

LCMS Bylaws and Policies

Organizations applying for RSO status must agree to operate in accordance with Synod bylaws and LCMS Board of Directors policies applicable to RSOs. The applicable bylaws and policies are copied below:

LCMS Bylaws Relative to RSOs

The Synod has a lengthy history of recognizing the contributions made by service organizations. A distinction between auxiliaries and other service organizations was made by the 1979 convention, which established separate bylaw sections governing its relationship with auxiliaries (Bylaw 17.01) and “other listed service organizations” (Bylaw 17.03). At that time, Lutheran Medical Mission Association was the only such listed organization listed in the bylaws. Today, although the Synod no longer lists them in its bylaws, several hundred organizations are recognized and have been called “recognized service organizations” since 1992. Bylaw section 6.2, which governs the granting of recognized service organization (RSO) status, is reprinted below from *The Lutheran Church—Missouri Synod 2007 Handbook*. The complete handbook is available online at www.lcms.org?2434.

6.2 Recognized Service Organizations

- 6.2.1 The granting of recognized service organization status by the Synod signifies that a service organization, while independent of the Synod, fosters the mission and ministry of the church, engages in program activity that is in harmony with the programs of the boards of the Synod, and respects and does not act contrary to the doctrine and practice of the Synod.
- (a) Under the governance and policies of its own board, a recognized service organization operates with freedom and self-determination as a ministry organization independent of the Synod or districts or congregations of the Synod in the establishment and evaluation of its own objectives, activities, and programs, in organization and administration, and in financial matters.
 - (b) The Board of Directors of The Lutheran Church—Missouri Synod shall adopt common policies for granting recognized service organization status.
 - (c) Each operating board of the Synod may also adopt policies and criteria to assure that its unique needs are met and shall report these to the Board of Directors.
- 6.2.2 Recognized service organization status may be granted to a service organization (other than an auxiliary) that extends the mission and ministry of the Synod but is not part of the Synod as defined by its Constitution and Bylaws.
- (a) Requests for recognized service organization status shall be made to the board of the Synod to which the organization desires to relate.
 - (b) Within the area of its responsibility, each board of the Synod may determine those organizations to which recognized service organization status will be granted.
- 6.2.3 Each board of the Synod shall adopt policies requiring each recognized service organization to give its assurance in its governing documents that recognition as a service organization is not an endorsement by the Synod or a guarantee of financial responsibility for the debts and obligations of the organization or for services provided or offered.

LCMS Policies for Granting RSO Status to Service Organizations

LCMS Board of Directors policies provide guidance to all agencies of the Synod as they work to carry out their responsibilities. As such, specific policies refer to the granting of RSO status to service organizations. Policies 5.9.1 and 5.9.2, copied below, govern the granting of RSO status. The complete *Board of Directors Policy Manual* is available online at www.lcms.org?10187.

5.9 Granting of Recognized Service Organization Status by Agencies of the Synod

5.9.1 RSO Status and Limitations

Bylaw 6.2 provides for granting “Recognized Service Organization” (RSO) status to independently incorporated service organizations that are independent of the Synod and whose ministries foster and extend the mission and ministry of the Synod. Requests for RSO status are made through the board of the Synod to

which the organization desires to relate (Bylaw 6.2.2 [a]). Through recognition, the Synod affirms that an RSO is compliant with policies adopted by the Board of Directors (Bylaw 6.2.1 [b]) and any policies and criteria established by the operating board of the Synod to which it relates (Bylaw 6.2.1 [c]).

Recognition of a service organization by the Synod commends the RSO as a responsible corporate ministry that is not a part of the constitutional, legal structure of the Synod. However, the granting of RSO status does not imply accreditation or certification of the organization or its programs. Corporate Synod and its agencies disavow any participation in or responsibility for the governance, policies and programs of the organization and makes no representations or guarantees regarding the fiscal solvency or financial responsibility of the organization or any services that it expressly or implicitly offers.

RSO status is granted to the organization identified in the RSO agreement executed by the RSO and the Synod agency (Agreement). Subsidiaries and affiliates of the requesting organization are excluded from the agreement and are not entitled RSO status unless specifically identified in the Agreement as being party to the agreement.

In order that Synod's recognition of service organizations will be of maximum benefit to the church, the Board of Directors provides the following common policies:

- 5.9.1.1 The Synod boards shall assure that the corporate service organizations granted Recognized Service Organization status:
 - 5.9.1.1.1 Identify with the mission and ministry of the Synod but are independent of the Synod's constitutional, legal structure.
 - 5.9.1.1.2 Respect and do not act contrary to the doctrine and practice of the Synod as set forth in the Constitution, specifically Article II, and applicable resolutions of the Synod.
 - 5.9.1.1.3 Foster the mission and ministry of the Synod and engage in program activity that is in harmony with the programs of the boards of the Synod.
 - 5.9.1.1.4 Provide for appropriate Synod representation on their governing boards, especially in the case of inter-Lutheran or inter-faith organizations (appropriate levels of representation to be determined by the board of the Synod to which the organization relates).
- 5.9.1.2 The Synod shall be assured that corporate service organizations that are granted Recognized Service Organization status:
 - 5.9.1.2.1 Have provided assurance of Internal Revenue Code Section 501 (c) (3) tax exemption.
 - 5.9.1.2.2 Operate with freedom and self-determination under the governance and policies of their own boards in establishing and evaluating their organizational, financial and administrative objectives, activities and programs.
 - 5.9.1.2.3 Have established and maintain policies that limit fund-raising costs in relation to receipts.
 - 5.9.1.2.4 Are able to demonstrate that, in the event of dissolution of the corporation, the residual assets shall be distributed to another 501 (c) (3) organization.
 - 5.9.1.2.5 Have included provisions in their governing documents to clarify that

recognition by the Synod (i) is not an endorsement of the fiscal solvency of the organization and (ii) does not express or imply endorsement of the fiscal solvency of the organization or any responsibility on the part of the Synod for the debts or other financial obligations of the organization. Such provisions are subject to approval by Synod's legal counsel.

- 5.9.1.2.6 Sign an Agreement by which the organization agrees to comply with all applicable Bylaws and policies of the Synod.
- 5.9.1.2.7 Include in all agreements or other documents creating secured indebtedness of the organization or financing obligations (such as promissory notes, bond issues, or other financing agreements) in a principal amount in excess of ten percent of the assets of the corporation (as evidenced by its most recent audited financial statement) the following disclaimer of financial responsibility of the Synod for the obligations of the organization:

It is agreed and acknowledged that the recognized service organization status conferred upon [RSO] by The Lutheran Church—Missouri Synod is not an endorsement by the Synod of the fiscal solvency of [RSO] or of the services or programs offered by [RSO]. By recognizing [RSO] as a recognized service organization, the Synod does not undertake any obligation to repay or guarantee [RSO]'s debts or other financial obligations.

- 5.9.1.2.8 Include in the Agreement a provision by which the organization agrees to indemnify and defend corporate Synod and all agencies of Synod against lawsuits and claims against them resulting from or arising out of the Synod's recognition of the organization, such provision to read as follows:

[RSO] agrees to defend, indemnify and hold harmless corporate Synod and all Synod agencies together with the officers, directors and employees of each such organization from any and all liability, loss, damage or costs, including attorneys' fees, they, or any of them, may suffer as a result of claims, demands, actions, costs or judgments arising against any of them in any way relating to [RSO] or arising by reason of the Synod's recognition of [RSO] as a recognized service organization of the Synod, including, without limitation, claims asserting that (RSO) is controlled or endorsed by the Synod or that the Synod negligently granted or maintained the recognized service organization status of [RSO] or failed to properly monitor the actions and undertakings of [RSO].

5.9.2 RSO Standing Committee

- 5.9.2.1 The RSO Standing Committee is a standing committee of the Board of Directors constituted to supervise and facilitate the RSO-granting process of the Synod, with the Board of Directors retaining general interest and supervisory responsibilities on behalf of the Synod.
- 5.9.2.2 The membership of the RSO Standing Committee will be composed of
 - 5.9.2.2.1 The Secretary, the Chief Administrative Officer, and the Director of Business Services of the Synod as ex officio members, and
 - 5.9.2.2.2 Three additional members appointed annually—one by each of the three agencies granting the greatest number of service organization recognitions.
- 5.9.2.3 The RSO Standing Committee will meet at least four times annually to conduct its

business, with the Secretary serving as Chairman and two appointed members serving as the Vice-Chair and Secretary of the committee. The committee's business shall include:

- 5.9.2.3.1 Maintaining a uniform process for the application, granting, monitoring, and reapplication (every five years) of recognized service organization status
- 5.9.2.3.2 Informing service organizations of the requirements of recognized status upon their application for such status through a board of the Synod
- 5.9.2.3.3 Informing service organizations of the benefits and privileges that accompany the granting of recognition by the Synod, including:
 - Eligibility of ordained and commissioned ministers of the Synod called by recognized service organizations to remain on the active membership roster of the Synod;
 - Eligibility to apply for loans from the Lutheran Church Extension Fund—Missouri Synod, subject to LCEF policies;
 - Eligibility for “employer” status under the various Concordia Plans of the Synod, subject to Concordia Plans policies;
 - Eligibility for gift planning and trust services of The Lutheran Church—Missouri Synod Foundation, subject to Foundation policies;
 - Eligibility to receive restricted funds raised by the Synod subject to approval by the Synod board to which the organizations relates and by the Synod's Vice-President–Finance—Treasurer, such approval taking into consideration demonstrated need and specific purpose for which the funds are to be used;
 - Public identification with the Synod and its agencies, including the use of the corporate Synod's logo, subject to Board for Communication Services' policies;
 - Eligibility to participate in the LCMS Group Purchasing Agreement program, subject to certain restrictions; and
 - Eligibility to apply for grants from Lutheran Women's Missionary League, subject to LWML policies.
- 5.9.2.3.4 Review the additional policies and criteria provided by the Corporate Synod agencies that grant recognition to service organizations (Bylaw 6.2.1 [c]) to assure that the unique needs of those boards and the expectations of the Synod are met.
- 5.9.2.3.5 Providing regular status and activity reports to the Board of Directors and Conventions of the Synod, including reports of policies and criteria adopted by the boards of the Synod.
- 5.9.2.3.6 Listing all Recognized Service Organizations in The Lutheran Annual. The listing shall be prefaced by a statement that recognition is not a guarantee on the part of the Synod on the fiscal solvency of the Recognized Service Organization and that the Synod has no financial responsibility for a recognized organization or services expressed or implied.

Note: The LCMS agency to which an inquiring organization is assigned may have additional policies or criteria for granting RSO status. The organization will be notified if that is the case.