

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

1. Organization and Summary of Significant Accounting Policies

Organization

First Baptist Church of Fort Smith (the Church) is a not-for-profit organization and is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within Fort Smith, Arkansas and the surrounding communities. The Church is supported primarily through contributions from the congregation.

Basis of Accounting

The accounting records of the Church are maintained on the accrual basis of accounting. To ensure observance of limitations and restrictions on the use of resources available to the Church, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

The assets, liabilities and net assets of the Church are reported in two funds as follows:

General fund includes unrestricted expendable funds that are available for support of Church operations at the discretion of the Church.

Designated funds consist of contributions designated by donors for particular purposes (restricted funds) or allocations made by the Church from the general fund that can be expended for other purposes at the discretion of the Church (unrestricted funds).

Financial Statement Presentation

The Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Church considers all unrestricted liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash equivalents consisted of certificates of deposit and money market funds.

Collections

All collections of works of art, historical treasures and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated fair value on the acquisition date if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Property, Equipment and Depreciation

It is the Church's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Major improvements to equipment are capitalized, while repairs, which do not extend the lives of the applicable assets, are charged to expense as incurred. Donations of land, buildings, equipment and other long-lived assets are recorded as support at their estimated fair value at the date of donation and are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service. Depreciation of property and equipment is computed by using the straight-line method over the following estimated useful lives:

	Years
Buildings and Improvements	5 - 39
Machinery and Equipment	5 - 10
Furniture and Fixtures	5 - 10
Vehicles	5 - 07

Assets that have not been placed in service because construction has not been completed are shown on the statement of financial position as Construction in Progress and are not subject to depreciation.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of nature of any donor restrictions.

Contributions received without donor stipulations are reported as unrestricted revenue and net assets. Contributions received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions having donor stipulations which are satisfied in the period the contributions is received are reported as unrestricted revenue and net assets. Contributions and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Effective January 1, 2009, the Church determines the fair market values of its financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). The standard describes three levels of inputs that may be used to measure fair value.

- | | |
|---------|---|
| Level 1 | Quoted Prices in active markets for identical assets. Level 1 assets include equity securities that are traded in an active exchange market, as well as certain U.S. Treasury securities that are highly liquid and are actively traded in over-the-counter markets. |
| 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 assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. This category generally includes U.S. government and agency mortgage-backed debt securities and corporate debt securities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities include items where the determination of fair value requires significant management judgment or estimation. |

Income Taxes

The Church is an Exempt Organization under Section 501(c) (3) of the Internal Revenue Code and is not subject to tax for Federal and State income tax purposes. Additionally the Church is exempt from the Federal and State income tax return filing requirements. The Church accounts for uncertain tax positions in accordance with the provisions of FASB Codification topic *Income Taxes*. Management has assessed the tax positions of the Church and determined that no positions exist that require adjustment or disclosure under this Codification Topic.

Contributed Services

A number of unpaid volunteers have made significant contributions of their time to the Church's activities. While these services provide value to Church programs, they do not create or enhance nonfinancial assets of the Church, nor do they require specialized skills that would need to be purchased if not contributed. Therefore, no amounts have been reflected in the financial statements for contributed services.

Pledges

For accounting purposes, pledges are not considered unconditional intentions to give that are legally enforceable. Therefore, no amounts have been accrued and recorded in the financial statements.

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

2. Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 and 2010 are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Church Programs		
Children's Ministries	\$ 5,136	\$ 9,414
Media	69,679	68,285
Mission and Outreach programs	8,149	21,886
Building	301,076	274,029
Other Gifts and Programs	95,614	73,150
	<u>\$ 479,654</u>	<u>\$ 446,764</u>

Permanently restricted net assets at December 31, 2011 and 2010 are restricted to investments in perpetuity, the income from which is expendable to support:

	<u>2011</u>	<u>2010</u>
Lottie Moon Global Missions	\$ 20,000	\$ 20,000
Ministry Scholarships	49,001	49,001
Francis Neal Children's Endowment	10,000	10,000
	<u>\$ 79,001</u>	<u>\$ 79,001</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Restriction purposes accomplished during the year ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Church Programs		
Preschool Ministries	\$ 1,960	\$ 74
Children's Ministries	12,528	9,909
Youth Ministries	32,378	42,792
Music Ministries	24,415	56,457
Media	46,002	30,245
Mission and Outreach Programs	90,190	57,182
Other Gifts and Programs	48,709	86,080
	<u>\$ 256,182</u>	<u>\$ 282,739</u>

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

3. Compensated Absences

The Church has not recorded any amounts as liabilities for accrued vacation, etc. However, management has determined that such amounts are not material to the financial position of the Church.

4. Fair Value Disclosures

As discussed in the "Organization and Summary of Significant Accounting Policies, the Church adopted the provisions of SFAS No. 157 on January 1, 2009. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For additional information, refer to "Organization and Summary of Significant Accounting Policies".

The following table reflects assets that are measured and carried at fair value on a recurring basis as of December 31, 2011 and 2010.

	Fair Value Measurements Using			Assets at Fair Value
	Level 1	Level 2	Level 3	
December 31, 2011:				
Certificates of Deposit	\$ 90,904			\$ 90,904
Total Fair Value	\$ 90,904	\$ -	\$ -	\$ 90,904
December 31, 2010:				
Certificates of Deposit	\$ 90,939			\$ 90,939
Total Fair Value	\$ 90,939	\$ -	\$ -	\$ 90,939

5. Employee Benefit Plan

The Church offers staff employees the opportunity for participation in a contributory defined contribution plan through the Annuity Board of the Southern Baptist Association. The Church matches employees' contributions up to 2% of their regular salary. Pension expense was \$38,519 and \$37,499 for 2011 and 2010, respectively.

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2011 and 2010

6. Storm Damage

During 2008 the Church had damage to the building from a hail storm. They received part of the proceeds during 2008 and the rest of the proceeds in 2009. In addition, they used part of the proceeds in 2009 and 2010 with the remainder used during 2011. The proceeds received in 2009 were \$1,152,500. As of December 31, 2010, insurance proceeds of \$356,136 remained unused. As of December 31, 2011 the remaining insurance proceeds of \$305,415 were recognized as income.

7. Subsequent Events

Subsequent events were evaluated through June 22, 2012, which is the date the financial statements were available to be issued.

First Baptist Church of Fort Smith

Report on Examination of Financial Statements

For the Years Ended December 31, 2012 and 2011



LAWRENCE, SCHLUTERMAN & SCHWARTZ, LTD.
Certified Public Accountants

First Baptist Church of Fort Smith

Report on Examination of Financial Statements

For the Years Ended December 31, 2012 and 2011

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W. Sid Lawrence, CPA
Michael L. Schluterman, CPA
Larry J. Schwartz, CPA

Independent Auditors' Report

First Baptist Church of Fort Smith
Fort Smith, Arkansas

We have audited the accompanying financial statements of First Baptist Church of Fort Smith (the Church) which comprise the statements of financial positions as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Baptist Church of Fort Smith as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lawrence, Schluterman & Schwartz, Ltd.
Lawrence, Schluterman & Schwartz, Ltd.
Certified Public Accountants

June 30, 2013
Fort Smith, Arkansas

2011		
General Fund	Designated Funds	Total
\$ 100,100	\$ 1,798,665	\$ 1,898,765
-	90,904	90,904
1,978,875		1,978,875
8,000		8,000
10,175,362		10,175,362
167,884		167,884
1,146,132		1,146,132
<u>13,476,253</u>	-	<u>13,476,253</u>
<u>(7,385,443)</u>		<u>(7,385,443)</u>
<u>6,090,810</u>	-	<u>6,090,810</u>
<u>\$ 6,190,910</u>	<u>\$ 1,889,569</u>	<u>\$ 8,080,479</u>
\$ 31,943		\$ 31,943
	\$ 460	460
<u>31,943</u>	<u>460</u>	<u>32,403</u>
6,158,967	1,330,454	7,489,421
	479,654	479,654
	79,001	79,001
<u>6,158,967</u>	<u>1,889,109</u>	<u>8,048,076</u>
<u>\$ 6,190,910</u>	<u>\$ 1,889,569</u>	<u>\$ 8,080,479</u>

See Accompanying Notes to Financial Statements
and Independent Auditors' Report.

First Baptist Church of Fort Smith
 Statements of Activities
 For the Years Ended December 31, 2012 and 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Undesignated Offerings	\$ 3,828,479			\$ 3,828,479
Designated Offerings		\$ 240,293		240,293
Interest Income	1,721			1,721
Participant Fees	32,732			32,732
Other Income	75,574			75,574
Net Assets Released from Restrictions	188,151	(188,151)		-
Revenues, Gains and Other Support	<u>4,126,657</u>	<u>52,142</u>	<u>\$ -</u>	<u>4,178,799</u>
Expenses				
Church Programs				
Preschool Ministries	33,591			33,591
Disciple Ministries	111,439			111,439
Children's Ministries	71,534			71,534
Youth Ministries	91,221			91,221
Senior Ministries	15,136			15,136
Music Ministries	49,255			49,255
Pastoral and Worship Ministries	39,363			39,363
Media	97,039			97,039
Mission and Outreach Programs	604,928			604,928
Other Gifts and Programs	2,999			2,999
Salaries and Benefits	1,771,004			1,771,004
Building Operations and Maintenance	693,947			693,947
Depreciation	331,691			331,691
Total Expenses	<u>3,913,147</u>	<u>-</u>	<u>-</u>	<u>3,913,147</u>
Change in Net Assets	213,510	52,142	-	265,652
Net Assets				
Beginning of Year	<u>7,489,421</u>	<u>479,654</u>	<u>79,001</u>	<u>8,048,076</u>
End of Year	<u>\$ 7,702,931</u>	<u>\$ 531,796</u>	<u>\$ 79,001</u>	<u>\$ 8,313,728</u>

See Accompanying Notes to Financial Statements
 and Independent Auditors' Report.

2011

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 3,653,676			\$ 3,653,676
78,316	\$ 289,072		367,388
2,635			2,635
43,711			43,711
335,274			335,274
<u>256,182</u>	<u>(256,182)</u>		-
<u>4,369,794</u>	<u>32,890</u>	<u>\$ -</u>	<u>4,402,684</u>
33,105			33,105
135,274			135,274
60,267			60,267
96,099			96,099
21,211			21,211
107,650			107,650
51,569			51,569
116,471			116,471
560,452			560,452
3,346			3,346
1,869,862			1,869,862
797,140			797,140
<u>328,292</u>			<u>328,292</u>
<u>4,180,738</u>	<u>-</u>	<u>-</u>	<u>4,180,738</u>
189,056	32,890	-	221,946
<u>7,300,365</u>	<u>446,764</u>	<u>79,001</u>	<u>7,826,130</u>
<u>\$ 7,489,421</u>	<u>\$ 479,654</u>	<u>\$ 79,001</u>	<u>\$ 8,048,076</u>

See Accompanying Notes to Financial Statements
and Independent Auditors' Report.

First Baptist Church of Fort Smith
 Statements of Cash Flows
 For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 265,652	\$ 221,946
Items Not Requiring Cash		
Depreciation	331,691	328,292
Changes in		
Accrued Expenses	3,494	2,391
Due to Other Recipient Organizations		185
Deferred Revenues		(356,137)
	600,837	196,677
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Contributions and Investment Income Received	227	35
Restricted for Long-term Purposes	(552,813)	(623,367)
Acquisition and Construction of Property and Equipment		
	(552,586)	(623,332)
Net Cash (Used in) Investing Activities		
Increase (Decrease) in Cash and Cash Equivalents	48,251	(426,655)
Cash and Cash Equivalents, Beginning of Year	1,898,765	2,325,420
Cash and Cash Equivalents, End of Year	\$ 1,947,016	\$ 1,898,765

See Accompanying Notes to Financial Statements
 and Independent Auditors' Report.

First Baptist Church of Fort Smith

Notes to Financial Statements

December 31, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies

Organization

First Baptist Church of Fort Smith (the Church) is a not-for-profit organization and is dedicated to spreading the Gospel through establishing, developing, and promoting all aspects of church ministry within Fort Smith, Arkansas and the surrounding communities. The Church is supported primarily through contributions from the congregation.

Basis of Accounting

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General fund includes unrestricted expendable funds that are available for support of Church operations at the discretion of the Church.

Designated funds consist of contributions designated by donors for particular purposes (restricted funds) or allocations made by the Church from the general fund that can be expended for other purposes at the discretion of the Church (unrestricted funds).

Financial Statement Presentation

The Church reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Church considers all unrestricted liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted of sweep investment accounts at local financial institutions.

Collections

All collections of works of art, historical treasures and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated fair value on the acquisition date if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition.

First Baptist Church of Fort Smith

Notes to Financial Statements

December 31, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies (continued)

Property, Equipment and Depreciation

It is the Church's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Major improvements to equipment are capitalized, while repairs, which do not extend the lives of the applicable assets, are charged to expense as incurred. Donations of land, buildings, equipment and other long-lived assets are recorded as support at their estimated fair value at the date of donation and are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service. Depreciation of property and equipment is computed by using the straight-line method over the following estimated useful lives:

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Investments

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Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of nature or any donor restrictions.

Contributions received without donor stipulations are reported as unrestricted revenue and net assets. Contributions received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions having donor stipulations which are satisfied in the period the contributions are received are reported as unrestricted revenue and net assets. Contributions and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2012 and 2011

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

The Church is an Exempt Organization under Section 501(c) (3) of the Internal Revenue Code and is not subject to tax for Federal and State income tax purposes. Additionally the Church is exempt from the Federal and State income tax return filing requirements. The Church accounts for uncertain tax positions in accordance with the provisions of FASB Codification topic *Income Taxes*. Management has assessed the tax positions of the Church and determined that no positions exist that require adjustment or disclosure under this Codification Topic.

Contributed Services

A number of unpaid volunteers have made significant contributions of their time to the Church's activities. While these services provide value to Church programs, they do not create or enhance nonfinancial assets of the Church, nor do they require specialized skills that would need to be purchased if not contributed. Therefore, no amounts have been reflected in the financial statements for contributed services.

Pledges

For accounting purposes, pledges are not considered unconditional intentions to give that are legally enforceable. Therefore, no amounts have been accrued and recorded in the financial statements.

2. Land for Future Development

During 2012, the Church entered into an agreement to purchase land for future development. As of December 31, 2012, the purchase price of the land was held in escrow until the sale became final on June 2, 2013.

3. Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 are available for the following purposes:

	2012	2011
Church Programs		
Children's Ministries	\$ 4,550	\$ 5,136
Media	88,030	69,679
Mission and Outreach programs	4,124	8,149
Building	323,774	301,076
Other Gifts and Programs	111,318	95,614
	\$ 531,796	\$ 479,654

First Baptist Church of Fort Smith
Notes to Financial Statements
December 31, 2012 and 2011

3. Restricted Net Assets (continued)

Permanently restricted net assets at December 31, 2012 and 2011 are restricted to investments in perpetuity, the income from which is expendable to support:

	2012	2011
Lottie Moon Global Missions	\$ 20,000	\$ 20,000
Ministry Scholarships	49,001	49,001
Francis Neal Children's Endowment	10,000	10,000
	\$ 79,001	\$ 79,001

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Restriction purposes accomplished during the year ended December 31, 2012 and 2011:

	2012	2011
Church Programs	\$ 2,431	\$ 1,960
Preschool Ministries	7,972	12,528
Children's Ministries	19,648	32,378
Youth Ministries	14,523	24,415
Music Ministries	25,248	46,002
Media	67,974	90,190
Mission and Outreach Programs	50,355	48,709
Other Gifts and Programs	\$ 188,151	\$ 256,182

4. Concentration of Credit Risk

The Church maintains cash in bank accounts and certificates of deposits at various financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each bank. Cash equivalent amounts invested in the Sweep Investment Accounts are not insured nor guaranteed by the FDIC, however, these funds are invested in high quality AA+ rated bonds issued by the Federal Home Loan Bank or in money market funds that invest mainly in U.S. Treasury securities which minimizes the credit risk for these funds.

5. Compensated Absences

The Church has not recorded any amounts as liabilities for accrued vacation, etc. However, management has determined that such amounts are not material to the financial position of the Church.

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Notes to Financial Statements
December 31, 2012 and 2011

6. Employee Benefit Plan

The Church offers staff employees the opportunity for participation in a contributory defined contribution plan through the Annuity Board of the Southern Baptist Association. The Church matches employees' contributions up to 2% of their regular salary. Pension expense was \$31,956 and \$38,519 for 2012 and 2011, respectively.

7. Storm Damage

During 2008 the Church had damage to the building from a hail storm. They received part of the proceeds during 2008 and the rest of the proceeds in 2009. In addition, they used part of the proceeds in 2009 and 2010 with the remainder used during 2011. As of December 31, 2011 the remaining insurance proceeds of \$305,415 were recognized as income.

8. Subsequent Events

Subsequent events were evaluated through June 30, 2013, which is the date the financial statements were available to be issued.