

FFG Consolidated Statement of Operations

Reviewed

January 1– March 31, 2003

Revenues		
Interest Income	\$	135,421
Recovery of charged-off accts		100,277
Other Income		<u>32,747</u>
 Total Revenues		 268,445
 Provision for Credit Losses		 <u>1,167</u>
 Net revenue after provision for losses		 267,278
 Operating Expenses		 <u>628,336</u>
 Loss before Income Tax		 (361,058)
 Provision for Income Taxes		 —
 Net Loss	\$	 <u><u>(361,058)</u></u>

Board of directors

New Members

Robert Chancellor most recently served on the Springfield City Council for five years and had a distinguished journalism career all over the world. He is a native of Southwest Missouri and a graduate of SMSU.

Troy Compton spent 28 years in various management positions with Montgomery Wards and has many years experience as a board member and Treasurer of General Council Credit Union, the Partnership Industrial Council and as Chairman of the CU Citizens Advisory Council in Springfield.

fFG consolidated Balance sheet

Audited **Reviewed**
1/1/03 3/31/03

ASSETS		
Cash & cash equivalents	\$2,572,298	\$4,621,822
Cash settlements receivable	2,273,295	—
Finance rec, net of allowance	1,432,282	1,469,513
Notes receivable	100,000	814,348
Settlement assets receivable	1,106,723	—
Finance rec held for sale	—	187,513
Real estate held for sale	—	169,000
Fixed assets, net	73,721	65,856
Other assets, net	46,912	56,769
Total Assets	<u><u>\$7,605,231</u></u>	<u><u>\$7,384,821</u></u>
LIABILITIES & EQUITY		
Accts payable & accrued expenses	\$138,728	\$290,905
Accrued reorganization expenses	655,079	462,513
Total Liabilities	\$793,807	\$753,418
 Redeemable preferred stock	 6,810,427	 6,810,427
 Stockholders' Equity		
Common stock	997	997
Retained earnings(deficit)		(361,058)
Accumulated other comprehensive income		181,037
Total Stockholders' Equity (deficit)	<u>997</u>	<u>(179,024)</u>
 Total Liabilities and Equity	 <u><u>\$7,605,231</u></u>	 <u><u>\$7,384,821</u></u>



stockholder Newsletter

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Message From The President

May 15, 2003



Dear Stockholders,

This Newsletter represents the first communication to you as stockholders following the Effective Date of January 1, 2003. Chapter 11 is behind us and we are now building the foundation of a publicly owned Company with nearly 3,000 stockholders. The first major step along the path of exiting Bankruptcy was the issuance of 19,000,000 shares of stock (9,000,000 shares of preferred and 10,000,000 shares of common) mailed out at the end of January.

Critical to the long-term viability of the Company is the successful settlement of the claims against former insiders and the two Trust companies. Of the original nine targeted Defendants, settlements have been reached with eight. In total, over \$3.3 million has been turned over to the Company in the form of cash, notes receivable and real estate. Remaining to be settled is the return of approximately \$500,000 from the Wolf law firm and the claim against the FFTC insurance carrier. It is hoped that the two when settled, will net another \$8,000,000 to the Company during this year. Only then will the Company be sufficiently funded to fully restart and move in the direction of the five-year projections as depicted in the Reorganization Plan.

Also during the First Quarter, we set up the Delaware Statutory Trust which holds your preferred stock during at least the first year after the Effective Date. That is why you were initially issued certificates in the Trust. At a later date, you will exchange your trust certificates for

Preferred Stock in the Company. The first stockholders meeting of the Company was held on March 4, 2003 and was attended by approximately 400 persons. The evening was spent bringing everyone up to date on the progress of the Company and answering as many questions and concerns as possible. At the meeting it was announced that the Board of Directors would be expanded to five. On April 16, 2003 the Board was expanded to five and Troy A. Compton and Robert T. Chancellor were appointed Directors. Both new Directors are stockholders and were added to the Board Audit Committee, Chaired by Gary Lipscomb with Vern Schweigert continuing as a member of the Committee.

Significantly, the Company now has an audited Balance Sheet for the Effective Date of operations after Chapter 11. This is first professional audit in many years of this Company. Freedom Financial now has a properly valued (audited) Balance Sheet (as of January 1, 2003) that forms the basis for comparison in subsequent reporting periods. We will hereafter, beginning with this Newsletter, provide you with Quarterly financial statements, which will be reviewed by the Auditors each quarter prepared using the same standards companies registered with the SEC use. We are also looking into registering with the SEC during the next twelve months as well. Up to now there has been little buying/selling of the Company stock. If any one has questions on these or related issues contact Julie McLean, Investor Relations telephone 417-886-6600.

The First Quarter (ended March 31, 2003) Financial Statements show on the Balance Sheet the Cash balance was \$4.6 million compared to the January 1, 2003 balance of \$2.6 million. This increase was primarily due to the cash settlements received during the Quarter. During the Quarter \$3.4 million in settlement assets were converted to cash, notes receivable and real estate as the settlements were formally documented and transferred to the Company. Liabilities for Reorganization

expenses and Accounts Payable declined \$193,000 during the Quarter as we slowly reduce those expenditures and gradually pay off the Professionals engaged during the Bankruptcy period.

The Statement of Operations for the quarter shows a net loss of \$361,058. Contributing to this loss were non-recurring reorganization expenses of \$26,217, professional fees of \$112,061 (primarily audit, tax, legal and consulting services), legal fees of \$60,066 incurred in pursuing our claim against FFTC/BancInsure and \$35,514 of fees related to the set-up and administration of the Delaware Statutory Trust. Over time, a significant portion of these expenses are expected to decline. The main issue is that only \$2.7 million of the Balance Sheet Assets are income producing out of a total \$7.4 million in Assets. It is essential that FFTC settlement proceeds come into the Company to purchase Receivable contracts that generate cash. In the coming months, the \$2.3 million cash recovered from settlements will be available to be invested in earning assets to reduce the earnings shortfall.

Many stockholders with IRA accounts have inquired about finding a Missouri-based Custodian to handle their accounts. We have had a contact from United Missouri Bank to possibly accommodate that request. Please contact the UMB IRA Department at (800) 760-4727 for more information.

The most frequently asked question I get from stockholders is: What is my stock worth today? The right answer is difficult. We are unable to make a market or even match up buyers with sellers. However, there is an "indicative value" based on the Audited January 1, 2003 Financial Statements which reflects no value for the common stock and a book value of \$0.75 per preferred share.

Jerry
Fenstermaker

