to representation by virtue of their positions on standing boards be seated if properly registered.

Randall House VIII Conference Report

Registration Total:	2021	2022
VIII Adult Attendee:	1,216	1,476
VIII Child Attendee	83	90
VIII Grades 1-3:	184	242
VIII Grades 4-6:	186	233
VIII Grades 7-12:	484	760
VIII Preschool Worship:	83	77
VIII Total Attendees:	2,236*	2,878**

Competitive Activity Entries:	2021	2022
Entries (up 155)	592*	747**
Competitors (up 327)	1,085*	1,412**

*Both Vertical III and CTS were affected in 2021 due to competitors inability to gather and practice or concerns regarding the COVID pandemic.

**Both Vertical III and CTS still below pre-pandemic levels.

Serve the City

The 2022 Vertical III Conference saw the return of Serve the City after not being able to do so in Memphis. On Monday, men, women, and children from different states packed 76 homeless bags to be handed out on the streets of Birmingham and in emergency shelter placements.

On Tuesday, 16 men, women, and children hit the streets to share Christ and hope in the dark world of homelessness. Backpacks containing personal items, snacks, and fast-food restaurant gift cards were given out. At First Light Women & Children's Shelter, teams prepared, cooked, and served lunch for those staying in the shelter. First Light serves, on average, 1,000 women and children each year by offering a safe place to stay and sleep. Pathways, a shelter and daycare for homeless women, received donations from churches across the states. Pathways cares for 500 to 600 homeless women and children a year, some dealing with mental illness. Meals were prepared and served at First Light.

Buck-A-Week

Tuesday's Buck-A-Week Offering: \$5,029.56

Ministries receiving funds in 2022:

North American Missionaries: Alfredo Botello – Hispanic Bible Institute

International Missionaries: Doug and Miriam Bishop – Japan

Total Truth & Peace Participants

164 students and 17 staffers, for a total of 181

Youth Evangelistic Team

YET was comprised of 13 students led by Mike and Bethany Lewis. The team traveled to four states, leading worship in seven churches (of which five were mission churches) and a youth camp. The team also participated in a service project at a North American Ministries church plant.

VIII "God Moments"

During the Sunday evening service of the Vertical III Conference, one young lady came to the front during the response time and made Jesus Christ the Lord of her life. Throughout the week, many students, parents, and sponsors came forward during response times to pray, rededicate their lives to the Lord, and make commitments.

During YET's two-week tour, they met a teenage boy who was so impacted by the service that he quickly told his pastor he wanted to attend the Vertical III Conference and participate in all the various activities. This boy's decision was a direct result of the Lord using YET during their tour.

During Serve the City on Tuesday morning, while distributing homeless care packages to the homeless on the streets of Birmingham, nine-year-old Paul Greer opened his Bible on multiple stops and, without hesitation, shared the Word with all who would listen...and they all did! Out of the mouths of babes the truth was spoken in the darkness, and seeds were planted that God can use.

Also, while serving at First Light Women and Children's Shelter, one of the ladies said that she could see Jesus in our faces.

BUDGET COMMITTEE REPORT

The National Association of Free Will Baptists, Inc., has approved in this convention the following budgets for 2023:

Executive Office (Includes:)		\$929,343.00
Administrative	\$444,000.00	
Convention	<u>485,343.00</u>	
Free Will Baptist Foundation		2,490,000.00
IM, Inc.		8,850,000.00
North American Ministries		5,000,000.00
Randall House Publications		4,641,500.00
Retirement and Insurance		855,850.00
Welch College		8,363,889.00
(Includes \$1,395,000 in unrestricted gifts)		
Women Nationally Active for Christ		246,669.00
Commission for Theological Integrity		6,800.00
Historical Commission		5,680.00
Media Commission		9,425.00
Music Commission		<u>9,320.00</u>
TOTAL		\$31,408,476.00

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%
Randall House Publications	4.5% *
Commission for Theological Integrity	1.0%
Historical Commission	1.0%
Media Commission	1.0%
Music Commission	1.0%
Free Will Baptist Foundation	<u>0.5%</u>
TOTAL	100.0%

Respectfully Submitted, Your Servants,

Edward Moody, Executive Secretary
David Brown, General Director of Free Will Baptist Foundation
Clint Morgan, General Director of IM, Inc.
David Crowe, General Director of North American Ministries
Ron Hunter, General Director of Randall House Publications
John Brummitt, General Director of Retirement and Insurance
Matt Pinson, President of Welch College
Phyllis York, Interim Director of WNAC

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

STATISTICAL REPORT
Reporting Period 2021

	Associations	Number Reporting	Churches	Number Reporting	City	Rural	Full-Time Pastors	Bivocational Pastors	Baptisms	Reported 2020 Membership	Members Added	Members Lost	Net Membership Gain/Loss	Actual 2021 Membership	Reported 2021 Membership
Alabama	10	10	96	96	28	68	38	52	115	8,429	307	174	133	8,562	8,248
Arizona	1	1	5	5	4	1	3	2	1	177	6	12	-6	171	125
Arkansas	15	15	161	140	72	89	71	62	145	11,872	277	236	41	11,913	11,382
Assoc. of Mexico	11	11	42	28	14	28	0	0	0	0	0	0	0	0	0
California	8	8	50	48	40	10	21	26	0	768	0	0	0	768	768
Canada	1	1	7	7	1	6	7	0	0	158	4	11	-7	151	233
Colorado	1	1	5	5	3	2	4	1	0	109	0	0	0	109	109
David Marks Assoc.	1	1	4	4	4	0	2	2	6	62	39	5	34	96	95
Florida	8	8	54	45	36	18	25	23	41	1,865	77	96	-19	1,846	1,955
Georgia	10	10	101	94	35	66	62	31	73	5,263	129	100	29	5,292	5,839
Hawaii	0	0	1	0	1	0	1	0	0	17	0	0	0	17	17
Idaho	1	1	3	3	3	0	0	3	1	135	0	4	-4	131	131
Illinois	6	5	36	36	22	14	19	12	40	2,653	41	51	-10	2,643	2,688
Indiana	3	3	17	17	14	3	16	0	0	0	0	0	0	0	0
Iowa	1	1	3	3	3	0	1	2	0	95	0	0	0	95	0
Kansas	2	2	9	6	9	0	4	2	72	947	46	7	39	986	764
Kentucky	11	11	119	107	28	91	36	76	195	11,262	217	157	60	11,322	10,090
Mexico Assoc.	4	4	29	29	20	9	6	25	0	2,810	0	0	0	2,810	2,700
Michigan	4	2	24	14	19	5	17	6	28	707	28	18	10	717	668
Mid-Atlantic Assoc.	1	1	4	0	3	1	3	1	0	412	0	0	0	412	412
Mississippi	3	3	46	46	14	32	21	24	60	2,871	100	37	63	2,934	3,289
Missouri	20	20	142	139	68	74	59	73	315	8,286	300	179	121	8,407	8,152
North Carolina	8	8	156	126	102	54	86	18	355	12,041	598	373	225	12,266	13,621
Northeast Assoc.	1	1	3	3	0	3	3	0	0	0	0	0	0	0	0
Northwest Assoc.	1	1	6	6	6	0	3	3	12	218	5	10	-5	213	208
Ohio	16	15	120	113	58	62	49	62	199	5,919	208	320	-112	5,807	5,280
Oklahoma	25	25	194	156	132	62	92	69	577	11,528	447	249	198	11,726	10,573
South Carolina	5	5	101	101	52	49	85	16	74	5,150	167	86	81	5,231	6,713
South Dakota	0	0	1	1	1	0	1	0	4	40	7	1	6	42	22
Tennessee	10	10	194	194	111	83	78	67	322	14,379	368	253	115	14,494	13,237
Texas	5	4	41	33	26	15	18	9	39	815	92	61	31	846	837
Virgin Islands	1	1	1	1	0	1	1	0	5	80	0	3	-3	77	80
Virginia	7	7	67	63	29	38	25	39	139	3,153	145	94	51	3,204	3,111
West Virginia	20	20	138	138	20	118	48	69	106	5,190	63	284	-221	4,969	5,059
Wisconsin	0	0	1	0	0	1	1	0	0	35	0	0	0	35	35
TOTALS	221	216	1,981	1,807	978	1,003	906	775	2,924	117,446	3,671	2,821	850	118,292	116,441

STATISTICAL REPORT
Reporting Period 2021

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	0	0	29	0	127	6	233	6	4	0	0	0	0
Arizona	250,398	5	2	3,370,497	12	0	5	0	0	0	0	134	0
Arkansas	10,239,061	42	34	81,224,501	204	39	243	1	1	0	0	4,130	4,795,000
Assoc. of Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0
California	0	0	0	0	0	0	0	3	3	1	1	0	0
Canada	422,207	3	0	1,760,965	4	2	0	0	0	0	0	84	0
Colorado	0	0	0	0	5	0	0	0	0	0	0	0	0
David Marks Assoc.	411,968	0	1	2,145,000	10	0	0	0	0	0	0	0	0
Florida	4,720,366	15	20	15,964,307	66	5	59	1	0	0	0	984	0
Georgia	6,186,845	41	52	42,793,184	107	103	238	0	1	1	0	2,027	294,000
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	96,171	1	2	860,173	7	1	1	0	0	0	0	52	0
Illinois	3,648,530	20	9	29,101,132	51	10	78	0	1	1	0	818	1,300,000
Indiana	0	0	0	0	39	0	0	0	0	0	0	0	0
Iowa	0	3	0	1,500,000	1	0	2	0	0	0	0	0	0
Kansas	626,003	3	1	6,252,560	11	1	0	0	0	0	0	375	0
Kentucky	0	0	2	0	263	8	273	0	0	1	0	1,650	0
Mexico Assoc.	26,966	12	7	1,000,350	25	0	60	0	1	1	0	3,100	250,000
Michigan	319,097	12	1	8,117,000	34	8	14	0	0	0	0	80	0
Mid-Atlantic Assoc.	0	0	2	0	0	0	0	0	0	0	0	0	0
Mississippi	0	26	0	0	57	7	133	0	1	1	0	1,918	0
Missouri	9,447,586	47	28	75,748,145	189	20	199	2	0	0	0	3,025	5,925,000
North Carolina	82,729,747	77	29	139,881,284	225	50	443	5	5	0	0	0	0
Northeast Assoc.	0	0	0	0	3	0	0	0	0	0	0	0	0
Northwest Assoc.	285,384	0	3	3,950,000	7	0	3	0	1	0	0	189	0
Ohio	6,099,013	23	15	56,113,803	222	21	160	0	1	0	0	2,187	109,179
Oklahoma	14,073,523	41	21	94,124,945	245	58	307	7	3	0	0	3,686	20,500,000
South Carolina	10,700,000	9	27	38,664,700	122	6	104	3	4	1	0	2,358	1,900,000
South Dakota	40,000	1	0	400,000	1	1	0	0	0	0	0	15	0
Tennessee	18,757,485	39	41	92,428,544	320	38	339	0	2	0	0	6,590	0
Texas	1,885,822	18	9	18,421,144	31	9	24	0	0	0	0	282	1,375,000
Virgin Islands	96,113	1	1	1,500,000	1	1	0	1	1	0	0	0	0
Virginia	10,156,424	25	12	48,762,300	111	11	96	6	3	0	0	915	0
West Virginia	1,556,178	7	5	36,149,270	272	7	184	2	2	0	0	2,900	0
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	182,774,887	471	353	800,233,804	2,772	412	3,198	37	34	7	1	37,499	36,448,179

2023 President's Report Welch College

The 2022–23 fiscal year has been one of the most difficult financial years in Welch College's history because of the ongoing effects of the COVID pandemic on the college's enrollment and giving. Yet in the midst of these difficulties, the Lord has been with us and has blessed us beyond measure: our core mission of spiritual and ministry formation have prospered, our basic quantitative measures have greatly improved, and our qualitative measures of higher education excellence continue to break records.

This past year was the first year in an uphill climb out of COVID. The 2020–21 and 2021–22 fiscal years were COVID years, with roughly a 25% annual decrease in enrollment and gifts, which provide almost all the college's financial support. The challenge for small, academically-open-enrollment colleges is that we have to build back our enrollment one year at a time.

With a 16% increase in enrollment over the previous fall, this past year was our first build-back year. Next year will be our second build-back year, in which we hope to be about 75% of the way back to pre-COVID norms. And by fall of 2024, we project Welch will be back to pre-COVID numbers and will surpass the 36-year-record enrollment of 489 in the 2019–20 academic year.

Mission-Driven

In the midst of these hurdles we face, we are motivated by our mission to provide a faithful Christian higher education experience in an authentically Free Will Baptist context. This is so needed in our day of both secularization and "post-denominationalism." Our students are responding.

This year—especially this spring—we have seen signs of spiritual renewal on our campus, with more and more students coming to faculty and staff offices for prayer and spiritual guidance. In our Forum23 conference as well as in chapel, Wednesday evening worship services led by campus pastor Chris Talbot, student-led revival meetings and chapel services, and our campus-wide Day of Prayer, we have been emphasizing the student body theme of 2 Peter 1:3–11. We have also been stressing the spiritual disciplines, humility, and repentance.

We emphasize the sufficiency of Scripture at Welch and the fact that God has given us everything necessary for life and godliness (2 Peter 1:3). This is for our spiritual lives as well as our lives together in the church and in witness and mission. In Scripture, God gives us what we need as He reveals Himself and His vision for us, the church, and the world. Twenty-first-century students can respond to this biblical vision just as much as students in the past—and they are!

For example, Jackson Watts, a member of the Class of 2023 from Pleasant View, Tennessee, said the following in a speech he gave at Commencement:

"I've come to see the importance of the ordinary means of grace we hear about so often here—the reading, singing, praying, preaching, and seeing (through the ordinances) of the Word—and why we hear about them so often. Because they are those things God has revealed to us in the only sufficient rule for our faith and practice, the Scriptures. I've come to realize that the faculty and staff of Welch College are here because they have a passion for teaching our generation about how to live in this world for Christ. I haven't gained mere head knowledge; my spiritual life has been directly impacted by the ministry of those who serve this institution."

Jackson, one of our B.A.-to-M.Div. students who is currently pastoring an area church, is only one of scores of students whose lives are being transformed at Welch. This transformation results from the college's emphasis on the teaching of Holy Scripture and its impact in our lives, the lives of other believers, and the lives of those whom the Spirit is calling to Himself who are "aliens from the commonwealth of Israel, and strangers from the covenants of promise, having no hope, and without God in the world" (Ephesians 2:12).

This Scripture-shaped mission is what Welch is all about. It remains vibrantly at the center of our identity and our curriculum. And this is true whether a student is studying to be a pastor or missionary or whether he or she is preparing to be a teacher, nurse, dentist, businessperson, lawyer, counselor—or any other profession represented by the more than fifty programs of study we offer.

Finances

Fulfilling this mission requires financial resources. With the downturn in income brought on by COVID as well as rising prices of almost everything it takes to run a college, finances are very tight.

Initially, we budgeted nearly a \$500,000 deficit for the 2022–23 fiscal year, and I believe (at print time in May) that we still may be able to meet this budget. We are still praying, however, for some large expected gifts. The last two years we had budgeted for deficits in the \$750,000 range but achieved near-balanced budgets or surpluses both years (owing in part to federal stimulus funds; we also maintained cash flow utilizing lines of credit). We are still hoping that we will meet budget in the 2022–23 fiscal year.

Still, because of the deficit we budgeted and the need to have a lower deficit next year, we are engaging in the heaviest budget cuts since the fallout from the Recession after 2008 to shore up the college's finances as we complete our post-COVID recovery over the next two years. We need the support of our denomination and alumni more than ever as we weather this storm. Please pray for and support our new capital campaign, *Light the Future*, and our summer initiative to raise money for student scholarships (discussed below).

The cash difficulties we are experiencing because of the delay in expected income sources have created the need for budget cuts. However, the bigger picture—including (1) the knowledge that these income streams are on the horizon, (2) our strong equity position (having gone from \$7 million in net worth before relocation to more than \$22 million now), (3) the ability to recruit students to a beautiful new campus, and (4) the post-COVID recovery and growth trend we have seen in both enrollment and gifts in this first year of recovery and the applications and admits we are looking at for the fall—gives confidence for the future.

In recent months dozens of colleges have closed (most completely; some have closed their undergraduate division) or announced closure this summer. I have looked at the audits of several of these, and what is very evident is that most of them were in a very poor financial condition before COVID hit, and the pandemic was the straw that broke the camel's back.

For us, it was the opposite scenario. The bigger picture is that in the few years before COVID—because we were experiencing enrollment growth and because we raised more funds than we had ever raised in the history of the institution owing to relocation and construction, and the fact that we sold the campus and built a new campus—rather than losing several million dollars in net assets, we tripled our net assets and had \$13 million in income surpluses. So the big picture looks very good and very promising. It is the short-term cash picture that is daunting.

Financial giving to Welch has increased from last year to this year, but it is still not enough to constitute a full recovery of pre-COVID gift income. We have initiated a new capital campaign, *Light the Future*, to complete the

funding of the new campus and to raise funds for student scholarships and a needed new building on campus. We are also in the midst of a special drive this summer to raise funds for scholarships for needy students and ministerial students. Please pray for and give to these initiatives.

Improving Quality

This year Welch continued to increase its excellence in tangible ways in almost every measurable area. The “Welch” brand is still very new in terms of higher education branding and positioning. More importantly, every year we are becoming more competitive for students who desire an intentional Christian education in a Free Will Baptist setting that is regionally accredited and highly ranked. The new, beautiful, classic campus we have, compared with most small Christian college campuses, gives us a sizable competitive edge over most four-year private colleges.

Welch retains its high rankings in *U.S. News and World Report’s Best Colleges*. Out of the 106 colleges in the Regional Colleges—South category, Welch ranked 3rd highest in graduation rate, 6th highest in average ACT/SAT scores, and 7th highest in alumni giving. Our alumni giving rate has always been extremely high for a non-elite institution. But in other areas we have increased our competitiveness drastically.

For example, twelve years ago, when we were first numerically ranked in the first tier by *U.S. News*, we ranked 27th highest in average ACT/SAT scores; we have risen to 6th. That year, we were ranked 18th in graduation rate; we have risen to 3rd. These sorts of increases are remarkable among institutions with a low resource base like Welch.

We also remain competitive in our recruitment of children of alumni. This past year our percentage of students who are children of alumni was at 30%, up 2% from last year, and a few more percent from recent years. This is 2½ times the average enrollment of children of alumni in most Christian colleges. In the higher education industry, high alumni giving rates and rates of attendance of children of alumni are measures of alumni satisfaction, and our rates in these alumni areas are unusually high.

Academics

Academic excellence continues to improve at Welch. Our percentage of earned doctorates on the faculty remains high and is improving every year as younger faculty earn their doctorates. That rate is currently 71%. Student evaluations of classroom teaching continue to improve, with students giving their professors high marks for combining classroom excellence with spiritual mentoring. Faculty performance is the most direct indicator of college student retention. And our retention is up again this year, nearing the 80% mark, which is unheard of at schools like Welch that have an academically open enrollment policy, which tend to be closer to 50%, as we used to be.

Our M.Div. program, under the able leadership of Dr. Matthew McAfee, Provost of Welch College and Dean of Welch Divinity School, is slowly growing, and we are so impressed with the students enrolled in our B.A.-to-M.Div. program. Our denominational, donor, and alumni constituency appreciate the combination of excellence, forward-movement, and focus on ministry training represented by this degree, which is also increasing Welch’s reputation in the academic community.

The concern I shared with you a few years ago regarding the decrease in ministerial students is now a thing of the past. Our ministerial enrollment has continued to grow. It was the only segment of our enrollment that grew during the pandemic. Ministry enrollment has increased by 24% over these past four years! We are continuing to work to bring more young ministers to Welch to lessen the shortage of pastors in our denomination.

But there is a cost to this. Just before COVID, our Board of Trustees made the bold move to approve a measure to offer \$10,000 scholarships for any young man who is Free Will Baptist, who senses a call to ordained ministry, and whose pastor recommends him.

If we had known COVID was coming, we may have been tempted not to do this. We have spent hundreds of thousands of dollars on these scholarships since the first year of COVID. But, thanks be to God, that investment, though costly, is paying dividends in young men who are now able to attend Welch rather than going to free community colleges. Too many young men who sense a call to ministry and attend secular colleges get sidetracked, never going through with their plans to transfer to Welch and giving up on their intentions to enter the ministry. This scholarship, though costly, reverses that process.

This past year we initiated a new degree program, the M.A. in Humanities. This degree is intended to give students who want to go to graduate school in fields such as English, history, philosophy, psychology, and politics a strong Christian worldview foundation in these fields. The increasing sway of secular progressivism demands that we educate more individuals who can articulate a Christian worldview in the public square, and this M.A. will help us equip students for this calling.

Matthew Steven Bracey is leading this program, and we have also hired a leading Christian scholar in the field of humanities as a part-time instructor who is teaching anchor courses in the program. His name is Tyler Flatt, and he holds a Ph.D. in Classics and Latin from Harvard University and teaches liberal arts and great books at Southern Baptist Theological Seminary. Please pray for this new degree program.

Thank You

I want to say thank you for your support of Welch College and its mission. Thank you for giving sacrificially to keep this vital ministry strong for the future. Thank you for sending us students for a life-changing higher education experience that is rooted deeply in biblical teaching and living. And thank you for your continued prayers for this Christian community of faith and learning. We cannot do what we do without you.

In Christ,

J. Matthew Pinson
President

Registration Report 2022-2023

ENROLLMENT 397

States

Alabama	15	Louisiana	1	Rhode Island	4
Arkansas	6	Michigan	4	South Carolina	4
California	2	Mississippi	7	South Dakota	1
Florida	16	Missouri	5	Tennessee	239
Georgia	8	New York	1	Virginia	5
Illinois	6	North Carolina	30	West Virginia	5
Indiana	4	Ohio	10	US Virgin Islands	1
Kentucky	3	Oklahoma	2	International	18

The student body represents 22 states, 1 territory (USA), and 7 international countries (Bulgaria, Canada, China, Dominican Republic, Japan, Panama, and Spain).

Classification

Freshman	69
Sophomore	64
Junior	50
Senior	70
Graduate (Degree-seeking)	50
Non-degree Part-time	36
Dual Enrollment	80

Vocational*

Christian Ministry (Grad)	31	English	11	Music	8
Christian Ministry (Bach)**	48	Exercise Science	21	Psychology	16
Christian Ministry (Assoc)	4	General Studies	30	Science/Nursing	12
Missions	7	History	9	Teacher Education***	57
Biology	5	Humanities	11	Non-degree Part-time	36
Business	44	Mathematics	5	Dual Enrollment	80

Other Categories

Full-Time	216	Undergraduate Dorm	139	New	76
Part-Time	181	Commuter	61	Transfer	33
		Graduate Dorm	12	Continuing	208
Male	203	Non-residential Graduate	38	Dual Enrollment	80
Female	194	Adult Studies	21		
		Online Studies	46	Free Will Baptist	205
Single	320	Dual Enrollment	80	Other	192
Married	77				

*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 2022–May 2023

June 22, 2022

The Board of Trustees convened via video conference on June 22, 2022, to finalize the 2022–23 fiscal year budget.

July 25, 2022

The Board of Trustees met at the Annual Session of the National Association of Free Will Baptists on July 25, 2022, to approve the audit for fiscal year 2022.

December 7, 2022

The Board of Trustees convened on the Welch campus on December 7, 2022, received reports, heard an update on the Strategic Plan, approved an employee Christmas bonus, initiated a new investment diversification schedule, and reaffirmed the Welch College mission statement.

April 12, 2023

The Board of Trustees met via video conference on April 12, 2023, to approve the sale of an easement for a water line to the local utilities district.

May 3–4, 2023

The Board of Trustees convened on the Welch campus on May 4–5, 2023, received reports, heard an update on the Strategic Plan, received administration plans for budget cuts, and approved the 2023–24 payroll budget. Trustees voted unanimously to enter into an agreement with an LLC for possible future sale and development of 17.5 acres of land and to authorize borrowing of no more than 7% annually in endowment funds, should the need arise, to be repaid with interest at the beginning of the subsequent semester.

Salary Breakdowns

	2020-2021	2021-2022	2022-2023	2023-2024
<i>President*</i>				
Salary	\$71,539	\$71,539	\$71,540	\$71,540
Social Security	5,473	5,473	5,473	5,473
Retirement	2,146	2,146	2,146	
Medical Insurance	15,412	16,336	19,746	21,058
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$94,930	\$95,584	\$99,265	\$98,431
<i>Provost</i>				
Salary	\$55,590	\$55,590	\$61,986	\$61,986
Social Security	4,253	4,253	4,253	4,742
Retirement	1,667	1,667	1,667	
Medical Insurance	15,412	16,336	19,746	21,058
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$77,282	\$78,206	\$88,012	\$88,146
<i>Vice President for Financial Affairs</i>				
Salary	\$54,060	\$54,060	\$58,061	\$58,061
Social Security	4,136	4,136	4,442	4,442
Retirement	1,621	1,621	1,742	
Medical Insurance	5,078	5,383	6,506	6,938
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$65,255	\$65,560	\$71,111	\$69,801
<i>Vice President for Institutional Advancement</i>				
Salary	\$57,723	\$59,223	\$56,774	\$56,774
Social Security	4,416	4,531	4,125	4,343
Retirement	1,731	1,777	1,777	
Medical Insurance	10,664	5,383	6,506	6,938
Life Insurance	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
	\$74,894	\$71,274	\$69,542	\$68,415

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



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