

Ministry Service Agreement

This Service Agreement (the "**Agreement**"), dated as of 10/3/2022 (the "**Effective Date**"), is by and between the Association of Free Lutheran Congregations Business Office, (the "**AFLC Business Office**") which is part of the Association of Free Lutheran Congregations Co-ordinating Committee ("**Co-ordinating Committee**"), a religious nonprofit organization, and the Association of Free Lutheran Congregations World Mission Corporation, a religious nonprofit organization (the "**Ministry**").

1. **Relationship of the Parties & Services.** The parties agree to enter into an arrangement for AFLC Business Office to provide various administrative, financial, and human resources-related services to the Ministry as defined herein.

1.1 **AFLC Relationship & Christian Beliefs of the Parties.** The parties are part of the Association of Free Lutheran Congregations, a religious fellowship, and agree to be governed by its Fundamental Principles and the Bible. The parties further acknowledge and agree that any claim or dispute arising from or related to this agreement shall be settled by Biblically-based mediation and, if necessary, legally binding arbitration in accordance with the Rules of Procedure for Christian Conciliation of the Institute for Christian Conciliation (complete text of the Rules is available at www.aorhope.org/rules or by contacting ICC at icc@aorhope.org). Judgment upon an arbitration decision may be entered in any court otherwise having jurisdiction. The parties understand that these methods shall be the sole remedy for any controversy or claim arising out of this agreement and expressly waive their right to jury and their right to file a lawsuit in any civil court against one another for such disputes, except to enforce an arbitration decision.

1.2 **No Fiduciary Relationship.** No fiduciary relationship exists between the Ministry and AFLC Business Office. Each party is, and will remain, responsible for all obligations and liabilities of, and for all loss or damage to its organization and for all claims and demands based on damages or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly arising from or in connection with the operation of its organization and facilities for same. Neither party will have or exercise the right to, control the day-to-day managerial operations of the other party. Neither party may exercise any authority, express, implied, or apparent, to act on behalf of or as an agent of the other party or any of its affiliates or subsidiaries, for any purpose, and will take no action which might tend to create an apparent employer-employee or agency relationship between the parties.

1.3 **Not a Professional Employer Organization.** AFLC Business Office is not a certified PEO provider covered by 26 U.S.C. § 3511. Nothing in this Agreement alters the Ministry's liability for federal employment taxes on remuneration remitted by AFLC Business Office to the employees covered by this Agreement.

2. **Rights and Responsibilities of AFLC Business Office.**

2.1 **Services.** AFLC Business Office may provide various administrative, financial, and human resources-related services including without limitation clerical functions,

accounting, payroll processing, information technology, human resources, bookkeeping, possible use of equipment and facilities, recordkeeping, and coordination of such aforementioned activities to the Ministry. Currently, this includes, but are not limited to and subject to change at the discretion of the AFLC Business Office, the following specific services:

(a) Receivables Management. The AFLC Business Office will process & deposit all Ministry donations, including cash, check, and online gifts and payments received by the Ministry. Upon written agreement of the parties, the AFLC Business Office will also provide donation receipts and thank you letters to donors.

(b) Payables Management. The AFLC Business Office will perform all payable procedures, which include but are not limited to: cash disbursement, check payments, online payments, reimbursement requests, and related tasks as required. The AFLC Business Office will retain paper copies of payments and disbursements in accordance with its record's retention policy.

(c) Month and Year End Procedures. The AFLC Business Office will perform various month and year end procedures, including without limitation, bank reconciliations and preparation of financial reports for the Ministry. The AFLC Business Office will retain paper copies of financial reports, bank statements, and other applicable records in accordance with its record's retention policy. The AFLC Business Office will also distribute copies of financial reports to the Ministry Directors each month.

(d) Tax Filings. The AFLC Business Office will process any tax filing that may be required of the Ministry, including without limitation, individual state taxes and payroll taxes. This includes tax filings with the Internal Revenue Service and applicable state revenue departments.

(e) Payroll. The AFLC Business Office will process the payment of wages, as reported by the Ministry. The AFLC Business Office will make all required deductions and withholdings under applicable federal, state, and local laws. Payroll will be completed twice a month.

(f) Health & Welfare Benefits; Retirement Plan. The AFLC Business Office will provide and administer health and welfare benefits, as well as retirement plans, in compliance with applicable federal and state laws, and subject to eligibility requirements.

(g) Information Technology and Databases. The AFLC Business Office will provide various Information Technology Services, which include without limitation, Ministry access to Raiser's Edge (donor database) and accounting software.

(h) Building Management. The AFLC Business Office will provide and oversee the use of the Ministry's use of its designated space and provision of various utilities, maintenance services, custodial services, limited office supplies as they are available at the discretion of the AFLC Business Office (e.g., printer paper, paper

products, access to beverage services, and other similar supplies) and shared equipment in the AFLC's Administration Building, located at 3110 East Medicine Lake Blvd., Plymouth, Minnesota.

(i) Audits. Upon request, the AFLC Business Office may provide limited assistance to the Ministry during financial audits. This may include the AFLC Business Office providing documents requested by the Ministry's outside auditor. However, this assistance is at the discretion of the Business Office. All assistance provided by the AFLC Business Office shall be based upon the information and cooperation authorized by the Ministry.

(j) Insurance Policies. The AFLC Business Office will provide the Ministry with oversight and management of its various insurance policies.

2.2 AFLC Business Office will employ and provide to the Ministry administrative staff qualified and assigned to carry out the various Services, as defined above in Section 2.1 (hereafter, collectively referred to as "Services.")

2.3 AFLC Business Office is responsible for making appropriate employment appointments to provide the Services. These employees will remain employees of the Ministry and are subject to all rights and responsibilities of other the Ministry employees. Employees remain under complete control of and are supervised by the Ministry, and the Ministry has no direct authority over these the Ministry employees. AFLC Business Office's employees may not be otherwise compensated by the Ministry.

2.4 In providing the Services, AFLC Business Office is executing decisions made by the Ministry's governing board, as provided through the Ministry.

2.5 Upon request, the AFLC Business Office will provide written and verbal reports to the Ministry's authorized agent regarding the Services provided under this Agreement.

2.6 AFLC Business Office shall provide an annual valuation statement to the Ministry for the Services provided under this Agreement.

2.7 AFLC Business Office and the Ministry are jointly responsible for compliance with all applicable laws related to the Services, including, but not limited to federal laws, state or local equivalents, all as amended.

2.8 AFLC Business Office will accurately inform the Ministry if it has knowledge of any actual or potential legal claims regarding the Services, including (oral or written), charges, incidents, allegations, lawsuits, government investigations or audits, or change in employee status.

2.9 AFLC Business Office may also provide limited office space at AFLC Administration Building and/or other location(s) to the Ministry as mutually agreed by the parties. Within this limited office space, AFLC Business Office will provide phone service, utilities, and other building services to the Ministry as mutually agreed by the parties.

3. Rights and Responsibilities of the Ministry.

3.1 The Ministry shall have sole responsibility for the day-to-day control and supervision of its employees, as well as hiring, firing, disciplining, or other related employment matters.

3.2 The Ministry shall execute any and all required authorizations, including without limitation, authorization to establish signing authority for an officer or agent of the AFLC Business Office to provide for the written authorization to act and make financial decisions on behalf of the Ministry as required by this Agreement.

3.3 The Ministry shall have the sole responsibility for the proper classification of its employees as exempt or non-exempt under applicable wage and hour laws, and shall accurately convey this information to AFLC Business Office.

3.4 The Ministry shall maintain accurate records regarding time worked by employees and compensation payment information including, but not limited to:

- (a) wages, including whether salaried or hourly, and regular rate of pay;**
- (b) overtime;**
- (c) bonuses;**
- (d) vacation pay;**
- (e) sick pay;**
- (f) paid time off;**
- (g) paid leaves of absence; and**
- (h) severance payments.**

The Ministry shall provide access to the above records to AFLC Business Office upon request.

3.5 The Ministry shall timely report to AFLC Business Office any changes in its workforce, such as employees hired or terminated, and any changes in salary, hour, wages, or other compensation.

3.6 The Ministry shall provide and administer any employee benefits not provided by AFLC Business Office.

3.7 The Ministry shall maintain licenses that may be required of any of its employees.

3.8 The Ministry shall provide a safe work environment, in compliance with OSHA, and timely report any work-related injuries to AFLC Business Office.

3.9 The Ministry agrees to accurately inform the AFLC Business Office if it has knowledge of any actual or potential legal claims regarding the Services, including (oral or written), charges, incidents, allegations, lawsuits, government investigations or audits, or change in employee status

3.10 The Ministry shall comply with all state and federal laws governing tax-exempt charitable organizations, including but not limited to: Section 501(c)(3) of the Internal Revenue Code, and comply with Minnesota laws and regulations affecting nonprofit organizations.

4. Term. This Agreement shall commence as of the Effective Date and, unless sooner terminated pursuant to Section 6, shall continue for a period of one (1) year, after which it will automatically renew for additional one (1) year renewal terms unless either party gives at least (30) days written notice of non-renewal prior to end of the then-current term.

5. Fees; Payment Terms.

5.1 Service Fees. In consideration of the provision of the services by AFLC Business Office and the rights granted to the Ministry under this Agreement, the Ministry shall pay the fees set forth in Exhibit A.

5.2 Payment Terms. AFLC Business Office shall issue invoices to the Ministry, which shall be due and payable upon receipt days after the Ministry receives the invoice. All payments hereunder shall be in US dollars and made by check or wire transfer.

6. Termination; Effect of Termination.

6.1 Either party, in its sole discretion, may terminate this Agreement, in whole or in part, at any time without cause, by providing sixty (60) days' prior written notice to the other party.

6.2 The rights and obligations of the parties set forth in this Section 6 and **Error! Bookmark not defined.****Error! Reference source not found.**, Section 7, Section 8, Section 10, Section 9, **Error! Bookmark not defined.****Error! Reference source not found.**, **Error! Bookmark not defined.****Error! Reference source not found.**, Section 11, and Section 17, and any right or obligation of the parties in this Agreement which, by its nature, should survive termination or expiration of this Agreement, will survive any such termination or expiration of this Agreement.

7. Confidential Information. Both parties may be given access to or acquire information which is proprietary or confidential to the other party and its affiliated ministries and supporters. Any and all such information obtained by either party shall be deemed to be confidential and proprietary information. Both parties agree to hold such information in strict confidence and not to disclose such information to third parties or to use such information for any purposes whatsoever other than the providing of the Services under this Agreement.

8. Representations and Warranties.

8.1 Each party represents and warrants to the other party that:

(a) it is duly organized, validly existing, and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;

(b) it has the full right, power, and authority to enter into this Agreement, to grant any rights and licenses granted hereunder, and to perform its obligations hereunder;

(c) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the party; and

(d) when executed and delivered by such party, this Agreement will constitute the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms.

9. Indemnification. The Ministry hereby releases and agrees to indemnify, hold harmless, and defend AFLC Business Office and its agents, directors, employees, officers, and representatives from and against any and all causes of action, claims, costs and expenses (including, without limitation, reasonable attorney's fees), demands, judgments, liabilities, losses, and obligations for or related to any bodily injury (including, without limitation, emotional or mental harm) or property damage arising from or related to the Ministry's activities, excepting only any such injury or damage directly resulting from, and only to the extent directly caused by, any action or failure to act of AFLC Business Office related to AFLC Business Office's performance of its obligations hereunder or any breach by the Ministry of any of its commitments, obligations, representations, or warranties under this Agreement.

10. Limitation of Liability.

10.1 EXCEPT AS OTHERWISE PROVIDED IN **Error! Bookmark not defined.**9, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR LOSS OF DATA OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10.2 EXCEPT AS OTHERWISE PROVIDED IN **Error! Bookmark not defined.****Error! Reference source not found.**, IN NO EVENT WILL EITHER PARTY'S LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED TWO (2) TIMES THE AGGREGATE AMOUNTS PAID OR PAYABLE TO PEO PROVIDER PURSUANT TO THIS AGREEMENT.

11. Notices.

11.1 All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses provided within the signature block of this Agreement.

12. Entire Agreement. This Agreement, together with all Exhibits and any other documents incorporated herein by reference, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to its subject matter.

13. No Assignment. Neither party may assign, transfer, or delegate any or all of its rights or obligations under this Agreement, without the prior written consent of the other party. No assignment shall relieve the assigning party of any of its obligations hereunder. Any attempted assignment, transfer, or other conveyance in violation of the foregoing shall be null and void. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

14. Amendment of Agreement. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the waiving party. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

15. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner so that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

16. Law. This Agreement and all related documents and all matters arising out of or relating to this Agreement, whether sounding in contract, tort, or statute, shall be governed by and construed in accordance with the laws of the State of Minnesota.

17. **Christian Conciliation.** Each party irrevocably and unconditionally agrees that any claim or dispute arising from or related to this agreement shall be settled by mediation and, if necessary, legally binding arbitration in accordance with the Rules of Procedure for Christian Conciliation of the Institute for Christian Conciliation (complete text of the Rules is available www.aorhope.org/rules or by contacting ICC at icc@aorhope.org). Judgment upon an arbitration decision may be entered in any court otherwise having jurisdiction. The parties understand that these methods shall be the sole remedy for any controversy or claim arising out of this agreement and expressly waive their right to jury and their right to file a lawsuit in any civil court against one another for such disputes, except to enforce an arbitration decision.

18. **Miscellaneous.**

18.1 For purposes of this Agreement: (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation;" (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Sections, Exhibits, and Statements of Work refer to the Sections of, and Exhibits attached to this Agreement; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

18.2 This Agreement is for the sole benefit of the parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

18.3 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. The signatures of all parties do not need to be on the same counterpart for it to be effective. A signed copy of this Agreement delivered by facsimile, email in portable document format (.pdf) or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AFLC BUSINESS OFFICE

By 

Name: Katie Johnson

Title: Director of Business Management

Address: 3110 E Medicine Lake Blvd, Plymouth,
MN 55441

MINISTRY

By 

Name: Candy Johnson

Title: World Missions Board Chairman

Address:

EXHIBIT A – Fee Schedule