

Addendum A

THE ORDER OF THE DAUGHTERS OF THE KING, INC.

Annual National Council Meeting
Margaret Franklin Center
Woodstock, Georgia

October 24-28, 2007

The Order of the Daughters of the King, Inc.
2007 Annual National Council Meeting
Woodstock, Georgia

TABLE OF CONTENTS

- ❖ Letter to the elected 2006-2009 National Council Members

- ❖ Appendix 1
Citations from **Guidebook for Directors of Non Profit Corporations**,
Second Edition, Committee on Non Profit Corporations,
Section: Business Law, American Bar Association, Pages 229-231

- ❖ Appendix 2
Citations from Georgia Legal Code

October 2007

Dear Sisters in Christ,

We, the undersigned, are writing to express our concerns to the full National Council--those elected to Council, both at-large members as well as Provincial Presidents.

When our Council was elected in July 2006, we spoke of such things as cooperation, sharing, inclusion, and working together in the Spirit according to God's direction for the betterment of our Order. With joy we embarked on this journey, not as "rubber stamps" but rather as individuals with differing gifts and talents which, when pooled together, made up the whole. We acknowledged the workings of the Holy Spirit among us and the great responsibility entrusted to us by our Membership of nearly 26,000 women.

Unfortunately the ensuing months bear witness to the nearly immediate renunciation of these ideals. Beginning with the Executive Board's decision in August 2006, to purchase a membership in The Compass Rose Society in the name of the Order *without the full Council's knowledge*, through the continual denial of complete information to the full Council, to the moving of our funds to Texas *without the full Council's knowledge*, to the disastrous Lawsuit filed against Daughters in good standing *without the full Council's knowledge*, it is clear that at best this Council is dysfunctional. Our By-laws have been largely ignored. Reporting systems have been ignored. Fiduciary responsibilities have been ignored. Standard corporate procedures have been ignored. Therefore, once again we ask for *each* National Council member to receive the following no later than Thursday, November 15, 2007:

- Copies of the **Corporate Resolution** calling for the hiring of Blad & Garvin, LLC to conduct an audit of the Daughters of the King, Inc. to be distributed to each National Council member.
- Copies of a **complete audit including its Management Letter** of the Daughters of the King, Inc to commence with the beginning of the Triennium in which Linda Van was hired and ending with the close of the current 2007 fiscal year to be distributed to each National Council member.
- Copies of the **2005-2006** audit and its **Management Letter** to be distributed to each National Council member.
- Copies of the **Directors and Officers Insurance policy including its summary sheet** to be distributed to each National Council member.
- Copies of the **Corporate Resolution** authorizing the engagement of Goodman Financial Services, Houston, Texas to be distributed to each National Council member.
- Copies of the **Corporate Resolution** authorizing the transfer of the Order's financial assets to Goodman Financial in Houston, Texas, to be distributed to each National Council member.

- Copies of the **Corporate Resolution** authorizing the engagement of attorney Robert Ward on behalf of the Order of the Daughters of the King, Inc. to be distributed to each National Council member.
- Copies of all **Trademark submittals** made to Federal and State entities in the name of the Order of the Daughters of the King, Inc., the dates they were filed, and the current status of such actions to be distributed to all National Council members.
- Copies of the **Corporate Resolution** authorizing the Lawsuit to be brought against Whitty Bohmer, Elizabeth Hart-Mitchelson, Sue Schlanbusch, and Christine Budzowski to be distributed to each National Council member.
- Copies of all **National Council Minutes** and all **Executive Board Minutes** to be distributed within fourteen (14) days of such meetings to all National Council members.

Additionally, we request **complete compliance with our By-Laws, approved and adopted by the membership**, which requires some remedial actions in regard to Membership of the Order, eligibility to serve on the National Council and the Executive Board, duties of the Executive Board, members of the Finance Committee who are to be “appointed by and accountable to the National Council”, and full Council approval of the selection of the Chaplain, as well as the following to be distributed **to each National Council member** no later than Thursday, November 15, 2007:

1. A complete, current copy in writing of the By-laws approved and adopted by the membership, which we as a Council are following, since the most current By-Laws as printed in the 2005 National Handbook contain information never approved by the membership.
2. Copies of all notices sent to the Membership prior to and following the 2006 Triennial regarding proposed amendments to the By-Laws of the Order of the Daughters of the King, Inc.
3. A complete accounting in writing of all decisions made by the Executive Board including a record of each member’s vote.
4. Complete disclosure in writing of all events and disbursements related to the Order’s involvement with The Compass Rose Society, including current membership status and financial commitment to this relationship.
5. A complete listing of all disbursements made by the Order of the Daughters of the King, Inc. to further the mission of the Order, including grants made by the Self-Denial Fund whose funds support mission and the Master’s Fund which supports the education of women, thus equipping them for mission and ministry.

6. Full disclosure in writing of the Linda Van incident including all financial information, complete copies of the two-year audit conducted last fall and its management letter, as well as full disclosure in writing of the investigation of said incident as the Bonding Company has now tendered payment to the Order. The Bonding Company is now responsible for its decision on whether or not to pursue recovery from Ms. Van. This disclosure to the National Council in no way compromises such recovery.
7. A complete history of all events leading up to and concluding with the transfer of financial assets to Goodman Financial Services of Houston, Texas, to be provided in writing to each Council member. In addition, a full accounting of all activities regarding these assets including fees per transaction, the amount of monies returned to the Order, the line item category to which these monies have been applied, as well as an explanation of how these funds are to be used/invested/dispensed also to be provided in writing to all National Council members. Furthermore, please provide a copy of the current written investment policy that has been provided to Goodman Financial, the name of our account officer as well as any and all individual(s) who are setting and reviewing said policy.
8. A full, open, and complete accounting in writing of the events leading up to the preparation and filing of litigation against our three Past Presidents and the President of the Diocese of Los Angeles. Additionally the following items to be provided in writing to all Council members include copies of the filing to dismiss the Lawsuit, copies of the signed and recorded Dismissal Order document, along with complete copies of attorney Robert Ward's detailed hourly billings, copies of all payments made to Mr. Ward, and all associated court costs complete with the reference line item on the income statement from which these monies were taken.

Our dear Sisters in Christ, we clearly need to reassess our functionality as well as our goals for the remainder of this Triennium. We are a Council. We are the National Council of the Order of the Daughters of the King, Inc. The key word here is "King", in whose image we are created and have our being. Are we living in the light of Christ? Are we showing His love, compassion, openness, caring, generosity and understanding to one another and to our membership? Are we transparent in our surrender to Christ so that only He shines through our words and actions? We can lead only by God's grace. Only when we get out of His way can God manifest His desires for our Order. We are simply His hands, His feet, His mouth, and His heart as we go about the work of the Order.

By following our Lord's example of living and loving the apostles, we are to work together, to inter-act with one another for the common good of all members--*a Council of full disclosure, not a Council of need-to-know*--fully utilizing the gifts that God has given to each one of us: the gifts of love, wisdom, understanding, discernment, giving,

hospitality, knowledge, mercy, serving--just to name a few. Christ mentored his apostles so that they might learn from Him and share His Gospel with countless others. So should we learn from both God and one another. Our Order was inspired by God, created by God and is sustained by God. ***We are His stewards.***

Thanking you in advance, we are most

Sincerely yours,

FOR HIS SAKE,

Guidebook for Directors of Nonprofit Corporations*

The corporation should institute formal actions and procedures to assure that all directors have received (and continue to receive) key documents regarding the corporations....

Current board members should periodically be given the opportunity to engage in strategic planning, self-evaluation and other analysis that show how well the corporation and the board are fulfilling their missions.

Directors' Manuals

A threshold obligation of a director is to know and understand the purpose function and goals of the nonprofit corporation the director is serving. An invaluable tool is acclimating new directors of nonprofit corporations--as well as assisting all directors in satisfying their duties-- is a manual or manuals containing important documents relating to the governance and operations of corporation and other information that will keep the director apprised of current state of the corporation....

The board may wish to have two manuals: one containing material that a director should have with him or her at every board meeting, and a bulkier volume for the director's home or office. If a two - manual system is chosen, the board-meeting manual would include the items listed below.

Basic Items: The basic director's manual should contain, at a minimum, the following documents:

1. a calendar of dates and events compiled for the year, listing board, committee and other significant meetings, activities and deadlines, which can be updated periodically;
2. a copy of the corporation's articles of incorporation or charter, and any amendments to same;
3. a copy of the current bylaws of the corporation;
4. a copy of the corporate mission statement
5. a copy of a corporate organization chart, showing any affiliated organizations, and or any departments and divisions of the corporation
6. a listing of names, addresses and phone numbers of the directors and officers of the corporation;
7. a list of the corporation's committees, including the name of each committee chair and all committee members; and
8. a list of staff members of the corporation, including positions, addresses and phone numbers.

Additional material: (second manual)

The following material, probably too bulky to be taken regularly to board meeting, is recommended for directors personal use:

1. minutes of board and committee meetings, that can be retained in the manual for a year and then disposed of or filed elsewhere;
2. financial statements of the corporation for the prior fiscal year and the operating and capital budgets for the current year;
3. biographical data on directors and staff

4. a summary of D&O insurance, bylaw indemnification provisions, and statutory limitations on director liability;
5. current news releases by or about the corporation;
6. annual reports for the past two or three years
7. conflict of interest policies
8. current long-range or strategic plan

Taken from : **Guidebook for Directors of Non Profit Corporations** Second Edition
Committee on Non Profit Corporations Section Business law American Bar Association.
* Pages 229-231

Citations From Georgia Legal Code

§ 14-3-825. Committees

(a) Unless the articles or bylaws provide otherwise, a board of directors may create one or more committees of the board and appoint members of the board to serve on them. Each committee shall have one or more directors, who serve at the pleasure of the board.

(b) If authorized by the articles or bylaws, the board or, if there are members entitled to elect directors, the members may appoint individuals who are not currently members of the board, but who formerly were members of the board of the corporation, as voting members of committees of the board. All provisions of this article applicable to directors shall apply equally to such individuals.

(c) Code Sections 14-3-820 through 14-3-824, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the board, apply to committees and their members as well.

(d) To the extent specified by the board of directors or in the articles or bylaws, each committee of the board may exercise the board's authority under Code Section 14-3-801.

(e) A committee may not, however:

(1) Authorize distributions;

(2) Approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the corporation's assets;

(3) Elect, appoint, or remove directors or fill vacancies on the board or on any of its committees; or

(4) Adopt, amend, or repeal the articles or bylaws.

(f) The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a director with the standards of conduct described in Code Section 14-3-830.

HISTORY: Code 1981, § 14-3-825, enacted by Ga. L. 1991, p. 465, § 1.

§ 14-3-1021. Amendment where vote of members required

(a) To adopt an amendment to a corporation's bylaws if there are members required to vote thereon:

(1) The board of directors must recommend the amendment to the members unless the board of directors elects, because of a conflict of interest or other special circumstances, to make no recommendation and communicates the basis for its election to the members with the amendment;

(2) Unless this chapter, the articles, the bylaws, the members (acting pursuant to subsection (b) of this Code section), or the board of directors (acting pursuant to subsection (c) of this Code section) require a greater vote or voting by class, the members entitled to vote on the amendment must approve the amendment by two-thirds of the votes cast or a majority of the voting power, whichever is less; and

(3) Any person or persons whose approval is required by a provision of the articles or bylaws authorized by Code Section 14-3-1030 or 14-3-1041 must approve the amendment in writing.

(b) The members may condition the amendment's adoption on any basis.

(c) The board may condition its submission of the proposed amendment on any basis.

(d) The corporation shall give notice to its members of the proposed membership meeting in writing in accordance with Code Section 14-3-705. The notice must also state that the purpose, or one of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.

(e) If the amendment is submitted to the members for approval by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.

HISTORY: Code 1981, § 14-3-1021, enacted by Ga. L. 1991, p. 465, § 1.

§ 14-3-1602. Members' right to copy and inspect records

(a) A corporation shall keep a copy of the following records:

- (1) Its **articles or restated articles of incorporation** and all amendments to them currently in effect;
- (2) Its **bylaws** or restated bylaws and all amendments to them currently in effect;
- (3) **Resolutions adopted** by either its members or board of directors increasing or decreasing the number of directors or the classification of directors, or **relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members**;
- (4) **Resolutions adopted by either its members or board of directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members**;
- (5) **The minutes of all meetings** of members, executed waivers of notice of meetings, and executed consents, delivered in writing or by electronic transmission, evidencing all actions taken or approved by the members without a meeting, for the past three years;
- (6) **All communications in writing or by electronic transmission** to members generally within the past three years, including the financial statements furnished for the past three years under Code Section 14-3-1620;
- (7) **A list of the names** and business or home addresses of its current directors and officers; and

(a) **Its most recent annual registration delivered to the Secretary of State under Code Section 14-3-1622.**

(b) **A member is entitled to** inspect and copy, at a reasonable time and location specified by the corporation, **any of the records of the corporation** described in subsection (a) of this Code section if the member gives the corporation written notice or a written demand at least five business days before the date on which the member wishes to inspect and copy.

(c) **A member is entitled to** inspect and copy, at a reasonable time and reasonable location specified by the corporation, **any of the following records of the corporation** if the member meets the requirements of subsection (d) of this Code section and gives the corporation written notice at least five business days before the date on which the member wishes to inspect and copy:

(1) **Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while acting in place of the board of directors on behalf of the corporation, minutes of any meeting of the members, and records of action taken by the members or the board of directors without a meeting, to the extent not subject to inspection under subsection (a) of this Code section;**

(2) **Accounting records** of the corporation; and

(3) Subject to Code Section 14-3-1605, **the membership list.**

(d) **A member may inspect and copy the records** identified in subsection (c) of this Code section only if:

(1) The member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interest as a member;

(2) The member describes with reasonable particularity the purpose and the records the member desires to inspect;

(3) The records are directly connected with this purpose; and

(4) The records are to be used only for the stated purpose.

(e) This Code section does not affect:

(1) The right of a member to inspect records under Code Section 14-3-720 or, if the member is in litigation with the corporation, to the same extent as any other litigant; or

(2) The power of a court, independently of this chapter, to compel the production of corporate records for examination.

HISTORY: Code 1981, § 14-3-1602, enacted by Ga. L. 1991, p. 465, § 1; Ga. L. 2004, p. 508, § 62.

§ 14-4-64. Responsibility for acts of officers

Every corporation acts through its officers and is responsible for the acts of such officers in the sphere of their appropriate duties; **and no corporation shall be relieved of its liability to third persons for the acts of its officers by reason of any bylaws or other limitation upon the power of the officer not known to such third person.**

HISTORY: Orig. Code 1863, § 1634; Code 1868, § 1679; Code 1873, § 1680; Code 1882, § 1680; Civil Code 1895, § 1861; Civil Code 1910, § 2225; Code 1933, § 22-712; Code 1933, § 22-4105, enacted by Ga. L. 1968, p. 565, § 1.