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May 19, 2016

Sonny D. Thomas, Moderator/ Executive Board Chairman
North Carolina Association of Free Will Baptists
8902 Stone Heritage Road
Middlesex, NC 27557

Henry Potter, Chairman
The Bible Bookstore of Durham, Inc.
3600 North Duke Street, #3
Durham, North Carolina 27704

Gentlemen:

The National Center for Life and Liberty is honored to serve as general counsel to the North Carolina Association of Free Will Baptists and its related Boards. As you are aware, the NCLL also serves individual local churches of the North Carolina Association of Free Will Baptists that choose to partner with us, and our legal team is grateful for this privilege.

Scope of Requested Ministry Legal Service:

You men have asked, along with your Boards, for our legal team to review, analyze, and help facilitate the decisions of the Boards in a decent and legally appropriate manner in light of their fiduciary obligations. The focus of this letter is the Bible Bookstore that has been historically located in Durham, North Carolina.

Timeline of Events:

October 10, 1975 – The Bible Bookstore of Durham, Inc., is incorporated as its own legal entity with no legal connection to the North Carolina Association of Free Will Baptists.

September 22, 2015 – The Board of Directors of the Bible Bookstore of Durham, Inc. met with the Executive Board of the North Carolina Association of Free Will Baptists along with Attorney David C. Gibbs III and one of his associates, Eric T. Baker. At that meeting, it was determined that the Bookstore's Articles of Incorporation did not properly place the Bookstore under the direction and control of the North Carolina Association of Free Will Baptists. It was determined that the Bookstore under its current Board leadership would either update its Articles of Incorporation or discontinue operations.



March 1, 2016 – The Bookstore Board of Directors voted to unanimously discontinue operations and dissolve the corporation.

March 22, 2016 – At the All Boards joint meeting, the Bookstore Board of Directors notified the North Carolina Association of Free Will Baptists that they would proceed with their plans for dissolution and close the Bookstore by June 30, 2016.

May 10, 2016 – The National Center for Life and Liberty issued a letter that was jointly and unanimously approved by the North Carolina Association of Free Will Baptists' Executive Committee and the Bookstore's Board of Directors.

Legal Analysis:

A copy of the Bookstore's Articles of Incorporation is attached as Exhibit A. As clearly noted in the Articles of Incorporation, no provision for voting authority was given to the North Carolina Association of Free Will Baptists. Since its incorporation, the Bookstore has been operating as an independent legal entity. Additionally, at the time of its incorporation, the Bookstore adopted By-laws which also did not alter the legal relationship between the Bookstore and the North Carolina Association of Free Will Baptists.

As an independent legal entity, the Bookstore's operations are controlled by its Board of Directors. The Bookstore's Articles of Incorporation did not call for any members; therefore, the Bookstore's Board of Directors retains the independent legal right and authority to make all decisions pertaining to the continued operations or dissolution. The Bookstore Board unanimously decided not to proceed with revising their incorporation status but rather to discontinue their operations and to dissolve. Because the Bookstore is legally an independent entity, there is no need for the North Carolina Association of Free Will Baptists to vote upon this matter during the business session of its Annual State Convention.

Pursuant to the Bookstore's Articles of Incorporation, and as a result of its decision to dissolve, the Bookstore has chosen to donate its assets (if any remain) to the North Carolina Association of Free Will Baptists.

Transition Plan:

The plans for transition include closing the Bookstore operations and discontinuing its lease effective June 30, 2016. All orders for curriculum will now be handled directly through Randall House.

Randall House has been made aware of this transitional change. Both the Executive Committee of the North Carolina Association of Free Will Baptists and the Bookstore's Board have been working together with Randall House to effectuate a smooth transition. A copy of a letter from Ron Hunter Jr., Executive Director and CEO of Randall House is attached as Exhibit B.



NCLL
NATIONAL CENTER FOR LIFE AND LIBERTY

Also attached is Exhibit C, a letter from the North Carolina Association of Free Will Baptists' Promotional Director, Reuben Cason, explaining the transitional process. Additionally, attached is exhibit D, a letter from Henry Potter, Chairman of the Bookstore Board of Directors.

The National Center for Life and Liberty has offered to retain all financial and legal records of the Bookstore for a period of three (3) years in the event of any IRS audit or review, and after this time, the records shall be destroyed as the entity will be legally dissolved.

Decision to Close:

The decision to close the Bookstore made by its Board of Directors was done only after much prayer and careful analysis of the changing industry dynamics and customer preferences with great appreciation for the faithful ministries of those who have labored for the Lord by serving in the Bookstore, including the current manager, Paul Perreault.

Our office has been honored to serve all of these fine men as they have worked diligently to have the mind of the Lord on these matters.

Sincerely,

David C. Gibbs III

Admitted to Colorado, District of Columbia, Florida, Michigan, Minnesota, North Dakota, Ohio, Tennessee, and Texas

cc: Local Churches and Pastors of the North Carolina Association of Free Will Baptists

Enclosures

Exhibit A

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State of North Carolina



Department
of the
Secretary of State

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (4 sheets) to be a true copy of

ARTICLES OF INCORPORATION

OF

THE BIBLE BOOK STORE OF DURHAM, INC.

and the probates thereon, the original of which was filed in this office on the 8th day of October 19 75, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 8th day of October in the year of our Lord 19 75.



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BOOK 10 PAGE 634
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A. J. GRESHAM By
REGISTER OF DEEDS
DURHAM COUNTY, N. C.

Secretary of State

Deputy Secretary of State

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FILED

ARTICLES OF INCORPORATION

OF

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THE BIBLE BOOK STORE OF DURHAM, INC.

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THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

"NON-PROFIT CORPORATION"

The undersigned, being of the age of eighteen (18) years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under the laws of the State of North Carolina, as contained in Chapter 55A of the General Statutes of North Carolina entitled "Non-Profit Corporation," and the several amendments thereto, and to that end does hereby set forth:

1. The name of the corporation is THE BIBLE BOOK STORE OF DURHAM, INC
2. The period of duration of the corporation shall be perpetual.
3. The purposes for which the corporation is organized are:

To receive and maintain a fund or funds of real or of personal property, or both, and subject to the restrictions and limitations hereinafter set forth, to use and apply the whole or any part of the income therefrom and the principal thereof exclusively for religious, educational and charitable purposes by operating a book store dealing in religious materials and publications. Provided, however, that no part of such income or such principal shall be contributed to any organization whose net earnings or any part thereof inure to the benefit of any private shareholder or individual, or any substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation.

No part of the net earnings of the corporation shall inure to the benefit of any member, director, officer of the corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes), and no member, director, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation. No part of the activities of the corporation shall be carrying on propaganda or otherwise attempting to influence legislation or participating in or intervening in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provisions of this certificate, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by any organization exempt under Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter

Upon the dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to charitable, religious, scientific, literary or educational organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

4. The corporation shall have no members.

5. The management of the corporation shall be vested in its Board of Directors, who shall be elected, hold office, and administer the business of the corporation as provided in its By-Laws.

6. The address of the initial registered office of the corporation is Suite 400, Wachovia Bank Building, City of Durham, County of Durham, North Carolina, and the registered agent of the corporation at such address is Thomas J. Stevens.

7. The number of Directors constituting the initial Board of Directors shall be five (5), and the names and addresses of the persons who are to serve as Directors until the first meeting of the corporation, or until their successors are elected and qualified are:

<u>NAMES</u>	<u>ADDRESSES</u>
Rev. Bob King	Route 3, Box 297, Dunn, North Carolina
Rev. Wayne Smith	208 East 9th Street, Washington, North Carol:
Rev. Lonnie Graves	424 Idlewood Drive, Durham, North Carolina
Rev. Frank McQuage	Maple St. at Hickory St., Rockingham, N.C.
Mr. Lee Thomas	Route 2, Box 44-C, Four Oaks, North Carolina

8. The name and address of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Rev. Bob King	Route 3, Box 297, Dunn, North Carolina

9. In the event the corporation is subsequently determined to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code of 1954, as it now exists or as it may hereafter be amended, the corporation shall:

a. Distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of

b. Not engage in any act of self-dealing, as defined in Section 4941(d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

c. Not retain any excess business holdings, as defined in Section 4943(c) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

d. Not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

e. Not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1954, or corresponding provisions of any subsequent Federal tax laws.

10. In addition to the powers granted corporations under the laws of the State of North Carolina, the corporation shall have full power and authority:

To accept, acquire, receive, take and hold by bequest, devise, grant, gift, purchase, exchange, lease, transfer, judicial order or decree, or otherwise, for any of its objects and purposes, any property, both real and personal of whatever kind, nature or description, and wherever situate. .

To sell, exchange, convey, mortgage, lease, transfer or otherwise dispose of any such property, both real and personal, as the objects and purposes of the corporation may require, subject to such limitations as may be prescribed by law.

To borrow money, and from time to time to make, accept, endorse, execute and issue bonds, debentures, promissory notes, bills of exchange, and other obligations of the corporation for monies borrowed or in payment for property acquired, or for any of the other purposes of the corporation, and to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon assignment of or agreement in regard to all or any part of the property, rights or privileges of the corporation, wherever situated, whether now owned or hereafter to be acquired.

To invest and reinvest its funds in such stock, common or preferred, bonds, debentures, mortgages, or in such other securities and property as its Board of Trustees shall deem advisable, subject to the limitations and conditions contained in any bequest, devise, grant or gift.

In general to exercise such other powers which now are or hereafter may be conferred by law upon a corporation organized for the purposes hereinabove set forth, or necessary or incidental to the powers so conferred, or conducive to the attainment of the purposes of the corporation, subject to such limitations as are or may be prescribed by law.

IN WITNESS WHEREOF, I have hereunto set my hand, this the 29th day of September, 1975.

Rev. Bob King (SEAL)
Rev. Bob King

NORTH CAROLINA
DURHAM COUNTY

I, Cecilia C. Godwin a Notary Public do hereby certify that Rev. Bob King personally appeared before me this day and acknowledged the due execution of the foregoing ARTICLES OF INCORPORATION.

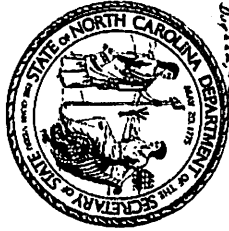
Witness my hand and notarial seal, this, the 29 day of September, 1975.

Cecilia C. Godwin
Notary Public

My commission expires: 1-12-80

Incorporation Charter

HON. J. F. F. CHAD. JR.
Rox 646
Durham, N.C.



State of North Carolina

Be it remembered, that on the 10th day of October, 1975, the following Certificate of Incorporation was filed for record in the office of the Secretary of State, and the same is hereby certified to be a true and correct copy of the original as the same appears of record in the office of the Secretary of State.

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Certified Copy
from
The Department of the
Secretary of State
to be Recorded
with the
Register of Deeds
of County of
Randolph County

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Exhibit B

At the request of your Bookstore Board and Executive Committee from the North Carolina Free Will Baptists, Randall House is working to help you and your state ministries. We appreciate the long-standing ministry of the bookstore and regret that physical bookstores are becoming scarce. We know, however, that the pastor is the primary influencer. You will still be able to guide your people, protect them, and help them grow in their testimony before Christ.

Nearly 10 years ago, as we too saw the ever-challenging online climate, Randall House closed our physical bookstore. Transitions are hard, and we want to make it as painless as possible. David Womack, the head of our Customer Service and Sales Department at Randall House, will be sending a letter with important information regarding future curriculum ordering. We have a whole team of very knowledgeable and friendly people eager to talk to you, help you, and find answers to your needs.

We regard this transition as an opportunity to work even closer than ever before with you. We are grateful for the leaders in your state and will work very hard to earn your loyalty as we meet your needs. We are your publisher and exist to serve you. Thank you for allowing us a chance to help make your ministries stronger.

Leading is serving,

Ron Hunter Jr.

Executive Director & CEO

Exhibit C

Thank you for how you have supported the ministries of the North Carolina Free Will Baptist Association. Working together we have accomplished much for missions, evangelism, and discipleship. For many years the Bible Book Store has been part of that ministry. However, recent years have been difficult for bookstores in general and our bookstore as well. The Book Store Board had to face a difficult decision regarding the viability of the bookstore, and they have elected to cease of the Bible Book Store on June 30, 2016. In light of this decision, Randall House has offered to assist the North Carolina Association of FWBs in carrying on the ministry of discipleship to our churches and our state.

As an alternative, the Executive Board can consider a partnership with Randall House to ensure our churches receive their future curriculum orders. Randall House will provide a commission to our North Carolina Association of Free Will Baptists Promotional Office on all Randall House curriculum sales to churches of the North Carolina State Association of Free Will Baptists. With this agreement, our churches would receive personalized customer service as well as other benefits such as bundle discounts, additional resources, and more by ordering directly from Randall House. If the agreement is entered into, David Womack, director of Randall House Customer Service and Sales, will be sending a letter explaining some of these new benefits and the ordering process. This means churches will begin ordering their curriculum directly from Randall House.

I encourage you to continue to support our state ministry as you always have in the past. You can download a free sample of D6 2GEN curriculum at <http://d6family.com/d6curriculum/>, or by contacting Randall House directly.

Thank you again for being part of the work and ministry of the North Carolina State Association of Free Will Baptists.

Sincerely,

Reuben Cason, Promotional Director
North Carolina Association of Free Will Baptists

Exhibit D

The Bookstore Board from the North Carolina Association of Free Will Baptists has worked diligently with the managers and employees of our Bible Book Store. For 50 years our bookstore has served thousands of customers and hundreds of churches. Each year new challenges make having a physical bookstore more difficult including Amazon, eBooks, and other issues. Larger chain stores like Barnes & Noble, Books-A-Million, and others have found it very hard to survive in a changing economy and, as a result, have closed most of their physical stores.

Our lease on the physical bookstore in Durham ends June 30, 2016, and our board believes that it is no longer wise stewardship to renew the lease. We can still serve our member churches in two other ways. First, our state Promotional Director will be working to provide a variety of on-site products at local churches and association meetings. The second way is to partner with Randall House in providing your curriculum regardless of what curriculum you may order or from any source. Randall House has agreed to come alongside NC Free Will Baptists and offer a sales commission back to the state Promotional Office when you order Randall House Classic Curriculum or D6 Curriculum. Other states, like Ohio, Missouri, and Oklahoma have found this arrangement to benefit both local church and state ministries in ways their bookstore never could.

The new hybrid model of ordering curriculum from Randall House and having books brought to you will allow the bookstore ministry to live on with the intent of helping North Carolina. The very reason the ministry began five decades ago was to help promote Sunday School outreach and discipleship while providing funding for the state. The funding has not been a regular benefit for years and now it can be. The Book Store Board is asking you to support our decision and to consider ordering your material directly through Randall House. They will provide some cost savings to the churches when ordering in bundles, and their customer service will be excellent while giving back to our state ministries.

We trust that you will, like us, see this decision as the most logical for stewarding the ministry of the bookstore. This arrangement allows the ministry to continue to help NC and be a benefit to our churches as well. Thank you for all your support.

Sincerely,

Henry Potter,
Chairman, The Bible Book Store of Durham, Inc.

Dear North Carolina Free Will Baptists,

From your NC Free Will Baptist Association Executive Board, we trust that you are preparing to attend and diligently praying for the North Carolina Association of Free Will Baptists annual convention in June at the Embassy Suites in Greensboro. This year's event is jam-packed with worship services, ministry seminars, and much more. Please go online at www.ncfwb.org to register for the event if you have not already done so.

I am writing this morning in regards to the Bible Book Store in Durham. Some have been made aware that after fifty years of operation, the store will be soon closing. This information is correct. In cooperation with the request of the Bible Book Store Board, we have kept this information confidential till now.

Please note that the Executive Board offered no input concerning the decision to close the Bible Book Store or for it to remain open. We were tasked by the delegates of last year's state meeting to work with the Book Store Board to develop a financial feasibility plan for the ongoing work of the store. That meeting never materialized, but since last year's state meeting other developments have come to light which shed a different light on the current situation.

Our Executive Board received a copy of the Bible Book Store's 1975 Articles of Incorporation, and we noticed that in those documents there was no mention of a relationship to the North Carolina Association. Seeing this, we secured the services of Attorney Dr. David Gibbs, III to review the documents and give his legal opinion. On September 22, 2015, the Executive Board, the Bible Book Store Board, and Dr. Gibbs held a meeting together where it was determined that the store's Articles of Incorporation did not properly place the Bible Book Store under the direction and control of the North Carolina Association. Essentially, this means legally the store is a ministry independent of our state association and has been since the incorporation was filed in 1975. However, no one was aware of this till the documents were reviewed. In light of this new information, our Executive Board has been advised by Dr. Gibbs to adopt all reports given by the Book Store and its board at the upcoming state meeting as information only until such time as the store's Articles of Incorporation are rewritten to bring it under the authority of the state association.

Just after Christmas, store manager Paul Perreault informed the Book Store Board that he would be resigning his position to pursue God's calling into the ministry. The Executive Board became aware of Brother Paul's decision in January. Again, the Executive Board played no role in his decision. Brother Paul has a passion for ministry and believes wholeheartedly that this is God's will for him and his family. In cooperation with the request of Brother Perreault, we have kept this information confidential as well.

At the March 2016 All-Boards Meeting, the Book Store Board advised us of their decision to close the store. Citing the financial challenges facing the store and the loss of the current long-time manager, they believed the best decision was not to move forward with reincorporation but instead proceed with a plan to cease operations of the store by June 30, 2016. I am confident that the men of the Book Store Board prayed diligently in seeking God's guidance, and I can assure you that your state Executive Board stands ready to assist all of our Free Will Baptists affected by the decision.

You may have questions that this short letter does not address. Please be looking in your mailbox. Each church/pastor will soon be receiving a packet of information containing Dr. Gibbs legal

opinion, a letter from the Bible Book Store Board chairman, a letter from Randall House regarding future curriculum ordering, and a letter from our state Promotional Director. Our hope is that this information will clarify the situation better than I can address it here.

If you have questions concerning the decision to close the Bible Book Store in Durham, I encourage you to contact Book Store Board chairman, Brother Henry Potter. If you have other questions, you may feel free to contact me directly. I will do all I can to answer your questions to the best of my ability. Be assured that as your Executive Board, we are doing all we can to assist those of our state as we move forward with this transition.

Rev. Sonny D. Thomas, Sr.
[Calvary Free Will Baptist Church](#)
Glendale Springs, NC

Moderator/Executive Board Chairman
[North Carolina Association of Free Will Baptists](#)