

As Interim President of the National Association of Christian Athletes, Inc., (NACA) I am writing to the Board of Trustees of Bryan College to provide an explanation of why NACA believes it is fulfilling its obligations to Bryan College under the terms of a lease agreement executed between Rick Taphorn, on behalf of Bryan College, and Vance Berger, on behalf of NACA, on June 28, 2016.

We are a sister Christian organization, with a mission to use sports camps, retreats and tournaments as a platform to evangelize the lost and encourage the body of Christ. Like Bryan College, we are located in Dayton, Tennessee. It is important to know that the ministry and operations of NACA have not changed. We are ably led by our Chairman of the Board, Dr. Robert Coddington.

I write respectfully and humbly but my correspondence will contain some difficult information about the relationship between Bryan College and NACA. However, I want to be certain that the members of the Bryan College Board of Trustees have an opportunity to understand the perspective of the current Trustees of NACA.

The current Board of Trustees of NACA has recently reviewed the relationships and transactions which occurred between Bryan College and NACA from 2009 to 2018. Despite the fiduciary duties of the Officers and Trustees of NACA at that time, there were conflicts of interest and improper business dealings between the Bryan College and NACA which led to a \$6 Million “gift” to Bryan College in June 2016 on terms that were not equitable or in the best interests of NACA.

NACA has politely requested the return of the real property assets of the Fort Bluff Camp that were given to Bryan College by a NACA Board of Trustees which was then under the control of Bryan College. We again respectfully ask that the real estate assets and liabilities formerly belonging to NACA be returned to their rightful owner—NACA.

Bryan College has recently made demand for payment and has threatened to cancel the lease between Bryan College and NACA. Bryan College’s legal threats have a chilling affect on the mission of NACA.

To understand NACA’s position I will lay out our understandings and perspective, generally in their historical time frame.

In 2008, Mike Crain, the Co-Founder of NACA, was accused of assaulting an 8-year child at the Bluff House residence of Mike and Naomi Crane, which is directly

adjacent to the Fort Bluff Camp property on Dayton Mountain. Mike Crain was confronted and resigned as an employee and member of the Board of NACA. Mike Crain's wife, a Co-Founder of NACA, was made the President of NACA.

In a new incident, in 2009, Mike Crain was again charged with, and this time indicted for, sexually assaulting a staff member, and that staff member's minor child, on the Fort Bluff Camp property. In 2010, Mike Crain was tried and convicted of sexual battery of the staff member and pled "no contest" to the sexual battery of the minor child. He was sentenced to serve time in jail, to serve probation, and was required to register as a sex offender. Attachments 1, 2, 3

These actions led to a dilemma for NACA in 2009. The Crains owned a life estate in the Bluff House that had been built by NACA at its expense for the Crains adjacent to the Fort Bluff Camp property. The residual interest in the Bluff House was owned by NACA. It was not safe for the staff or children of Fort Bluff Camp for the Crains to continue to live next to the camp property, and the District Attorney was pressing for the Crains to vacate the Bluff House property.

This dilemma led to a difference of opinion on the Board of Trustees of NACA. The Chairman and several Trustees were pushing to have Naomi Crain resign as President of NACA and vacate the property. Naomi Crain was offered a two-year severance package and there were discussions of purchasing the life estate in the Bluff House at an amount equal to the value claimed by the Crains for tax purposes. Other members of the Trustees wanted to buy the Crains a new home and pay the Crains a life-time income. Attachments 4, 5

In September 2009, Glenn Stophel and the law firm of which he was a founding member, Chambliss Bahner & Stophel, were engaged to advise NACA on tax matters related to the Crain situation. Glenn Stophel was a member of the Board of Trustees of Bryan College and his law firm was general counsel to Bryan College. Attachment 6

Naomi Crain was not satisfied with the terms of the severance package that was presented to her and she refused to sign a severance agreement offered to her in September 2009. However, she apparently resigned as President and as an employee of NACA but remained on the Board of Trustees and on the Executive Committee.

When the NACA Board could not come to agreement on the terms of a severance package, an “ad hoc” committee, chaired by Charlie Fife, was appointed to develop a proposal. This committee initially worked with Glenn Stophel to address tax issues related to an agreement.

Disagreements regarding the proper course of action continued between NACA’s Trustees. The Chairman of the NACA Board, Carey Brown, and four other Trustees eventually resigned in frustration by November 30, 2009. Attachments 7, 8

Dissatisfied with the terms offered to her by the NACA Board, at some point in this time period, Naomi Crain apparently approached Stephen Livesay about whether Bryan College could take a leadership role in the continuing ministry of NACA. In Executive Committee Minutes of December 12, 2009 drafted by Glenn Stophel, Naomi Crain referred to Bryan College being an “operator”, not an owner. Carey Brown later acknowledged that unbeknownst to him, Naomi Crain, Charlie Fife and Bryan College were negotiating better terms for the Crains and questioned the legality of the “golden parachute” that was ultimately offered to Naomi Crain. Attachment 9

After Brown resigned, the attorneys advising NACA and Carey Brown on NACA employment matters (Scenic City Legal Group) declined to further advise NACA. In addition to providing tax advice, Glenn Stophel then developed the legal agreements between the Crains and NACA. Attachments 10, 11, 12

At some point prior to December 12, 2009, Dr. Livesay requested that Glenn Stophel review the Corporate Charter and Bylaws of NACA. Dr. Livesay had no position in NACA at this time; therefore, this request was made on behalf of Bryan College. Dr. Livesay confirms that Glenn Stophel was guiding Bryan College through the process with NACA in an email sent to the Bryan College Board of Trustees in *Campus News and Notes* of December 21, 2009. Attachments 13, 14

On December 12, 2009 a meeting of Stephen Livesay, Glenn Stophel and Naomi Crain was held at the home of Glenn Stophel in Franklin, Tennessee. Charlie Fife and Bill Mattheiss joined by telephone. Naomi Crain, Fife and Mattheiss act as the Executive Committee for NACA, but exactly who constituted the Executive Committee is unclear because of the then recent resignation of Brown and other Trustees. Several corporate officers were not included. This is important because Naomi Crain was an insider and an interested party in the negotiations that

impacted her severance/consulting agreement and purchase of the life estate in the Bluff House. See, Attachment 13

At this December 12 meeting, Stephen Livesay is given financial control over NACA by the group acting as the Executive Committee. (As a parenthetical--Glenn Stophel, serving as a spokesperson for Bryan College, later represents to World Magazine, as a "fact", in June 2017, that neither Bryan College nor Dr. Livesay were involved with NACA prior to December 18, 2009 {This statement is a summarization, see exact nature of representations in correspondence from Stephen Livesay to Marvin Olasky dated June 23, 2017}). Attachment 15

At the December 12 meeting a resolution was adopted by the group acting as the Executive Committee that NACA's Board of Trustees would be asked to resign and that a new Board of Trustees would be created based upon the recommendation of Dr. Livesay. See, Attachment 13

A Bryan College Executive Committee meeting was held on December 15, 2009. In that meeting, Dr. Livesay reported NACA had inquired whether Bryan College (through the election of Board members to NACA) would be interested in assuming control of NACA and Fort Bluff Camp. He reported that he been asked to join the NACA Board and appoint 8 additional Trustees from Bryan College to the NACA Board. He further reported that Mike Crain suffered from a stroke and progressive cognitive dementia; and thus, the Crains were no longer able to run the camp. Glenn Stophel and Stephen Livesay were cognizant of the felony indictment of Mike Crain and of the attempts to obtain Naomi Crain's resignation. However, Dr. Livesay's narrative attributed the Crains' departure solely to Mike Crain's health (and he failed to inform the Bryan College Executive Committee that Mike Crain had not been employed by NACA since mid-2008). Attachment 16

The Executive Committee approved Dr. Livesay's request.

Based upon NACA's December 12, 2009 Executive Committee meeting, at a Special Called December 18, 2009 NACA Board of Trustees meeting, the then NACA Board adopted a resolution under which the Crains would be paid \$150,000 in cash (with which to buy a home in Fairfax, South Carolina); installment payments would be made over time to the Crains totaling \$310,000, with interest; additional payments and benefits would be provided so that the total payments and benefits provided to Mr. and Mrs. Crain over 20 years would be approximately \$5,000 per month;

Mike and Naomi Crain would refrain from visiting the NACA campus for any reason after the date of the agreement; and Naomi Crain would be permitted to accept or reject the committee proposal until January 31, 2010. The total financial package for the Crains was intended to be a seven-figure payout by NACA over time.

Attachment 17

Thus, it was left to Dr. Livesay and Glenn Stophel to implement the terms of the transaction with the Crains. (That this is true is reflected in the NACA's audit of 2009, in which none of these liabilities are shown at December 31, 2009—but are reflected, under Dr. Livesay's leadership, in the 2010 audit.) This “golden parachute” financial package as Carey Brown had characterized it, significantly increased the value paid to the Crains over the September 2009 severance package advanced by Carey Brown. Attachments 18, 19, 20, 21, 22

Subsequent to that resolution, at the NACA Board meeting on December 18, 2009, a “Bryan College Proposal” was presented by Dr. Livesay and adopted, in which: Bryan College was given administrative governance and management of NACA, all then-current NACA Board members resign, Livesay became Chairman of NACA and named 8 more trustees to the NACA Board from his Bryan College administrative cabinet and Board of Trustees. Vance Berger, the Vice President of Finance of Bryan College at the time was appointed President of NACA. (Some 10 months later Dr. Livesay recommended adding 6 of the former members of the NACA Board to the new NACA Board, joining the Bryan College-associated Trustees who were already on the NACA Board.) See, Attachment 17

There are several points to understand about this important meeting from the current NACA Board’s perspective:

--NACA’s Fort Bluff camp property assets were not contributed to Bryan College. The only related discussion on this point was in the context of the potential sale of the campgrounds, in which several NACA Board members expressed that the camp ground property ***should remain with NACA***.

--Charlie Fife, who acted as Chairman of the NACA Board meeting of December 18, 2009, confirmed this in an email to Stephen Livesay of February 9, 2016 “We were transferring the responsibility of ***overseeing and managing*** this magnificent soul

winning ministry to a new group utilizing ***all of the property and assets in place.***" Attachment 23

--Dr. Livesay stated the new NACA Board would address the issue of Naomi Crain's consulting/severance agreement.

--Naomi Crain, who was an insider and an interested party in the purchase of the Crain life estate and the consulting/severance package, participated in the Board's actions.

--Glenn Stophel was elected to the new Board of Trustees and Executive Committee of NACA.

--According to the official minutes, it was not disclosed to the NACA Board at December 18, 2009 that Mike and Naomi Crain allegedly asked Dr. Livesay to facilitate contributing the Fort Bluff Camp property to Bryan College at some time in the future. (Dr. Livesay later makes such a claim on several occasions, including June 9, 2016.)

--First, the Crains had no authority to make such a request or offer.

--Second, if any such discussion ever took place, it smacks of a back room deal with the Crains offering Fort Bluff Camp to Bryan College in exchange for a life-time consulting agreement for Naomi Crain, the purchase of the life estate of the Bluff House on very generous terms to the Crains, and Dr. Livesay's silence with regard to the charges against Mike Crain.

--The 2010 Consulting Services Agreement and Promissory Note with the Crains were prepared by Glenn Stophel and subsequently executed by Stephen Livesay as Chairman of the Board of NACA. See, Attachments 55, 56

In the December 2009 timeframe, Dr. Livesay spoke publicly about the new relationship between NACA and Bryan College. In a Rhea Herald News article, Dr. Livesay assured the public that Bryan College had not acquired Fort Bluff or NACA. Quoting the Rhea Herald News, Bryan College's role is "to provide oversight, just basically to help them during this very difficult time." Attachment 24

Further, In *Campus News and Notes* of December 21, 2009 from Dr. Livesay to the Trustees of Bryan College, Dr. Livesay gave an update on the NACA Board Meeting of December 18, 2009. In that report, Dr. Livesay stated that “We do not assume any assets or liabilities with this arrangement.” He then goes on “to extend a special thanks to Glenn (Stophel) for his wisdom and work in guiding us (Bryan College) through this process.” Attachment 25

Fast forward to 2014. Because of a lawsuit against NACA and Bryan College, at the Bryan College Executive Committee Meeting of May 20, 2014, the following resolution, prepared by the law firm of Chambliss, Bahner and Stophel, was adopted which **further clarifies the true relationship between NACA and Bryan College**. The resolution provides, in pertinent part:

Neither Bryan College nor the Bryan College Board of Trustees exercises any governance or control over the NACA/Fort Bluff Camp.

...

The Bryan College Board is aware that some employees or board members of Bryan College serve on the NACA/Fort Bluff board or in other capacities. Such service is in no way contingent on or subject to their involvement or employment by Bryan College.

...

This statement of clarification, dated May 20, 2014 clarifies and governs over all other documents and information relating in any way to Bryan College or NACA/Ft. Bluff Camp. Attachment 26

In November 2014, Dr. Livesay proposed a reorganization of the NACA Board. The Board was significantly reduced to seven members: five of which were Bryan College Trustees or employees.

Fast forward to 2016. At February 5, 2016 the Bryan College-controlled Board of Trustees voted to initiate the process of transferring the assets and liabilities of NACA to Bryan College. Dr. Livesay was tasked with speaking with Glenn Stophel regarding the proper method for carrying out the Board’s decision and determining the future of NACA. This was not a vote of authorization to transfer the property.

Attachment 27,28

Bryan College was running a financial deficit of \$900,000 at the end of its fiscal year which ended at June 30, 2016. Attachment 29

After having provided little or no information to the NACA Board of Trustees about the future relationship between NACA and Bryan College, finally, on June 9, 2016 Dr. Livesay prepared and presented to the NACA Board of Trustees a document entitled "What is best for NACA?". In that document, Dr. Livesay makes certain representations that are contrary to the Executive Committee action of Bryan College on May 20, 2014. Quoting Livesay: Attachment 30

Bryan College has provided stability and enhancement for the camp for the past six years including:

- Dissolution and Resolution of litigation inherited from the previous camp stewards
- Guidance regarding public relations and standing within the community
- Expanded the constituency of the camp
- Provided leadership in many areas
- Provided funds and volunteer time to enable all of the above

First, according to the action of Bryan College on May 20, 2014, any Bryan College employee or Board Member serving on the NACA Board was contributing their own time, and they were not providing a service on behalf of Bryan College.

Second, once Dr. Livesay assumed the position of Chairman of the Board of NACA and Vance Berger assumed the position of President of NACA, whatever service they provided to NACA were services they provided in their official capacities for NACA and not for Bryan College. Resolving litigation, guiding public relations, expanding the constituency of the camp, providing leadership, and providing funds and volunteer time to NACA became their responsibilities to NACA as Officers and Trustees of NACA. Their service and obligations to NACA did not justify a \$6 million contribution of NACA property to Bryan College in repayment for their services.

Essentially, in the “What is best for NACA” document, Dr. Livesay represented that the auditors recommended that a lease between NACA and Bryan College was the best option for NACA.

On June 24, 2016 Dr. Livesay distributed to the NACA Board of Trustees the form of the lease that was considered by the NACA Board on June 27, 2016. This is document 18522_00/0001/JLC-2687104_4. Attachment 31, 32, 33

On June 24, 2016 SCORE International, a Christian sports missionary ministry, made a \$2.5 million bid for the Fort Bluff Camp property, which included the payoff of the (\$909,420) real property debt of NACA. This was the second time that SCORE International had made such an offer. Dr. Livesay reported that this offer was only one-third of the appraised value of the property. The SCORE International offer was therefore rejected by the NACA Board. However, this offer was far more generous than an offer to “acquire” the property for \$1. Attachment 34

On June 27, 2016, while Stephen Livesay was Chairman of the Board of Trustees of NACA, Bryan College utilized its majority control of NACA's Board of Trustees to transfer the Fort Bluff Camp property (net worth \$6.045 million) to Bryan College for \$1. As a part of the transaction, Bryan College allegedly assumed NACA's debt on the Fort Bluff Camp property of \$909,420. (Property appraised value of \$6,955,000 minus property debt of \$909,420 equaling net value gain to Bryan College of \$6,045,580). This transaction resulted in a net loss to NACA of \$1,697,738. (Net book value of \$2,607,158 minus the assumption of property debt of \$909,420 equaling net loss to NACA of \$1,697,738). (But as noted, Bryan College is now demanding the NACA repay the debt that Bryan College assumed). Attachments 35, 36, 37, 38

The \$6.045 million “contribution” of the Fort Bluff Camp property to Bryan College resulted in Bryan College finishing its fiscal year with a surplus of \$4.961 million. NACA finished its fiscal year with a \$1.605 million loss. Attachments 39, 40

At the time of the June 27, 2016 transaction, Dr. Stephen Livesay was Chairman of the Board of Trustees of NACA and President of Bryan College. Vance Berger was President of NACA and Controller of Bryan College. Of the seven-member NACA Board at the time of the 2016 transaction, four NACA Trustees were members of

the Bryan College Board of Trustees—Dr. Robert Coddington, Wayne Cropp, Ralph Green, and Livesay. One NACA Trustee was an employee of Bryan College—Vance Berger. There were two additional members of the NACA board--Charlie Fife and Mrs. Bobbie McKenzie. The Resolution of the NACA Board was 6 in favor and 1 opposed. See Attachment 35

The impact of this transfer was to divest NACA of the primary asset essential to its mission. Further, NACA was left with other substantial debt (on the Bluff House) and other long-term financial obligations (an alleged life-time “consulting” agreement with Naomi Crain under which no consulting services are performed) accrued under Stephen Livesay’s tenure at NACA. Attachment 41

Publicly, Dr. Livesay represented that Bryan College “acquired” the NACA property. However, the truth is reflected on Bryan College’s June 30, 2016 audit which shows that Bryan College received a \$6.045 million donation from an undisclosed local nonprofit organization (NACA). See Attachments 42, 43, 44

Bryan College is now demanding that NACA repay the \$909,420 debt to Bryan College in the form of \$10,000 monthly lease payments. Significantly, NACA’s debt increased by more than \$900,000 during Dr. Livesay’s tenure as Chairman of the Board of Trustees at NACA. See Attachment 15. Attachments 45, 46, 47

The NACA minutes of June 27, 2016 reflect that Dr. Livesay acknowledged that he had a conflict of interest. On June 28, 2016 the Bryan College Board of Trustees met in special session and approved a lease with NACA. Having acknowledged his Bryan College/NACA conflict of interest, Livesay did not recuse himself from the actions of the NACA Board of Trustees on June 27, 2016 or the Bryan College Board of Trustees on June 28, 2016. See Attachments 35, 42

Importantly, new lease terms that were not presented to, discussed with or approved by NACA on June 27, 2016, deleting a lease payment of \$1 annually, and requiring instead automatic monthly payments of \$10,000 per month by NACA, were substituted by Bryan College in the lease approved by the Bryan College Board of Trustees on June 28, 2016. The June 28, 2016 Bryan College version also deleted a provision that allowed an offset against rent for any improved capital improvements. Bryan College’s version of the lease was signed on June 28, 2016 by Vance Berger, an employee of Bryan College, and Rick Taphorn, as Vice President

of Finance and Enrollment of Bryan College. Vance Berger was a subservient employee to Rick Taphorn and Dr. Livesay. Attachment 48

Additionally, in July 2017 Dr. Livesay and Dave Sekura, Fort Bluff Camp Director reached agreement that some of the terms in the NACA approved lease of June 27, 2016 would be incorporated in the NACA lease. For instance, new buildings would off-set any rent due to Bryan College. NACA has honored this agreement. In 2018 Vance Berger, as President of NACA, deeded the newly constructed Hawk's Landing Building, appraised value of \$200,000, to Bryan College. Bryan College is now threatening not to honor Dr. Livesay's commitment by demanding payment of some \$80,000 in alleged past due rental payments. Attachment 49, 50

Bryan College and NACA had the same audit firm in 2016-Mauldin and Jenkins. Neither the Bryan College nor the NACA audits for the applicable time period disclose that the transfer of NACA's real property assets were a related party transaction. Bryan College operates on a fiscal year, July 1-June 30, while NACA operates on a calendar year, January 1-December 31.

Bryan College's IRS Form 990 for July 1-June 30, 2016 (2015 IRS Form 990) was prepared by Bryan College and signed under penalty of perjury by Rick Taphorn, the Vice President of Finance and Enrollment at Bryan College. The Bryan College Form 990 does not accurately reflect the true nature of the June 27-28, 2016 transaction between NACA and Bryan College. Bryan College's 2015 Form 990 represents that Bryan College was not "related" to any tax-exempt organization, that Bryan College did not receive any non-cash contributions in excess of \$25,000, that Bryan College was not a party to a business transaction with an entity of which a current officer, director, trustee, or key employee was an officer, director, trustee, or direct or indirect owner, and that all contributions and gifts to Bryan College were raised as part of a "federated campaign" and none were from related parties. (See, Bryan College 2015 Form 990, Part IV, Questions 28, 29, 34; Part VI A.2.; and Part VIII 1.) Attachment 51

NACA's IRS Form 990 for January 1-December 31, 2016 (2016 IRS Form 990) was prepared by NACA and signed under penalty of perjury by Vance Berger, President of NACA, and Controller of Bryan College. Mr. Taphorn and Mr. Berger are members of the same department at Bryan College (Office of Finance and Enrollment). The NACA Form 990 does not accurately reflect the true nature of the

June 27-28, 2016 transaction between NACA and Bryan College. NACA's 2016 Form 990 represents that NACA was not "related" to any tax-exempt organization, that all members of the NACA Board of Trustees were "independent", that NACA was not a party to a business transaction with an entity of which a current officer, director, trustee, or key employee was an officer, director, trustee, or direct or indirect owner, that NACA did not "sell, exchange, dispose of, or transfer more than 25% of its net assets", and that the organization regularly and consistently monitored and enforced its Conflicts of Interest Policy (See, NACA 2016 Form 990, Part IV, Questions 8, 28, 32, 34; and Part VI. B. 12). Attachment 52

The Form 990s were signed by individuals in the same Financial Department at Bryan College, both of whom work for Dr. Stephen Livesay as President of Bryan, and they obscure the true nature of the June 27-28, 2016 transaction from the IRS, and the public.

Rather than hold Mike Crain accountable for the sexual abuse of employees and children, the unfortunate circumstances of 2009 were used to convince the Bryan College-controlled NACA Board in 2016 that NACA had some obligation to Bryan College (and the alleged secret request of the Crains) which would lead the NACA Board to "contribute" the \$6.045 million real estate assets of the Fort Bluff Camp property to Bryan College for \$1. Dr. Livesay represented that NACA's/Bryan College's auditors recommended this transaction as in the best interests of NACA. See, Attachment 30

The contribution of NACA's primary asset—the Fort Bluff Camp property—to Bryan College, together with the monthly lease payments for property that was, and rightfully should be NACA's, the long-term debt to Volunteer State Mortgage Company placed on the Bluff House, the debt/Promissory Note to the Crains for their life estate in the Bluff House, and NACA's life-time consulting services contract with Naomi Crain under which it has never received any services, has placed an oppressive burden on NACA by Bryan College. Attachments 53, 54, 55

The Bryan College-controlled NACA Board of Trustees, with Dr. Livesay as its Chairman of the Board and Vance Berger as its President, left NACA with stifling debt and little financial resources with which to fulfill its mission. Bryan College, on the other-hand, obtained \$ 6 million dollars in property but is demanding even more.

NACA's current Board of Trustees believes that it has fulfilled its obligations to Bryan College.

Contrary to Bryan College's commitment to the community in August 2016 when it announced the acquisition of the Fort Bluff camp property ("With this {acquisition} comes responsibility to faithfully continue the camp's mission of sharing the gospel through many venues."), Bryan College is threatening to destroy the life-impacting ministry of NACA. See Attachment 44

Our request is two-fold: first, we request that Bryan College desist from its threatened legal actions against NACA; and, second, we respectfully ask that Bryan College return the Fort Bluff Camp property assets and liabilities to NACA.

NACA invites the Bryan College Board of Trustees to investigate and review NACA's understandings and perspectives by an independent group or authority who is **not** comprised of parties who were involved in the transactions between the parties. We would be pleased to cooperate with any such open and comprehensive independent review of Bryan College's and NACA's records.

Sincerely,

John Ballinger

National Association of Christian Athletes, Inc.

Attachments 1-56