FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Financial Statements
With Independent Auditors' Report

December 31, 2011

CAPINCROUSE LLP
Certified Public Accountants

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plan
Minneapolis, Minnesota

We have audited the accompanying statements of net assets available for benefits (Programs A, B, C, D, E, F, G, and H) and of accumulated plan benefits (Program A) of the Free Church Ministers' and Missionaries' Retirement Plan as of December 31, 2011, and the related statements of changes in net assets available for benefits (Programs A, B, C, D, E, F, G, and H) and of changes in accumulated plan benefits (Program A) for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Plan's 2010 financial statements and, in our report dated May 23, 2011, we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits (Programs A, B, C, D, E, F, G and H) and financial status (Program A) of the Free Church Ministers' and Missionaries' Retirement Plan as of December 31, 2011, and the changes in its net assets available for benefits (Programs A, B, C, D, E, F, G and H) and its financial status (Program A) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Wheaton, Illinois
May 9, 2012

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Net Assets Available for Benefits
December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
ASSETS:										
Investments at fair value:										
Pooled investment assets	$ 58,599,956	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ -	$ -	$ -	$ 106,370,692	$ 108,900,588
Money market funds	-	-	-	-	-	-	-	-	-	707,969
Other investments	-	-	-	-	-	10,853,515	5,358,458	471,124	16,683,097	12,558,237
Total investments at fair value	58,599,956	10,485,011	29,096,301	4,575,162	3,614,262	10,853,515	5,358,458	471,124	123,053,789	122,166,794
Less: contingent sales charge	(100,000)	-	-	-	-	-	-	-	(100,000)	(300,000)
Net investments after sales charge	58,499,956	10,485,011	29,096,301	4,575,162	3,614,262	10,853,515	5,358,458	471,124	122,953,789	121,866,794
Cash	355,841	-	-	-	-	83,763	33,264	25,816	498,684	560,887
Accrued interest income	19,454								19,454	10,967
Prepaid expenses	251,487	-	-	-	-	-	-	-	251,487	213,880
Software	52,480	-	-	-	-	-	-	-	52,480	107,380
Total Assets	59,179,218	10,485,011	29,096,301	4,575,162	3,614,262	10,937,278	5,391,722	496,940	123,775,894	122,759,908
LIABILITIES:										
Federal income tax withheld	-	-	-	-	-	-	-	-	-	2,950
Accounts payable	16,000	-	-	-	-	-	-	-	16,000	-
Due to related party	57,159	-	-	-	-	-	-	-	57,159	44,183
Total Liabilities	73,159	-	-	-	-	-	-	-	73,159	47,133
Net Assets Available for Benefits	$ 59,106,059	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ 10,937,278	$ 5,391,722	$ 496,940	$ 123,702,735	$ 122,712,775

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits
December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
ADDITIONS TO NET ASSETS:										
Investment income:										
Net appreciation (depreciation)										
in fair value of investments	$ (3,259,046)	$ (792,972)	$ (1,645,751)	$ (374,637)	$ (39,579)	$ (336,077)	$ (22,856)	$ -	$ (6,470,918)	$ 11,466,502
Dividends	1,526,806	182,329	694,831	79,866	189,864	-	-	-	2,673,696	2,071,886
Interest	5,696	29	2,106	12	1,036	-	-	6,208	15,087	24,202
	(1,726,544)	(610,614)	(948,814)	(294,759)	151,321	(336,077)	(22,856)	6,208	(3,782,135)	13,562,590
Less investment expenses:										
Fund management fees	91,200	25,509	43,355	11,027	-	-	-	-	171,091	181,982
Consulting and advisory fees	62,758	10,677	28,465	4,638	5,219	-	-	-	111,757	145,636
Net investment income	(1,880,502)	(646,800)	(1,020,634)	(310,424)	146,102	(336,077)	(22,856)	6,208	(4,064,983)	13,234,972
Employer contributions	-	1,084,064	3,539,921	-	-	-	-	-	4,623,985	5,531,303
Employee contributions	-	-	-	863,447	356,135	2,886,897	1,585,350	462,948	6,154,777	5,844,860
Total Additions	(1,880,502)	437,264	2,519,287	553,023	502,237	2,550,820	1,562,494	469,156	6,713,779	24,611,135
DEDUCTIONS FROM NET ASSETS:										
Benefits paid to participants	2,948,796	500,622	430,678	350,256	420,681	325,886	113,671	-	5,090,590	4,233,585
Administrative expenses	473,004	81,494	215,572	35,411	27,748	-	-	-	833,229	751,750
Total Deductions	3,421,800	582,116	646,250	385,667	448,429	325,886	113,671	-	5,923,819	4,985,335
Net increase (decrease) before reduction in contingent sales charge and transfers	(5,302,302)	(144,852)	1,873,037	167,356	53,808	2,224,934	1,448,823	469,156	789,960	19,625,800
Reduction in contingent sales charge	200,000	-	-	-	-	-	-	-	200,000	200,000
Net Increase (Decrease)	(5,102,302)	(144,852)	1,873,037	167,356	53,808	2,224,934	1,448,823	469,156	989,960	19,825,800
Net Assets Available for Benefits:										
Beginning of Year	64,208,361	10,629,863	27,223,264	4,407,806	3,560,454	8,712,344	3,942,899	27,784	122,712,775	102,886,975
End of Year	$ 59,106,059	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ 10,937,278	$ 5,391,722	$ 496,940	$ 123,702,735	$ 122,712,775

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Accumulated Plan Benefits (Program A)
December 31, 2011
(With Comparative Totals for 2010)

	2011	2010
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	$ 24,381,366	$ 21,304,953
Active and vested inactive participants	64,028,084	63,780,676
	88,409,450	85,085,629
Nonvested benefits	-	-
Total actuarial present value of accumulated plan benefits	$ 88,409,450	$ 85,085,629

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Changes in Accumulated Plan Benefits (Program A)
Year Ended December 31, 2011
(With Comparative Totals for 2010)

Actuarial present value of accumulated plan benefits at December 31, 2009	$ 84,567,378
Increase (decrease) during the year attributable to:	
Benefits accumulated and impact of plan experience	(1,646,695)
Increase for interest due to decrease in discount period	5,074,043
Benefits paid	(2,909,097)
Net increase	518,251
Actuarial present value of accumulated plan benefits at December 31, 2010	85,085,629
Increase (decrease) during the year attributable to:	
Benefits accumulated and impact of plan experience	1,167,479
Increase for interest due to decrease in discount period	5,105,138
Benefits paid	(2,948,796)
Net increase	3,323,821
Actuarial present value of accumulated plan benefits at December 31, 2011	$ 88,409,450

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Notes to Financial Statements
December 31, 2011

1. <u>DESCRIPTION OF PLAN:</u>

The following brief description of the Free Church Ministers' and Missionaries' (FCMM) Retirement Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

GENERAL

The Plan is a retirement plan covering ministers, missionaries and other eligible persons affiliated with The Evangelical Free Church of America (EFCA). It consists of a Section 401(a) defined benefit pension plan (Program A, frozen on January 1, 2004) and a Section 403(b)(9) defined contribution plan. Established in 1971, the Plan provides for pension and death benefits. Since the Plan is church related, it is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is invested using three investment portfolios managed by investment advisors selected and overseen by the Trustees of FCMM and a management portfolio: (1) a stock portfolio invested in the stock market through an asset allocation model and contra-cyclical securities; (2) a broadly diversified bond portfolio invested in short, intermediate and long-term municipal, federal, foreign and high-quality corporate bonds; (3) an annuity invested in stocks with a 6% death benefit guarantee and (4) the "FCMM Managed" portfolio that handles cash flow, miscellaneous income and retirement and other payments.

The stock and income portfolios gains and/or losses over any given month are distributed to the programs based on their actual value at the beginning of each month. After the gains and/or losses are distributed, any expenses, transfers or withdrawals are added to the accounts, and an end-of-month balance is calculated for each program. All expenses are distributed based on the asset value of each program after the gains or losses are calculated.

INVESTMENT OPTIONS

The Plan currently offers the following investment options:

Program B – Moderate Growth Stock Fund: This fund is invested in the stock portfolio. It is generally more aggressive in approach than the Conservative Growth with Annuity Benefit Fund (Program C). It offers the potential of a greater average return over the years than Program C while also carrying a greater risk factor for the participant. The value of this account is more volatile in moving with market trends and more difficult to estimate long term. Only employer contributions may be directed into Program B.

Program C – Conservative Growth with Annuity Benefit Fund: This fund uses a mix of the stock, bond and annuity portfolios with an investment strategy designed to build consistent long-term growth through a professionally designed asset allocation plan. The rate of return during 2011 was 4%. This rate may be modified in the future, but it does allow one to anticipate what an eventual retirement benefit might look like at some future point of time. The interest rate is applied by the Trustees of FCMM and may be positive or negative in any Plan Year. At retirement time one may apply the full value of this fund towards an annuity benefit. If one chooses to withdraw this fund as a “lump sum,” a Fair Market Value adjustment may be applied to determine the actual amount that can be withdrawn. Only employer contributions may be directed into Program C.

1. <u>DESCRIPTION OF PLAN, continued:</u>

INVESTMENT OPTIONS, continued
Program D – Moderate Growth Stock Fund: This fund is invested in the stock portfolio and is very close to Option B in terms of overall investment strategy and corresponding risk factors. Only employee contributions may be directed into Program D.

Program E – Diversified Bond Fund: This fund is invested in the bond portfolio. Option E can gain or lose value depending on the economic climate. Bond funds are subject to interest-rate risk, which means that bond rates move in the opposite direction of interest rates. When interest rates rise, the price of existing bonds and bond fund shares generally will decline. Conversely, when interest rates fall, the price of bonds and bond fund shares generally will rise.

Programs F and G – Self-Directed Mutual Funds: This option allows a participant to "self direct" employee contributions to mutual fund choices managed by American Funds (Option F) and/or Vanguard Funds (Option G). Those who use American Funds through FCMM will not have any upfront load fees. Financial advice is available to help in choosing FCMM and/or American Fund options. Vanguard is designed for the advanced investor who makes his/her own investment decisions.

Program H – Adjustable Rate Investment: This option allows participants to invest in an adjustable interest rate Investment Certificate with Christian Investors Financial (CIF). The rate can be adjusted by CIF the first of any month. CIF provides real estate loans to EFCA affiliated churches and ministries, so in addition to earning a competitive rate of interest and providing for capital preservation, your investment dollars in this option will also help expand EFCA ministries. CIF pays the administrative fees to FCMM, so there are no fees paid by the participants on the dollars invested in this option. Prospective investors should refer to CIF's current Offering Circular for risk factors and other information needed to make an informed investment decision. Current interest rate information is available at www.ChristianInvestors.org.

CONTRIBUTIONS
Participating employers may, at their sole discretion, make employer contributions on behalf of eligible employees. Employer contributions may be in the form of a nonelective contribution or a contribution matching a salary deferral contribution, or both. Participants can choose to have these contributions deposited into investment options B, C, E, F, G or H.

Employees may make salary deferral contributions on either a pre-tax basis or as Roth contributions. The Plan also permits rollover contributions subject to any applicable legal restrictions. Participants can choose to have these contributions deposited into investment options D, E, F, G or H.

Contributions are subject to certain limitations prescribed by law.

1. DESCRIPTION OF PLAN, continued:

PENSION BENEFITS
Beginning at normal retirement age (65), participants in Programs A and C are entitled to an annuity equal to an annual pension benefit based on a 6% interest assumption and the 1983 Group Annuity Mortality Table (Male rates) with no age set. Participants in Programs B, D, E, F, G and H can take their current cash value as a cash distribution or as an annuity as described above.

NORMAL RETIREMENT: The normal retirement date (NRD) of a participant shall be on the first day of the month following the participant's 65th birthday.

EARLY RETIREMENT: The Plan permits early retirement at age 60. A participant’s pension is based on compensation credits to the date of separation and is actuarially reduced to reflect earlier receipt of pension income.

LATE RETIREMENT: A participant may continue to work beyond NRD and will receive the actuarial equivalent benefit that would have been payable at the NRD. Benefit payments will begin upon actual retirement.

TERMINATION OF EMPLOYMENT
A participant who leaves the employment of a qualified employer for reasons other than retirement or death is entitled to a pension at NRD. The participant may elect to be paid a partial distribution of up to 30% of the employer's contributions (Programs A, B and C), as well as a complete distribution of the participant's balance in Programs D, E, F, G and H. Remaining cash balances will be held to provide a monthly retirement income commencing on NRD.

An inactive participant, who has left the employment of a qualified employer for reasons other than retirement, may apply for complete termination of participation in the Plan and receive rollover benefits based on the present value of their accounts. Rollover benefits are payable only to plans qualified under the income tax laws of the United States or Canada.

DEATH BENEFIT BEFORE RETIREMENT
When an active participant dies while employed by a qualified employer and before normal retirement age, there shall be paid to his or her beneficiary a death benefit equal to the sum of (a) an amount determined by the participant's total compensation credits in Program A and age in the year of death and (b) the total amount in his or her Programs B, C, D, E, F, G and H accounts. The minimum death benefit paid to the beneficiary of an active participant employed by a qualified employer in Program A is $10,000 less any amounts previously withdrawn. Death benefits shall be payable in a lump sum or the beneficiary may select an installment method which is actuarially equivalent. If an inactive participant dies before normal retirement age, the death benefit shall be as described above for an active participant but with no minimum payment.

1. DESCRIPTION OF PLAN, continued:

INCOME TAX STATUS

The Internal Revenue Service has determined and informed FCMM by a letter dated January 31, 1972, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. The Plan administrator, other management and the Plan's actuarial counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by Program. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Plan's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

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 additions and deductions during the reporting period. Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are dispersed across different economic areas and different geographic regions. Marketable securities are valued at quoted prices in active markets for identical assets. AXA Equitable Accumulator Variable Deferred Annuities are valued at quoted market prices, less a contingent sales charge. Other investments include limited partnerships, real estate investments and CIF certificates. Limited partnerships and real estate investments are valued based upon the net operating income generated and market capitalization rates. CIF certificates are recorded at cost plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET APPRECIATION OR DEPRECIATION IN FAIR VALUE OF INVESTMENTS
In accordance with the policy of stating investments at fair value, the net change in appreciation or depreciation for the year is reflected in the statement of changes in net assets available for benefits. Net appreciation or depreciation includes realized and unrealized gains and losses on investments that were purchased, sold or held during the year.

SOFTWARE
Software is capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful life of the software. The asset is being depreciated over four years.

CONTRIBUTIONS
Contributions are allowed under the specific limitations for 403(b)(9) programs in the IRS Code as agreed upon by the participant and employing organization. Contributions to the Plan are subject to certain limitations in accordance with federal income tax regulations.

PAYMENT OF BENEFITS
Benefit payments to participants are recorded upon distribution or at the time of death.

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
Accumulated Plan benefits are those future pension benefits that individual participants have accumulated under the Plan's benefit accrual provisions based on current compensation credits earned to date. The actuarial present value of those accumulated Plan benefits for Program A as of December 31, 2011, was determined by an actuary from Zingle & Associates, Inc. It is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, withdrawals or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2011, were (a) life expectancy of participants (the 1983 Group Annuity Mortality Table was used), (b) retirement age assumptions (the assumed average retirement age was 65), and (c) investment return. The assumed average rate of return was 6.0%. Anticipated administrative expenses associated with providing benefits are assumed to be met by investment earnings in excess of 6.0%. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS
The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of changes in net assets available for benefits. As of December 31, 2011, the Plan had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

RECENTLY ADOPTED ACCOUNTING STANDARDS
In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends the *Fair Value Measurement and Disclosures* Topic of the ASC to require additional disclosures. Effective for years beginning after December 15, 2009, the guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. Effective for years beginning after December 15, 2010, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation.

RECLASSIFICATIONS
Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

3. PLAN TERMINATION:
In the event that the Plan terminates, the net assets of the Plan will be allocated to provide the following benefits in the order indicated:

a) To provide for the return to all participants and beneficiaries of deceased participants any contributions made by the employer to the extent that such contributions shall not have been returned by benefit payments.

b) To provide for all participants and for beneficiaries of deceased participants, who are entitled at that time to receive benefit payments from the funds, the full value of their accrued and unpaid benefits to the extent not already provided for above.

c) To provide for all participants the full value of their respective accrued benefits to the extent not provided for above.

In the event the funds shall not be sufficient to provide in full for all benefits specified in any one of the preceding categories, the benefits to be provided shall be prorated in proportion to the value of the respective benefits which would be provided if the funds were sufficient.

4. RELATED PARTY TRANSACTIONS:

The Plan reimburses EFCA for its share of building operating costs, support services, postage, office supplies and other miscellaneous expenses provided by EFCA. For the year ended December 31, 2011, this amounted to $104,393. The balance due to EFCA at December 31, 2011, totaled $57,159.

Beginning January 1, 2010, the FCMM payroll is entirely separate from the EFCA Pastoral Care Ministries Department. FCMM no longer pays any part of the salary of any employees of the EFCA. The FCMM payroll is processed through the EFCA payroll department for a fee that is part of paragraph one above.

At December 31, 2011, the Plan had $471,124 invested in certificates sold by CIF. CIF is a nonprofit, tax-exempt affiliated corporation whose Board members are appointed by the EFCA Board. CIF's purpose is to provide financing for the construction, remodeling, refinancing or purchase of church buildings and other projects for EFCA, local churches of EFCA and other affiliated organizations of EFCA throughout the United States.

5. INVESTMENTS:

All investments, except for a savings account, certain money market funds and other investments are held in a combined investment pool which was established for the investment of assets of each of the Plan's Programs A, B, C, D and E. Each Program has an undivided interest in the pooled assets. At December 31, 2011, each Program's interest in the investment pool was as follows:

Program A	55%
Program B	10%
Program C	27%
Program D	4%
Program E	4%
	100%

Investment income and administrative expenses relating to the investment pool are allocated to the individual programs based upon actual values at the beginning of the month.

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements: The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Standards Codification (ASC), 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. FCMM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, FCMM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Notes to Financial Statements
December 31, 2011

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued
The following table presents the fair value measurements of investments in the investment pool and the fair value measurements of investments held outside the investment pool at December 31, 2011:

	Fair Value	Level 1	Level 3
Investments held in investment pool:			
Fixed income mutual funds:			
High yield funds	$ 6,830,543	$ 6,830,543	$ -
Growth and income funds	8,675,144	8,675,144	-
Growth funds	13,316,416	13,316,416	-
Equity mutual funds:			
Large cap value funds	16,880,049	16,880,049	-
Large cap growth funds	9,343,374	9,343,374	-
Mid cap funds	4,184,032	4,184,032	-
Growth funds	9,370,824	9,370,824	-
Index funds	4,095,051	4,095,051	-
Commodities	2,045,781	2,045,781	-
Emerging markets funds	2,785,571	2,785,571	-
International funds	3,590,683	3,590,683	-
AXA Equitable	9,461,704	9,461,704	-
Hedge funds	14,425,218	-	14,425,218
Real estate investment trust	1,366,302	-	1,366,302
Total before contingent sales charge	106,370,692	90,579,172	15,791,520
Less: contingent sales charge*	(100,000)	(100,000)	-
Total pooled investments	106,270,692	90,479,172	15,791,520
Investments held outside investment pool:			
American funds	10,853,515	10,853,515	-
Vanguard funds	5,358,458	5,358,458	-
Total before investments at cost	16,211,973	16,211,973	-
CIF certificates, at cost	471,124	471,124	-
Total investments outside investment pool	16,683,097	16,683,097	-
Total all investments	$ 122,953,789	$ 107,162,269	$ 15,791,520

*The AXA Equitable Accumulator Variable Deferred Annuities offer a guaranteed 6% annual return, and carry a life insurance component. Management's intention is to hold these investments for the long term. However, if these investments had been liquidated on December 31, 2011, there would have been a contingent sales charge of $100,000 (5% of the original investment). This contingent sales charge is reduced with the passage of time and will reach zero in 2012.

5. <u>INVESTMENTS, continued:</u>

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued
Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of net assets available for benefits, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 Fair Value Measurements
Fair value of financial instruments: The carrying amount of cash and CIF certificates approximates fair value due to its liquid nature. Investments in mutual funds are carried at fair value based on quoted market prices.

Level 3 Fair Value Measurements
The fair value for hedge funds is provided based on a number of factors including obtaining an understanding of the funds' underlying investments, strategy, positions and valuation and comparing information provided by the fund administrator or general partner to other available information such as sector data and indexes. The fair value of the real estate investment trust is based on an annual appraisal.

The following table provides further details for the Level 3 fair value measurements for the year ended December 31, 2011:

	Hedge Funds	Real Estate Investment Trust
Beginning balance	$ 16,687,366	$ 1,722,285
Purchases and issuances	3,000,000	-
Sales and settlements	(2,901,715)	(88,513)
Investment income	(2,360,433)	(267,470)
Ending balance	$ 14,425,218	$ 1,366,302

5. INVESTMENTS, continued:

The following table presents investments that represent five percent or more of the Plan's net assets at December 31, 2011:

Investments held in investment pool:	
Equity mutual funds:	
Cornerstone Large Cap Growth	$ 9,343,374
Markston International Large Cap Value	7,960,538
SIT Dividend Growth	9,370,824
Columbia Diversified Income Large Cap	8,919,511
AXA Equitable Accumulator Variable Deferred Annuities	9,461,704
Fixed income mutual funds:	
Nuveen High Yield Municipal Bond	6,830,543
PIMCO Total Return	11,342,503
Investments held outside investment pool:	
American funds	10,853,515

For the year ended December 31, 2011, the Plan's investment income consisted of:

Net depreciation of all investments:	
Investments held in investment pool:	
Equity mutual funds	$ (5,231,466)
AXA Equitable Accumulator Variable Deferred Annuities	(605,543)
Fixed income mutual funds	(274,976)
Total depreciation on pooled investments	(6,111,985)
Investments held outside investment pool:	
American funds	(336,077)
Vanguard funds	(22,856)
Net depreciation of all investments	(6,470,918)
Interest and dividends:	
Investments held in investment pool:	
Equity mutual funds	1,212,246
Fixed income mutual funds	1,469,575
Total interest and dividends on pooled investments	2,681,821
Investments held outside investment pool:	
CIF certificates, at cost	6,208
Savings account	754
Total interest and dividends	2,688,783
Total investment income	$ (3,782,135)

6. RISKS AND UNCERTAINTIES:

The Plan 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 participant's account balances and the amounts reported in the statement of net assets available for benefits.

The actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plan
Minneapolis, Minnesota

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of Statement of Net Assets Available for Benefits - By Portfolio and Statement of Changes in Net Assets Available for Benefits - By Portfolio are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Wheaton, Illinois
May 9, 2012

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Net Assets Available for Benefits - By Portfolio
December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
INVESTMENTS AT FAIR VALUE										
Pooled investment assets:										
STOCK PORTFOLIO:										
Large Cap Growth	$ 4,748,863	$ 1,438,829	$ 2,527,846	$ 627,837	$ -	$ -	$ -	$ -	$ 9,343,375	$ 9,536,921
Large Cap Core	8,808,837	2,668,936	4,688,993	1,164,597	-	-	-	-	17,331,363	16,763,704
Large Cap Value	4,533,430	1,373,556	2,413,170	599,355	-	-	-	-	8,919,511	8,339,200
Money Market Funds	1,247	378	664	165	-	-	-	-	2,454	52,834
Small Mid Cap Value	665,846	201,741	354,433	88,030	-	-	-	-	1,310,050	1,333,710
Small Mid Cap Growth	665,846	201,741	354,433	88,030	-	-	-	-	1,310,050	1,333,710
Hedge Funds	7,331,760	2,221,405	3,902,737	969,316	-	-	-	-	14,425,218	16,687,366
Commodities and Real Estate	1,734,225	525,442	923,138	229,278					3,412,083	4,011,118
International Equity	6,115,781	1,852,983	3,255,464	808,554	-	-	-	-	12,032,782	14,194,581
Total Stock Portfolio	34,605,835	10,485,011	18,420,878	4,575,162	-	-	-	-	68,086,886	72,253,144
AXA EQUITABLE PORTFOLIO:										
AXA Equitable	6,650,041	-	2,811,663	-	-	-	-	-	9,461,704	10,067,247
FIXED INCOME PORTFOLIO:										
Core Fixed Income	6,825,501	-	3,094,664	-	1,422,338	-	-	-	11,342,503	11,429,218
Pimco High Yield	-	-	-	-	-	-	-	-	-	3,729,644
Pimco Foreign Bond Fund	3,377,420	-	1,531,313	-	703,807	-	-	-	5,612,540	5,160,313
Pimco Unconstrained Bonds	1,187,828	-	538,558	-	247,527	-	-	-	1,973,913	-
TCW Total Return	1,836,583	-	832,702	-	382,718	-	-	-	3,052,003	-
Municipal Bonds	4,110,369	-	1,863,631	-	856,543	-	-	-	6,830,543	6,111,229
Money Market Funds	6,379	-	2,892	-	1,329	-	-	-	10,600	149,793
Total Fixed Income Portfolio	17,344,080	-	7,863,760	-	3,614,262	-	-	-	28,822,102	26,580,197
Pooled investment assets	58,599,956	10,485,011	29,096,301	4,575,162	3,614,262	-	-	-	106,370,692	108,900,588
Less: contingent sales charge	(100,000)	-	-	-	-	-	-	-	(100,000)	(300,000)
Net Pooled Investment Assets	58,499,956	10,485,011	29,096,301	4,575,162	3,614,262	-	-	-	106,270,692	108,600,588
FCMM-MANAGED PORTFOLIO:										
Other Investments:										
ECCU Treasury Money Market	-	-	-	-	-	-	-	-	-	707,969
American Funds	-	-	-	-	-	10,853,515	-	-	10,853,515	8,625,877
Vanguard Funds	-	-	-	-	-	-	5,358,458	-	5,358,458	3,907,681
CIF certificates	-	-	-	-	-	-	-	471,124	471,124	24,679
Cash	355,841	-	-	-	-	83,763	33,264	25,816	498,684	560,887
Accrued interest income	19,454	-	-	-	-	-	-	-	19,454	10,967
Prepaid expenses and accrued interest	251,487	-	-	-	-	-	-	-	251,487	213,880
Software	52,480	-	-	-	-	-	-	-	52,480	107,380
Total FCMM Managed Assets	679,262	-	-	-	-	10,937,278	5,391,722	496,940	17,505,202	14,159,320
Liabilities:										
Federal income tax withheld	-	-	-	-	-	-	-	-	-	2,950
Accounts payable	16,000	-	-	-	-	-	-	-	16,000	-
Due to related party	57,159	-	-	-	-	-	-	-	57,159	44,183
Total FCMM-Managed Liabilities	73,159	-	-	-	-	-	-	-	73,159	47,133
Net Value of FCMM Managed Portfolio	606,103	-	-	-	-	10,937,278	5,391,722	496,940	17,432,043	14,112,187
Net Assets Available for Benefits	$ 59,106,059	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ 10,937,278	$ 5,391,722	$ 496,940	$ 123,702,735	$ 122,712,775

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits - By Portfolio
Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
Pooled investment assets:										
STOCK PORTFOLIO										
Investment income:										
Net appreciation (depreciation) in fair value:										
Stocks and equity mutual funds	$ (2,674,932)	$ (792,972)	$ (1,388,925)	$ (374,637)	$ -	$ -	$ -	$ -	$ (5,231,466)	$ 6,846,331
Dividends	635,589	182,329	314,267	79,866	-	-	-	-	1,212,051	813,050
Interest	105	29	49	12	-	-	-	-	195	2,088
Total investment income	(2,039,238)	(610,614)	(1,074,609)	(294,759)	-	-	-	-	(4,019,220)	7,661,469
Investment expenses:										
Fund manager fees	91,200	25,509	43,355	11,027	-	-	-	-	171,091	181,982
Graystone Consulting fees	38,256	10,677	18,115	4,638	-	-	-	-	71,686	99,300
Total investment expenses	129,456	36,186	61,470	15,665	-	-	-	-	242,777	281,282
Net investment income	(2,168,694)	(646,800)	(1,136,079)	(310,424)	-	-	-	-	(4,261,997)	7,380,187
Transfers between programs and portfolios	(6,499,694)	501,948	(440,424)	477,780		-	-	-	(5,960,390)	1,406,282
Net Change in Stock Portfolio Value	(8,668,388)	(144,852)	(1,576,503)	167,356	-	-	-	-	(10,222,387)	8,786,469
AXA EQUITABLE PORTFOLIO										
Investment income:										
Net appreciation (depreciation) in fair value	(426,969)	-	(178,574)	-	-	-	-	-	(605,543)	2,294,925
Transfers between programs and portfolios	7,077,010	-	2,990,237	-	-	-	-	-	10,067,247	-
Net Change in AXA Portfolio Value	6,650,041	-	2,811,663	-	-	-	-	-	9,461,704	2,294,925

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits - By Portfolio, continued
Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
FIXED INCOME PORTFOLIO										
Investment income:										
Net appreciation (depreciation) in fair value:										
Bond mutual funds	(157,145)	-	(78,252)	-	(39,579)	-	-	-	(274,976)	1,284,845
Dividends	891,217	-	380,564	-	189,864	-	-	-	1,461,645	1,258,836
Interest	4,837	-	2,057	-	1,036	-	-	-	7,930	12,045
Total investment income	738,909	-	304,369	-	151,321	-	-	-	1,194,599	2,555,726
Investment expenses:										
Fund manager fees	-	-	-	-	-	-	-	-	-	-
Graystone Consulting fees	24,502	-	10,350	-	5,219	-	-	-	40,071	46,336
Total investment expenses	24,502	-	10,350	-	5,219	-	-	-	40,071	46,336
Net investment income	714,407	-	294,019	-	146,102	-			1,154,528	2,509,390
Transfers between programs and portfolios	(3,175,305)	-	343,858	-	(92,294)	-	-	-	(2,923,741)	1,893,689
Net Change in Fixed Income Portfolio Value	(2,460,898)	-	637,877	-	53,808	-	-	-	(1,769,213)	4,403,079
Net change in pooled investment assets before reduction in contingent sales charge	(4,479,245)	(144,852)	1,873,037	167,356	53,808	-	-	-	(2,529,896)	15,484,473
Reduction in contingent sales charge	200,000	-	-	-	-	-	-	-	200,000	200,000
Net Change in Pooled Investment Assets	(4,279,245)	(144,852)	1,873,037	167,356	53,808	-	-	-	(2,329,896)	15,684,473
Beginning Portfolio Value	62,779,201	10,629,863	27,223,264	4,407,806	3,560,454	-	-	-	108,600,588	92,916,115
Ending Portfolio Value	$ 58,499,956	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ -	$ -	$ -	$ 106,270,692	$ 108,600,588

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits - By Portfolio, continued
Year Ended December 31, 2011
(With Comparative Totals for 2010)

	Program A	Program B	Program C	Program D	Program E	Program F	Program G	Program H	Total 2011	Total 2010
FCMM MANAGED PORTFOLIO										
Investment income:										
Net appreciation (depreciation) in fair value:	$ -	$ -	$ -	$ -	$ -	$ (336,077)	$ (22,856)	$ -	$ (358,933)	$ 1,040,401
Dividends	-	-	-	-	-	-	-	6,208	6,208	62
Interest	754	-	-	-	-	-	-	-	754	10,007
Net investment income	754	-	-	-	-	(336,077)	(22,856)	6,208	(351,971)	1,050,470
Administrative expenses	473,004	81,494	215,572	35,411	27,748	-	-	-	833,229	751,750
Additions:										
Contributions:										
Employer - Program A	-	-	-	-	-	-	-	-	-	542,175
Employer - Program B	-	1,084,064	-	-	-	-	-	-	1,084,064	1,171,288
Employer - Program C	-	-	3,539,921	-	-	-	-	-	3,539,921	3,817,840
Employee - Program D	-	-	-	863,447	-	-	-	-	863,447	806,969
Employee - Program E	-	-	-	-	356,135	-	-	-	356,135	970,372
Employee - Program F	-	-	-	-	-	2,886,897	-	-	2,886,897	2,172,001
Employee - Program G	-	-	-	-	-	-	1,585,350	-	1,585,350	1,867,796
Employee - Program H	-	-	-	-	-	-	-	462,948	462,948	27,722
Total Additions	-	1,084,064	3,539,921	863,447	356,135	2,886,897	1,585,350	462,948	10,778,762	11,376,163
Deductions:										
Benefits paid to participants	2,948,796	500,622	430,678	350,256	420,681	325,886	113,671	-	5,090,590	4,233,585
Transfers between programs and portfolios	2,597,989	(501,948)	(2,893,671)	(477,780)	92,294	-	-	-	(1,183,116)	(3,299,971)
Net Change in FCMM Managed Portfolio	(823,057)	-	-	-	-	2,224,934	1,448,823	469,156	3,319,856	4,141,327
Beginning Portfolio Value	1,429,160	-	-	-	-	8,712,344	3,942,899	27,784	14,112,187	9,970,860
Ending Portfolio Value	$ 606,103	$ -	$ -	$ -	$ -	$ 10,937,278	$ 5,391,722	$ 496,940	$ 17,432,043	$ 14,112,187
Combined Net Change in all Plan Portfolios	$ (5,102,302)	$ (144,852)	$ 1,873,037	$ 167,356	$ 53,808	$ 2,224,934	$ 1,448,823	$ 469,156	$ 989,960	$ 19,825,800
Net Assets Available for Benefits:										
Beginning of Year	64,208,361	10,629,863	27,223,264	4,407,806	3,560,454	8,712,344	3,942,899	27,784	122,712,775	102,886,975
End of Year	$ 59,106,059	$ 10,485,011	$ 29,096,301	$ 4,575,162	$ 3,614,262	$ 10,937,278	$ 5,391,722	$ 496,940	$ 123,702,735	$ 122,712,775