



*Evangelical Lutheran  
Foundation of Eastern Canada*



# *Growing Generosity*

Annual Report 2013

## 2013 Director's Report



*Susan Heard, Chair, ELFEC Board of Directors*

This was a positive year for ELFEC on several fronts. We experienced solid investment results with the portfolio returning 9.3% on a time-weighted basis – the best return in recent years and ahead of the 10-year average of 6.1%. We added two new congregational partners and two new endowments – a trend we hope to continue in the years ahead. Finally, the assets entrusted to us grew to \$15.3 million – a healthy increase over the previous year end's \$13.9 million. These positive results enabled ELFEC to distribute \$1.2 million in grants in 2013, with a total of almost \$5 million in grants distributed over the past six years.

While the board was heartened by these financial milestones, we are also pleased with the progress in meeting two key long standing objectives: to position the foundation as a leader in socially responsible investing; and to conduct a formal search process for an investment manager.

### Responsible Investment

As a board, we recognized we needed to ensure our investment policies were up-to-date and reflected current market products and instruments, and that we were able to articulate to potential managers what we meant by “responsible investment”.

ELFEC's investment policies had always mandated a requirement for socially responsible investment choices – but our policies were “high level.” Our goal in redrafting our policy was to be clear not only about companies we would not invest in, but also to encourage investment in companies, where warranted by financial metrics, that had positive impacts on areas of concern to our communities. We also wanted to be in a position to be active owners. Our

belief is that change can only happen if engaged shareholders make their views known to management, and collaborate with other like-minded shareholders. Our policy requires investment managers to vote proxies and to keep us informed of the positions they take in these votes.

The result is a policy on responsible investment that we believe clearly sets out ELFEC's approach and our expectations. The policy is posted on our web site and we encourage you to read it and share it with others.

### Investment Manager Search

Working with Sustainalytics, a firm specializing in responsible investment management, the board created and sent out a request for proposal. The board reviewed 10 responses, three firms were interviewed and after careful discussion and deliberation, Montrusco Bolton Investments Inc. was selected. The board looks forward to a productive relationship with Montrusco Bolton over the next five years.

### Going Forward

Looking forward to 2014, the ELFEC board will turn its attention to the policy implications that flow through our broader potential partner base and to exploring potential expansion in the range of services that we offer. Succession planning remains a key focus for the board, both at the management and board levels. We have a strong board today and believe that the future success of the foundation is linked to maintaining a strong board.

## What the heck is ELFEC?

*ELFEC has a three-fold mission: to help congregations manage and grow investments, to help individuals leave gifts to the Church, and to grant money to Lutheran charities and other church-related projects.*

ELFEC has been managing church investments and helping people set up legacy gifts since 2008.

In those few short years our investment portfolio has grown to just over \$15 million, and our investment partners have received handsome returns on their investments. Not only that; they've done so secure in the knowledge their money is invested in socially responsible funds.

Our other job as a charitable foundation is to grant money to organizations doing the hands-on work of making the world a better place. In our case we support charities and organizations associated with Canada's Lutheran community.

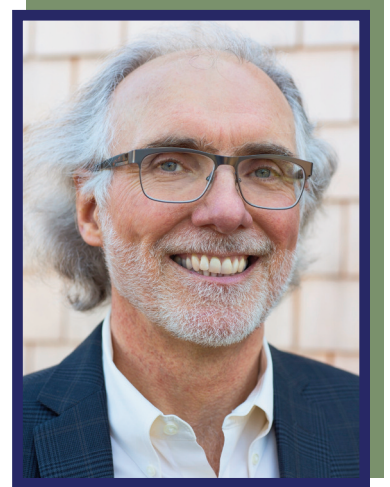
This money goes to congregations in need, youth and young adult ministries,

scholarships, international aid projects, and much more.

In fact, through the generosity and far-sightedness of our donors and investment partners, we've been able to give away just under \$5 million over the past six years.

Investment partners working with us are thus in a win-win-win situation:

- Their money is earning income at a competitive rate
- Their funds are invested in socially responsible vehicles
- Both individuals and congregations are helping support hard-working charities and organizations across the Lutheran world, carrying God's message of love and compassion across the globe.



Jeff Pym, Executive Director ELFEC

### Lutheran Planned Giving

- Established 1997
- Mandate: encourage and assist people in making gifts to the Church
- Most common form of planned gift: a gift in your will
- Most estates can easily support a bequest gift, even after families are taken care of
- So far we've helped donors give almost \$7.5M to the Church

### Investment Management

- Montrusco Bolton Investments Inc. is our investment manager
- Focus on preserving capital, generating income, and growing funds
- Responsible investment policies
- Twelve congregations now working with us
- Also manage several endowment funds created by individual donors

Please get in touch if you'd like our help, either with managing your congregation's investments, or with setting up a gift in your will or a charitable endowment. We'd be delighted to help!

Jeff Pym, Executive Director / [jpym@elfec.ca](mailto:jpym@elfec.ca) / 1.888.308.9461

## Scholarships “Heaven Sent” for Many Students



*Kristina Kuhnert is studying Humanities at McMaster University, preparing for a career in teaching, guidance or counseling. She is profoundly grateful for her Synod Scholarship, and writes: “these funds tell me the Church sees who I am, recognizes I have made an impact, and knows I am worth investing in. Thank you!”*

*The ELFEC Synod Scholarship Fund awarded \$218,000 in post-secondary scholarships in 2013, helping 158 Christian young people pursue their dreams of making the world a better place.*

Riitta Hepomaki wears many hats in her role as Assistant to the Bishop, but one of her favourites is chairing the committee granting scholarships to young Christian students.

“The thank-you letters we receive are so moving,” says Riitta. “Today’s students really struggle with the high costs of post-secondary education, and a scholarship from their church family is sometimes the ray of hope that keeps them going.”

The Synod Scholarship is available to young people who are members of Eastern Synod congregations and

attending full-time college or university programs. Preference is given to first-year students, and awards range from \$500 to \$2,500, depending on the amount available for granting each year, and the needs of each student.

The program is funded through endowed gifts, and is open to bequest gifts from others as well.

“It’s no secret the future lies in the hands of our young people,” says Riitta. “It’s a great blessing to support so many of them in choosing lives and careers reflecting their commitments to Christian love and service.”

## New Hamburg Solar Panels Yield Rich Rewards

*When Trinity New Hamburg decided to invest in solar panels, they withdrew \$40,000 from their own ELFEC-managed investments. With plans to replace these funds with revenue generated through the panels, they will more than double their money.*

Churches all over Canada are investing in solar panels. But when Trinity Evangelical Lutheran Church in New Hamburg started looking into it, there was a small problem. Their money was “tied up” in a fund managed by ELFEC.

“No problem,” said ELFEC, according to Trinity’s then Finance and Stewardship Chair Rick Ritz.

“They worked with us to come up with a great solution: we’d withdraw from our own endowment to pay for the panels and installation, then use the revenue to pay back the funds. It made much more sense than borrowing from a bank, and paying interest.”

“The solar-panel project has been a great way for us to make a solid commitment to stewardship – both of the earth and of the resources we’ve been blessed with,” says Rick.

“We’re so pleased with the returns we’ve received on our investments with ELFEC, and delighted with the creative way they helped us achieve this goal.”



*The new solar array on Trinity New Hamburg’s roof is expected to generate \$6,000 per year by selling power back to Ontario’s power grid.*



## Gift Supports CLWR Relief Effort in Typhoon-Torn Philippines

When a devastating typhoon hit the Philippines last November, the international community was quick to respond.

As it happened, our American brothers and sisters at Lutheran World Relief (LWR) had been working in the Philippines since the early 1980s, and have many strong ties in the area. This put them in a perfect position to lead relief efforts. So, when the call for financial aid came to us from Canadian Lutheran World Relief (CLWR), we were happy to help.

On behalf of our generous donors we were able to make a \$5,000 gift, which was then matched dollar-for-dollar by relief funds provided by the Canadian government. Those dollars are hard at work right now helping people rebuild their homes, villages and livelihoods.

To date LWR has helped distribute

1,500 shelter kits, allowing families to rebuild their damaged homes. They have also initiated an important cash-for-work program that employs residents cleaning debris from public spaces, thus injecting much-needed cash into the local economy.

The third prong of the relief effort provides vouchers enabling residents to replace equipment needed to rebuild their livelihoods. Many of those affected were fishers who lost their boats, nets and other equipment to the storm.

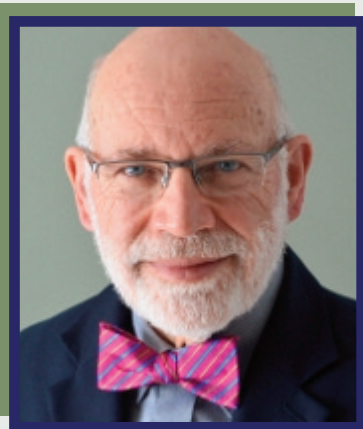
Many thanks to our donors for giving us the means to help in this much-needed arena.



Lutheran World Relief / Loren Hyatt

*Delia Moreno with three of her grandchildren. Delia's house was completely destroyed in the storm, and for months afterward her nightly shelter was a dining-room table. Now, with the help of LWR, Delia has a new home – this one built to withstand the region's fierce storms.*

## Pfrimmer Social Justice Fund Ready to Make First Grants



*David Pfrimmer, Principal-Dean, Registrar and Professor of Applied Christian Ethics at Waterloo Lutheran Seminary, and founding member of ELFEC.*

A new endowment fund honouring ELFEC founding board member David Pfrimmer will soon be supporting social-justice projects across the Synod.

Of special interest to Dr. Pfrimmer is education and outreach on the issue of responsible investment (RI), and he hopes the fund bearing his name will help.

“Every day I speak to people who still think investing in socially-responsible vehicles means getting a lower return,” says Pfrimmer. “They’re dead wrong.”

In fact, Pfrimmer says investing in companies that operate in socially-conscious ways actually mitigates risk, while also upholding the Church’s values around responsible stewardship. He hopes grants from the new fund will

help the Church take a central role in educating both the public and the corporate sector about this issue.

Established in 2013, the Pfrimmer Social Justice Fund now stands at just under \$30,000, and will begin awarding grants within the next 12 months. Guidelines for eligible projects should be available by early 2015.

The modest Pfrimmer feels a bit odd having a fund named after him, but is thrilled with its potential for good work, both now and in the future.

“They tell me a \$30,000 gift can generate more than \$75,000 in grants over a 50-year period. So if others are moved to make gifts to the fund, there’s no limit to the good we can do.”

# 2013 Fiscal Highlights

This summarized financial information represents the highlights of our fiscal year and is extracted from the audited financial statements. RLB LLP performed the audit. Complete audited financial statements are available at [www.elfec.ca](http://www.elfec.ca).

Statement of Operations For year ended December 31 2013	
Revenue	\$2,517,341
Expenses & Grants	\$1,299,732
<b>Reinvested Investment Income</b>	<b>\$1,217,610</b>

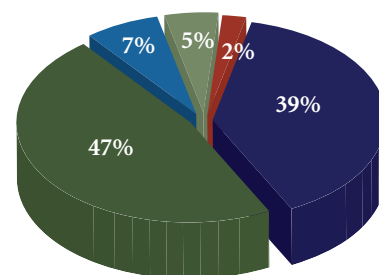
Statement of Financial Position As at December 31, 2013	
Assets	\$16,107,621
Liabilities	\$1,912,206
Net Assets	
Endowments	\$9,047,826
Restricted	\$5,103,239
Unrestricted	\$44,350
<b>TOTAL</b>	<b>\$14,195,415</b>

Additionally, congregational investment partners made capital contributions to new or existing funds totaling \$119,315.

Thanks to the ongoing support of our donors and funding partners, gifts received reached \$1.2M in 2013. ELFEC distributed \$1.2 million in grants in 2013, with a total of nearly \$5 million distributed over the past 6 years.

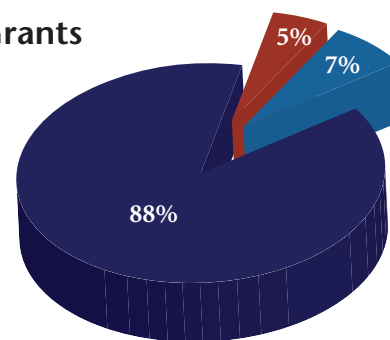
## Gifts Received

- Eastern Synod Fund Donations
- Individual Donors' Securities
- Individual Donors' Cash
- Flow-through Donors' Securities
- Funding Partners



## 2013 ELFEC Grants

- Synod
- Partner Grants
- Others



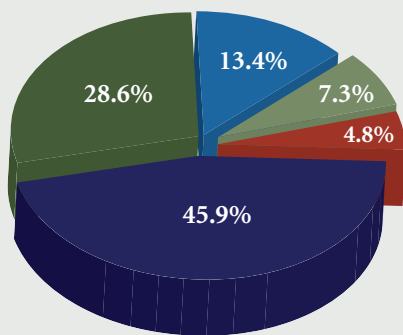
Eastern Synod Grants	
Synod Outreach & Operations	\$314,487
Scholarships & Bursaries	\$234,404
Gift to Lutheran Church Jordan & the Holy Land	\$80,000
Barrie Mortgage Relief	\$75,000
Support for Various Ministries	\$323,318
<b>SUBTOTAL</b>	<b>\$1,027,209</b>
Other Grants	
Congregation Donor Directed	\$55,558
CLWR, Typhoon Relief	\$5,000
<b>SUBTOTAL</b>	<b>\$ 60,558</b>
Congregation Managed Funds	\$ 86,915
<b>TOTAL GRANTS</b>	<b>\$1,174,682</b>

# Investment Highlights

In 2013, total assets entrusted to ELFEC grew to \$15.3 million – a 10.1% increase over the previous year end’s \$13.9 million. Assets are invested according to the investment policy statement established by the ELFEC’s board of directors. This policy was updated in 2013 and is available at [www.elfec.ca](http://www.elfec.ca). The portfolio is managed by a professional investment manager, in accordance with the investment policy, and is overseen by the ELFEC board.

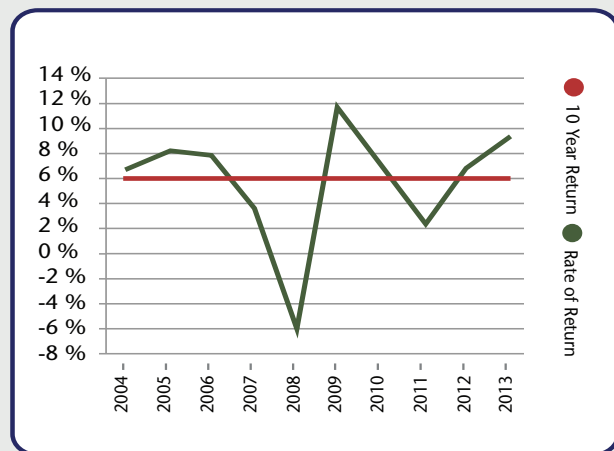
## 2013 ELFEC Investment Portfolio

December 31, 2013



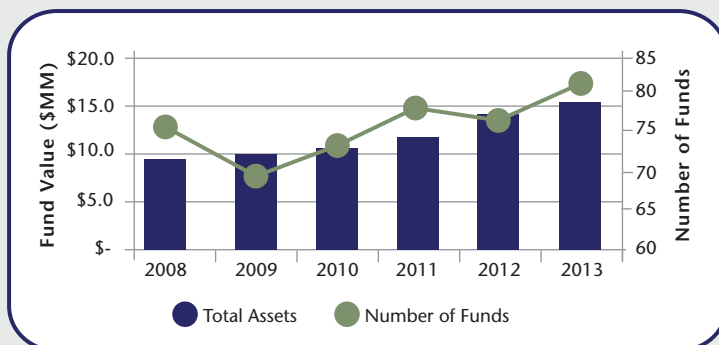
- Fixed Income
- Canadian Equities
- Cash and High Interest Accounts
- U.S. Equities
- International Equities

## Historical Investment Returns



We experienced solid investment results in 2013 with the portfolio returning 9.3% on a time-weighted basis – by far, the best return in recent years and ahead of the 10-year average return of 6.1%.

## Funds at ELFEC



ELFEC’s fund balances represent the total accumulated donations received plus the net investment earnings on these donations, less amounts distributed for granting and our administration fees. Managed fund ownership remains with congregations, with income (net of fees) fully granted. The number of funds has increased to 81 in 2013, including two additional managed funds and two endowments.

## Many thanks to our supporting partners



Canadian Lutheran  
World Relief

Lutheran  Homes  
KITCHENER-WATERLOO



WLS

### Board of Directors

ELFEC is served by a Board of exceptionally skilled and talented members. We thank them for their faithful service.

Allan Greve, B.S.P., D.H.A.

Bill Kuehnbaum, M.Math

Rev. Mark Harris, D.Min

Samuel Marcuson, Eng.Sc.D.

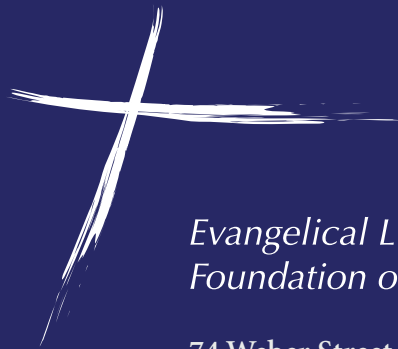
Susan Heard, M.A. (Board Chair)

Wendell Schlumberger, CIM

Laurie Kitchen, CA

Janina Vanderpost, Ph.D.

Please call anytime for information about making a gift to your church, setting up an endowment, or enlisting our help in managing your congregation's investments.



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1.888.308.9461 [www.elfec.ca](http://www.elfec.ca)