

*Evangelical Lutheran  
Foundation of Eastern Canada*

# Partnering for Generosity



Annual Report  
**2015**

# 2015 Highlights



**\$948**  
THOUSAND

DISTRIBUTED TO  
CANADIAN  
CHARITIES



CHARITIES  
SUPPORTED

**32**

**42**

NEW  
PLANNED GIFTS



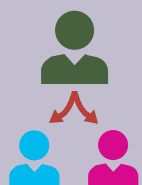
**25**

GROUP  
PRESENTATIONS



**\$291**  
THOUSAND

IN DONATIONS OF  
STOCKS AND  
SECURITIES



**\$26.6**  
MILLION

UNDER MANAGEMENT

**\$6.9**  
MILLION

DISTRIBUTED TO CANADIAN  
CHARITIES SINCE 2008



## 2015: Celebrating New Partnerships

For the past several years, ELFEC has been actively seeking out and building new partnerships within the Lutheran community.

This is because each new partner adds to our collective power in the financial markets, thus strengthening our overall mission of helping individuals and congregations manage and grow their investments.

This year we welcomed several important new partners to our family of investors, giving us much to celebrate despite low returns driven by market turbulence in the latter half of 2015.

### Seven New Investment Partners

The first of these is Waterloo Lutheran Seminary (WLS), well known to many of you for preparing outstanding church leaders for more than 100 years. Attracted by ELFEC's commitment to responsible investment, WLS entrusted us with holdings of more than \$9M in early 2015.

Two other non-congregational organizations joined us as well in 2015: the Manitoba/Northwestern Ontario (MNO) Synod Foundation, which serves congregations from Thunder Bay to Flin Flon, and Lutheran Outreach Ministries of Owen Sound, which provides affordable housing for seniors and others with special needs.

Combined with four new congregational members, these new partners helped raise our investment strength to \$26M – a significant amount for an organization our size.

### Responsible Investment and Synod Support

In 2015 we've also continued working with SHARE (Shareholder Association for Research & Education), which provides advocacy and research around responsible investment. It also offers an engagement program that opens a dialogue between shareholders and corporations, thereby fostering improvements in the environmental, social and governance performance of the companies we hold in our portfolio.

Finally, as always, we continue to work with our major partner – the Eastern Synod – providing funding to support the vital work done by Bishop Pryse and his leadership team.

### Thank you

As we celebrate the accomplishments of 2015 and look forward to new growth in 2016, we offer our sincere thanks to you – the members and congregations of the ELCIC – for entrusting us with your carefully stewarded financial assets.

Ultimately, we are stronger together than apart. We look forward to welcoming many more of you to our growing family of responsible investors in years to come.



*Jeff Pym, ELFEC Executive Director and Susan Heard, Chair, Board of Directors*



# Seminary Moves \$9M Portfolio to ELFEC

Transfer inspires creation of new growth fund, available to all



*James C. Phillips,  
Seminary Treasurer*

When Jim Phillips took up his new post as board treasurer for Waterloo Lutheran Seminary, he found things in exceptionally good order.

The Seminary, having been through some financial hard times in the early 2000s, was back on firm financial footing, and with the help of generous donors and careful management, boasted a healthy investment portfolio of just under \$9M. That money was earmarked for future growth, a capital campaign, and overall security in a climate of dwindling resources for post-secondary education.

Even so, as Jim grew more familiar with the Seminary's finances, he agreed with board members and senior staff who felt it was time to review the Seminary's relationship with its current investment manager.

Further investigation suggested returns on existing investments were lower than they could have been, while fees were slightly higher. Was it time to launch an RFP process to find a new investment partner?

## Investments Managed by Montrusco Bolton

Meanwhile, ELFEC's Jeff Pym had been suggesting the Seminary might consider moving their investments to ELFEC, where they would be managed by ELFEC's new investment manager, Montrusco Bolton.

Jim had a look, and it seemed like an idea worth considering. Montreal's Montrusco Bolton was a well-established and highly reputable firm. They returned consistently good growth, and had acknowledged expertise in responsible investment.

Not only that, but ELFEC had just completed a rigorous RFP process themselves, identifying Montrusco Bolton as the best choice

for both solid growth and responsible investment.

The only problem? ELFEC held only one fund with Montrusco Bolton – a fairly conservative fixed income fund. The Seminary's long-term investment strategy called for stronger growth than ELFEC could offer.

## ELFEC Launches New Growth Fund

Still, Jim met with Montrusco Bolton himself, and launched a thorough investigation of their strengths. He was impressed with both their strong returns (consistently higher than even their own internal benchmarks) and their well-developed mechanisms for keeping clients informed of what types of investments their money was supporting.

Finally, when ELFEC came forward with a proposal to create a new growth fund that would better reflect the Seminary's investment priorities, Jim felt there was no reason to do anything other than pool the Seminary's investments with those already under ELFEC's umbrella.

“ELFEC did extensive work in identifying and vetting Montrusco Bolton, and I saw no reason we shouldn’t rely on it, rather than launching another expensive RFP process of our own,” says Jim. “On top of this, ELFEC’s new growth fund is exactly what we were looking for - a traditional balance of approximately 60% equities and 40% fixed income.”

For his part, Jeff Pym agrees the transfer is win-win. “The Seminary’s holdings were large enough to give us the muscle to establish the new growth fund, which is now available to any congregation or endowment fund donor looking for solid growth and higher returns, secure in the knowledge they are also promoting good corporate governance, respect for human rights, and a healthy environment.”





## Supporting Synod Excellence

Inside a low-slung red-brick building on Kitchener's west side, you'll find Bishop Michael Pryse and his staff hard at work performing the administrative tasks of running the ELCIC's largest synod.

The synod's top priorities are nurturing and developing church leaders, working with mission partners and supporting local ministries – important work made possible by benevolence gifts from church members across the synod.

Happily, although the costs of running an office (rent, computers, insurance and so on) are a legitimate part of any charity's work, synod administration and communication costs are covered by income from ELFEC-held investments. This means benevolence offerings can go directly towards synod ministries, which include contributions to both the ELCIC national office and Waterloo Lutheran Seminary, as well as youth and young adult ministries.

"All ministry requires infrastructure to be effective," says ELFEC Executive Director Jeff Pym. "It's our pleasure to help create the income that pays for much of the synod's infrastructure."

Bishop Michael Pryse agrees. "Many charities struggle with balancing administrative costs with program costs, but we have been blessed by the generosity of those who came before us."

*"Today, thanks to the work of ELFEC, we are free to apply all benevolence offerings directly to the work of supporting congregations, nurturing leaders, and pursuing compassionate justice."*

– BISHOP MICHAEL PRYSE



Administration of the busy ELCIC Synod office is paid for by a grant from ELFEC, and we're proud to support this hard-working team: (l-r) Cathy Caron, Sue Heimpel, Bishop Michael Pryse, Liz Zehr, Stephanie Clayton. Absent: Karen Cross.





## Owen Sound's Lutheran Outreach Ministries Joins ELFEC

Back in the early 1970s, Owen Sound's Lutheran Church of Our Saviour (LCOS) purchased a two-storey home in their neighbourhood.

Responding to an urgent need in their community, they transformed this property into a modest nursing home which catered to local seniors in need. Later they sold the property and used the proceeds to finance more housing projects.

Today LCOS runs two charitable corporations. One provides affordable independent living for seniors and others with special needs. The other runs a parish nursing program, provides funding for intern pastors, gives generously to the Synod and Canadian Lutheran World Relief (CLWR), and supports a variety of local charities.

All this is made possible by investment income rising from the sale of the original nursing home. LCOS is aware of the need to protect and grow this investment so it can take on further ministry work.

An ELFEC presentation at the 2014 Synod Assembly convinced church representatives Sylvia and Don Statham to recommend that ELFEC manage some of their funds.

"We liked the 5.8% return in 2014, but were also keen on ELFEC's commitment to responsible investing," says Sylvia, who serves as Executive Director of both the church's charitable corporations. "I think if we Lutherans work together, our money can really grow, and give us the power to do more good things."

ELFEC Executive Director Jeff Pym agrees. "This organization is doing amazing things, and we're proud to help grow the investments that allow them to do this good work."



*Owen Sound's Lutheran Outreach Ministries and Lutheran Social Services support an extensive ministry to area seniors by managing several low-cost housing properties. This ministry is partially financed by investment income, some now managed by ELFEC.*



## Scholarship Recipient Helps Ailing Mom



*Synod Scholarship recipient Martin Hinrichs-Pymm put his university career on hold when his mother became gravely ill and needed his help.*

Five years ago a 15-year old Martin Hinrichs-Pymm walked into the Richmond Hill Performing Arts Centre to take in a performance of Puccini's *Madama Butterfly*.

"I'd never seen an opera and had really only gone out of curiosity. But I fell instantly in love with the music, and knew then and there I wanted to be an opera singer."

True to his dream, after high school Martin applied to and was accepted by two prestigious universities for vocal performance studies. He was also awarded an ELCIC Synod Scholarship, which helps young people from ELCIC congregations pursue post-secondary education. Money in the scholarship fund originally came as donations from church members, and has been managed for many years by ELFEC.

But before he could decide which university to attend, Martin was faced with a much more difficult decision. His mother Annette had suffered for years with a rare autoimmune disease, and had now reached the point where a liver transplant was the only way to prolong her life.

Martin's older brother Phillip volunteered immediately, but his liver turned out to be a bad match. Martin, although barely 18 years old at the time, was determined to help his mom.

It meant sacrificing a year of his life, and deferring acceptances from both universities and scholarship grantors. "But really, it was an easy decision. My mom gave me life – I was just repaying the favour."

Today, two years later, both Annette and Martin have recovered well from their surgeries, and Martin is finishing first-year studies in vocal performance at Waterloo's Wilfrid Laurier University.

With the surgery behind him and his mom as healthy as she can be, Martin is free again to dream of performing at the prestigious Bayreuth Festival in Germany, pursuing a PhD in musicology, and perhaps one day playing the fabled swan knight Lohengrin.

Martin is profoundly grateful for the Synod Scholarship, which was by far the most generous award he received.

"It's overwhelming how generous people can be – offering to help young people they don't even know. I so appreciate this award, and will honour it always as a practicing Lutheran."

*"I so appreciate this award, and will honour it always as a practicing Lutheran. Thank you so much for helping me pursue my dreams."*

**There is an urgent need for new gifts to rejuvenate the Synod Scholarship program.** For more than 15 years these awards were funded by one of our great benefactors, Carl M. Dare, who passed away in 2014. You can make a difference in a young person's life by leaving a gift to the scholarship fund in your will. **Contact Jeff Pym** ([jpym@elfec.ca](mailto:jpym@elfec.ca) or 1-888-308-9461) for details.



# Flood-Damaged Burlington Church Restored

Thanks to generous congregation members – and a little help from ELFEC

*They may not have had an ark, but the people of Holy Cross Lutheran were ready when called.*

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Imagine this: a freak storm dumps the equivalent of two months' rain in one night, and when it's over your church basement is six inches deep in oily brown sludge.

This is what happened at Burlington's Holy Cross Lutheran Church in the summer of 2014. With their basement declared a health-and-safety hazard after the initial cleanup, the congregation knew they had to act fast to make sure children's programming, community groups and congregational events would still have a home.

Thankfully, most restoration costs would be covered by insurance. But the congregation would still have to raise \$40K to complete necessary repairs.

Happily, this goal was met quickly through the generosity of church members.

Two of these donors chose to make substantial gifts of investments – a form of giving that has become more popular in recent years.

Since Holy cross, like most churches, does not have the brokerage account needed to accept transferred investments, ELFEC was happy to help.

This is a service we can offer any congregation, and one that is becoming more important as gifts of investments grow in popularity. Giving this way can add up to substantial tax savings for donors, while also allowing them to support the causes they care about most.

If you hold investments in securities, and are thinking of making a donation to your church, it will almost always be in your favour to donate them in kind rather than to sell them and donate the same amount of cash. We can help. Contact Jeff Pym ([jpym@elfec.ca](mailto:jpym@elfec.ca) or 1-888-308-9461) for more information.





## Responsible Investing 2.0: Going the second mile with your ELFEC investments

*Thanks in part to the work of our partner SHARE, Goldcorp has instituted a comprehensive human rights management system at its Marlin Mine in Guatemala, making it a responsible investment choice.*

Many people understand that responsible investing often begins with “screening out” companies engaged in tobacco, gambling, weapons or other ethically questionable activities. Equally important is “screening in” – populating an investment portfolio with companies that demonstrate positive behaviour on issues such as labour rights, resource development, executive compensation or environmental impact.

But even after carefully selecting the companies in our portfolios, issues of social and environmental responsibility arise. Whether it is a mining company, a popular retailer or a hot-ticket tech giant, responsible investing calls us to ensure those companies also care properly for their employees, manage their environmental impact, and respect the communities in which they operate.

ELFEC’s partner in accomplishing this second step of responsible investment is SHARE (Shareholder Association for Research and Education), a not-for-profit association whose job is to meet with companies and raise these sorts of issues on behalf of institutional investors.

Created in 2000, SHARE has much good work to its credit, including recent success in helping Canadian mining giant Goldcorp address human-rights conflicts in its Guatemalan gold-mining operations.

SHARE has also brokered agreements with Canadian Pacific Railways on greenhouse gas emissions and climate risks, with Canadian National Railways on company-wide safety, and with Telus Inc. on eliminating conflict minerals from its supply chains.

SHARE Executive Director Peter Chapman says “We’re pleased to work on behalf of ELFEC and its member congregations, both to ensure their holdings are invested responsibly, and to send positive signals to those companies who are working hard to build a just and sustainable economy.”

*“SHARE helps ELFEC act as a good steward of the companies it holds in its portfolio, playing close attention to social, environmental and governance issues, and finding ways to address them constructively.”*

- Peter Chapman  
Executive Director, SHARE



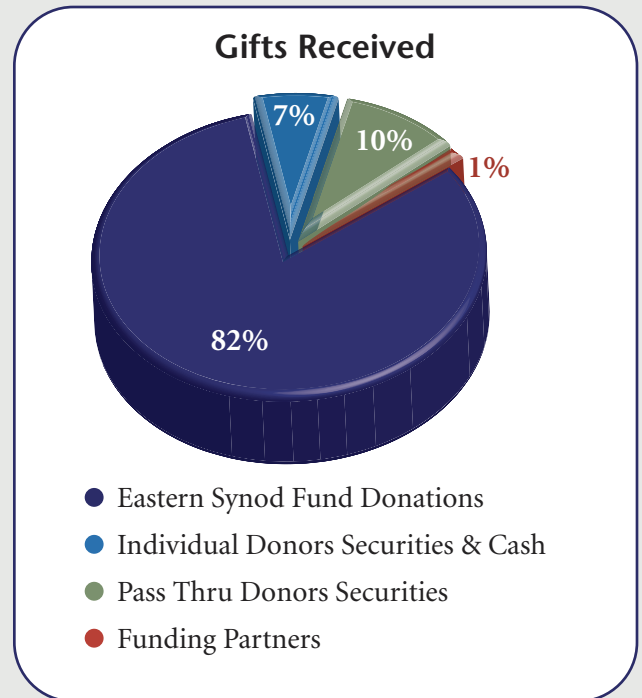
# 2015 Foundation Financials

As of December 31, 2015

## Statement of Financial Position (000s)

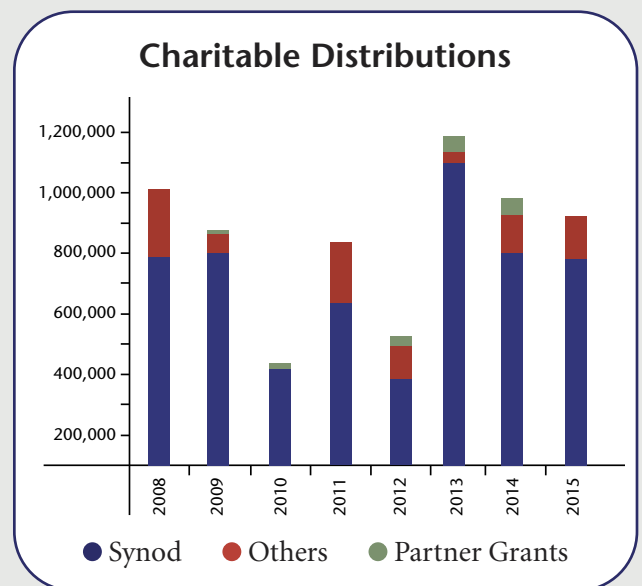
<b>Assets</b>	
Cash	1,181
Accounts Receivable	190
Donated Life Insurance	13
Investments	25,395
<b>TOTAL</b>	<b>26,779</b>
<b>Liabilities</b>	
Accounts Payable	155
Managed Fund Income Due	(317)
Managed Fund Capital	11,781
<b>Fund Balances</b>	
Endowment	10,860
Restricted	4,288
Unrestricted	12
<b>TOTAL</b>	<b>26,779</b>

Our generosity and growth continues, thanks to the support of our donors and funding partners. 2015 saw our assets under management grow to \$26.6M and total grants given since 2008 reach nearly \$7M.



## Statement of Operations

Donations	1,830
Investment Gain	2
Other Income	160
<b>Total Income</b>	<b>1,992</b>
Expenses	244
Grants	946
<b>Reinvested Investment Income</b>	<b>802</b>



RLB LLP performed the 2015 audit; complete audited financial statements are available at [www.elfec.ca](http://www.elfec.ca).

## Many thanks to our supporting partners



Canadian Lutheran  
World Relief

Lutheran Homes  
KITCHENER-WATERLOO

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Call anytime for help with: Making a gift to your church, setting up an endowment  
help with managing your congregation's investments.



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