



Partnering for Impact



Annual Report
2017



2017 Highlights

ELFEC's mission is faithful investing that promotes justice and respects God's creation. We help individuals, congregations and faith-based institutions grow their assets, creating more money for ministry.



40+ PARTNER ACCOUNTS

6 NEW Partners this year
First partner from Western Canada
(Welcome Hosanna Edmonton!)



\$12K distributed in
PARTNER GRANTS

to our investment partners



\$627 THOUSAND

in donations of stocks
and mutual funds



34 NEW PLANNED GIFTS

(756 total since 1977)



\$2.6 MILLION distributed
to CANADIAN CHARITIES



\$10.9 MILLION distributed
to CANADIAN CHARITIES
since 2008



\$31.6 MILLION
UNDER MANAGEMENT

2017: Becoming *Your* Trusted Partner

As you know, ELFEC exists for three simple reasons:

- To help congregations manage their invested assets in ways that promote justice and respect for God's creation while earning a reasonable financial return
- To advise and assist faithful members who wish to make gifts or leave bequests to the church
- To fund ministry by granting money to Lutheran charities and other faith-based projects

When we grow larger, our assets gain more power in the market. This means more dollars working for good in the world, more churches and charities receiving grants for mission work, and – this year especially – higher financial returns for everyone.

Thus we are pleased to report that 2017 was another strong year for ELFEC, and for all the partners and charities depending on us. Here are a few highlights:



*Bill Kuehnbaum, Chair, Board of Directors, (left)
with Jeff Pym, Executive Director.*

Assets under management top \$31.6M

This year we welcomed six new investment partners, including Hosanna Lutheran Church in Edmonton, our first congregation from outside the Eastern Synod. Additionally, our existing partners entrusted us with another \$529K, bringing our total assets under management to \$31.6M. We also recorded 34 new planned gifts, which means more wonderful people have made sure the work of the church will continue after they've gone.

All this tells us three important things. First, Lutherans are thoughtful, generous people who want to help their church now and in the future. Two, we're meeting a real need for dependable, trustworthy financial management. And three, our existing partners are expressing their confidence by entrusting us with more of their financial assets.

Responsible investment, plus record returns

In 2017 we continued to ensure your dollars are invested in vehicles that do good in the world while they earn a reasonable income. Of particular note is an investment of \$250K in solar bonds, and a \$200K Oikocredit GIC that supports sustainable development projects around the world.

We're also delighted to report net returns to partners of 8.3%. This is an impressive feat given our primary commitment to protecting your capital from loss.

You can read about these and the other activities we undertake on your behalf in the following pages. As always, thank you for entrusting us with your carefully stewarded funds. We look forward to welcoming many more congregations like yours in the coming years.

Funding now available to you, our partner congregations

Bright, Energy-Efficient Lighting, Thanks to ELFEC Partner Grant

Mount Zion Waterloo was on a mission to replace its energy-hogging fluorescent light fixtures with bright, efficient LEDs. But it was an expensive proposition. Luckily, their project was a perfect fit for ELFEC's new Partner Grant Program.



Mount Zion Café meets twice a month in the now brightly-lit Delton Glebe Fellowship room.



Some of Mount Zion's almost-200 old fluorescent fixtures replaced by energy-efficient LED bulbs, thanks to help from ELFEC's new Partner Grant.

A few years ago Waterloo's Mount Zion realized they had to do something about their sanctuary lighting. Dark spots throughout the space made it difficult for members to read, plus every time a bulb burned out they had to send a property committee volunteer up a 20+ foot ladder.

After some debate, the congregation decided to replace the sanctuary lighting with new energy-efficient LED bulbs. "It made all the difference," says Karen Gastmeier, Mount Zion's Council Chair. "It was brighter, more pleasant, and – most of all – easier to maintain."

With this success behind them, the congregation next took on replacing lighting in one of their two public spaces, the Norman Lange Auditorium. The new lighting plus a lick of paint transformed what was once a dowdy gym into a bright social space used heavily by both Mount Zion and its community.

Big savings on hydro costs

"After the second phase, we realized that in addition to being brighter, cleaner, and easier to maintain, the LED bulbs used much less hydro," says Karen. So then the church turned its attention to the remaining 56 fluorescent fixtures throughout the building. But rising costs meant they'd have to spread the project over two years, and they worried about disrupting the many groups and activities hosted by the church.

Luckily, with funds from ELFEC's new Partner Grant Program, the church was able to have the work done all at once, with the least disruption possible.

"We were delighted to receive the grant," says Karen. "Although we are an active church our congregation is getting smaller, and it would have been tough for us to finance this project on our own."

In total Mount Zion installed nearly 200 new fixtures and countless new bulbs, with a calculated energy savings of 75-80%.

ELFEC Grant Helps Fund Renovation

Trinity New Hamburg Banishes Asbestos and Mold, Welcomes Expanded Interfaith Counselling Centre

When Trinity New Hamburg began a much-needed public-space renovation, they found mold in the walls and asbestos in the floor. Project costs threatened to balloon out of control, until ELFEC funds were obtained to help.

It's a story all too familiar to many home renovators. You begin a simple project, only to find you've set off a chain reaction that requires much more work – and much more money – than you'd originally planned.

That's just what happened at Trinity New Hamburg. When plans were laid to renovate the washroom area of a well-used community room, the congregation thought they'd be replacing one toilet and patching up a bit of water damage.

Instead, they found black mold in the drywall, a rotting subfloor, and – most troubling – asbestos tiles throughout the entire room. The project quickly doubled in size, scope and cost. Sadly, available funds did not.

Fortunately, ELFEC's new Partner Grant was created for just this type of situation. These modest grants, available to ELFEC's partner congregations, are meant specifically to fund projects that address either environmental or community needs. In this case, Trinity's project fit both categories.

"This grant is huge for aging churches with dwindling cash resources," says Trinity's Pastor Tanya Ramer. "Like many other congregations, we want to be good stewards of Creation, but it's getting tougher to find the money to take on this sort of work."

With ELFEC's help Trinity's renovation was completed in early 2018, and the revamped space will soon welcome New Hamburg's expanded Interfaith Counselling Centre.

"It's really a double blessing, and a great example of the power of partnership," says Tanya. "Our partnership with ELFEC gave us the resources to close our funding gap, which now allows us to host another partner – a group that helps our community build emotional wellness."



Trinity New Hamburg now boasts a newly renovated public space, thanks to a timely ELFEC partner grant.

New in 2017, the ELFEC Partner Grant Program offers matching grants to investment partner congregations and institutions for projects that address social needs and/or environmental impact within the church community. For more information please visit elfec.ca/upcoming-grants.

Hosanna Lutheran Church, Edmonton

A Warm Welcome to Our First Western Canadian Congregation

Back in 2015 an Alberta/BC Lutheran Church Canada (LCC) investment fund went broke, and many churches and individuals lost heavily. In the wake of this disaster, Hosanna Lutheran realized they wanted professional management of their assets. This year they chose ELFEC, and couldn't be happier.



Worship space of Hosanna Lutheran, Edmonton, our first western Canadian partner congregation.

“We didn’t want it to be just about protecting the money. We wanted these funds to become a vehicle for mission and ministry. ELFEC provided all these options and more.”

– Pastor James Hendricksen,
Hosanna Lutheran, Edmonton

Hosanna Edmonton is a busy, active congregation with a long history of serving the Lutheran communities of West Edmonton.

In 2017 it found itself in possession of a significant sum of money, thanks to a generous bequest from a long-time member. And, since there was no current project requiring these funds, the congregation began thinking about how best to manage the money until it was needed.

Feelings were still running high in the wake of financial woes suffered by the LCC’s Alberta-BC District when its 94-year-old internal savings-and-loan fund went broke in 2015, shocking churches across Canada.

“We wanted safe, professional management of these gifts,” says Pastor James Hendricksen, “But we didn’t want it to be just about protecting the money. We

wanted these funds to become a vehicle for both mission and ministry.”

Pastor James goes on to say that Hosanna’s finance committee grew more impressed with ELFEC the more they looked into it. They particularly liked the impact-investing aspect, knowing the money would be doing good in the world even while it wasn’t actively directed to any particular project.

They also appreciated that they could withdraw the funds at any time. “We’re prepared to spend it when the right project comes along,” explains Pastor James. “This was something not available through other options we looked at, including our local community foundation.”

Welcome, Hosanna! We’re delighted to walk with you in growing your assets through faithful investing that promotes justice and respects God’s creation.

Good Shepherd Lutheran Church, Brockville Stability and Growth for Another New ELFEC Partner

A year of big change left Good Shepherd, Brockville with a new pastor, a new ministry partner, and a growing endowment they felt ill-equipped to manage themselves. Happily, ELFEC was there to help.

It's safe to say 2016 was an eventful year for Good Shepherd Lutheran Church in Brockville, Ontario.

It started the previous June when their pastor accepted a call to another congregation, catapulting Good Shepherd into the complex call process. "Calling a new pastor is a large undertaking for any church," says council chair Elaine Lamond. "But it's also an opportunity to take a look at everything – including church finances."

In this case, Good Shepherd decided it would be prudent to sell their parsonage and invest that money to safeguard the church's financial future. So now they were selling a property in addition to calling a new pastor.

But then they heard a sister church in nearby Williamsburg was also looking for a new pastor. A phone call led to a series of discussions, finally culminating in a decision for the two congregations to enter into a shared ministry arrangement.

"It was certainly a whirlwind year," laughs Elaine. But all's well that ends well, and both congregations are now being served by Pastor Moses Prashad, who lives in Williamsburg's parsonage and commutes between the two parishes.

"Investing that aligns with our values"

This left Good Shepherd with the proceeds of their sale, wondering how best to invest them. They had a small pre-existing endowment, but it wasn't performing very well. Finally, on the advice of then-interim pastor Sylvia Poetschke, Good Shepherd reached out to ELFEC for help.

"We were so impressed when Jeff came out to speak with us," says Elaine. "We liked the return on investment, of course, but also that our funds would be invested with ethical and socially just companies. It really aligned with our values."

Another big plus was ELFEC's management expertise. "We have a great treasurer, but this way we don't have to concern ourselves with managing the money day-to-day," says Elaine.

Good Shepherd has no plans to withdraw their capital anytime soon, but they like knowing their funds are accessible if needed. Until then, they'll use their interest to meet their annual budget, including their commitment to benevolence giving to the Eastern Synod.



Trinity New Hamburg now boasts a newly renovated public space, thanks to a timely ELFEC partner grant.



Good Shepherd's congregation rests easy, confident their investments are being well managed on their behalf.

ELFEC helps congregations grow their assets through faithful investing that promotes justice and respects God's creation. Call any time for advice or information 1.888.308.9461.

St. John's Lutheran, Hamilton

Two-way Outreach Brings Church, Community Together



The "little library" in St. John's outdoor community greenspace.



Community chalkboard invites conversation with new neighbours.



English Conversation Café is a big hit at St. John's!

Administration of the busy ELCIC Eastern Synod office is paid for by a grant from ELFEC. In this way your gifts and investments help support all the wonderful work done by the Synod across Eastern Canada.

St. John's Lutheran Church Hamilton sits in the centre of a neighbourhood that has always welcomed newcomers.

This includes the church's founding congregation, made up mostly of refugees fleeing Europe in the aftermath of WWII. Today the neighbourhood is still populated by new Canadians, now coming from areas like China, Vietnam, Liberia and the Arab world.

But congregational leaders at St. John's recently noticed something troubling. These new neighbours weren't coming to church. And many old church families had moved on to different neighbourhoods. Although they still came for Sunday services, afterwards they just went home.

The church was no longer the linchpin of the community. More worrying still, it wasn't ministering to the needs of its closest neighbours.

New ways to be in mission for others

In response to this situation St. John's applied to a new Eastern Synod fund established to help congregations explore what it means to take part in God's mission today.

When their application was successful they were able to hire Rev. Chun Zhang as a part-time pastor. They tasked him with finding ways for St. John's to revitalize its relationship with its community and minister to its new neighbours.

Pastor Chun leapt into action, working with congregation members who were eager to help now that they had a dedicated leader. Within months St. John's had launched several enormously successful outreach initiatives. These include:

- An English Conversation Café
- Guided tours by community developers
- An outdoor greenspace on church property
- A community chalkboard where neighbours are invited to write down their thoughts, ideas and responses to the church's presence among them.

Two-way outreach helps both church and community

All these projects have led to increased connection between the church and its community. Six new households have joined the congregation since the outreach began, and many new groups are asking to use church space for community activities.

Most exciting to Pastor Chun, there is now a rejuvenated atmosphere in the congregation. "People are excited about and talking about mission again. And, because the outreach goes both ways, the project is helping us reach a new understanding of mission while also meeting the needs of our community. We are very grateful that Synod funding is available for projects like ours."

You Can Change Everything ... When You Leave a Gift in Your Will

When Patricia Watts left the Synod an undesignated gift in her will, her family wanted it to support something Pat loved with all her heart: children and youth. Here's how it happened.

In 2009 Pastor Joel Crouse was wrestling with a familiar problem: how to attract more youth to the church.

But then he had an epiphany. What if he turned the whole question around, and instead asked “how can we encourage youth to impact the church in a positive way?”

Part of the answer was to do a better job helping very young kids understand and grow in faith. “More modern, progressive resources for families and congregations have been needed for some time,” says Joel. “As a church, we had no programmatic way to open the minds of very young kids.”

So Joel, who was then serving as the Synod's director of youth ministry, started looking at how this could be accomplished. He came up with a wish list that included a website filled with resources and ideas for parents, a modernized Sunday-School resource package, and training for adults who worked with youth and kids.

Unfortunately, all this was going to be expensive. And there was no Synod budget to cover it.

“This is why we are so overwhelmingly grateful to Pat Watts and her family,” says Joel. “When they agreed to endow this gift so it could fund youth and young-adult ministries for all time, they accomplished two wonderful things.

“One, they gave us the resources we needed to help young people and families grow in faith. But even more importantly, they honoured Pat's spirit and gave her a way to continue making change for the youth she loved so long and so well.”



Above, part of the new Sunday School resource package funded by the Watts Endowment. Below, enjoying children's time at St. John's, Ottawa.



“Pat's family hoped this gift could be attached to her own grandchildren, but the will didn't specify this. So we promised we'd use the funds to help all youth and kids across the Synod. Today, thanks to the generosity of this amazing family, we are truly becoming a youth-led church. We're deeply grateful.”

– Pastor Joel Crouse, St. John Lutheran Church, Ottawa Eastern Synod Director of Youth and Young-Adult Ministries (2008 to 2017)

Projects Funded by the Patricia A. Watts Endowment As at December 31, 2017

- Youth Power Change website. Packed with ideas, suggestions, blog posts and more. Of enormous help to parents in helping their young families grow in faith.
- Congregational Resource Package for young children. Includes the Seven Sacred Teachings of the Anishinaabe
- Funding for 16 adults to attend youth-ministry training and conferences led by the Anglican Church of Canada
- Funds helping St. John Lutheran Church, Ottawa establish an Inshallah-style community choir for parents, youth and tots

A big thank you to Pat and her family. This kindness and generosity will make positive change in the world for all time.

Impact Investing: Investing Your Funds to Create Social Good



“People like the idea that we can help them invest in things that produce a direct social good, while also earning a solid return on investment.”

– Jeff Pym, Executive Director,
ELFEC

When you trust ELFEC to manage your assets, you get more than a great return. You become part of a global movement that shares your commitment to building a more just and sustainable world.

When ELFEC Executive Director Jeff Pym meets with congregations across the country, one thing always sparks enormous interest: impact investing.

“People like the idea that we can help them invest in things that produce a direct social good, while also earning a solid return on investment,” he says.

This kind of investing is the logical next step in ELFEC’s commitment to the principles of Responsible Investment (RI). As you may recall, RI means not investing in companies engaged in tobacco, gambling, weapons, or other morally questionable activities. It also means choosing instead to invest in “good” companies – those who commit to ethically responsible behaviour on issues like labour rights, resource development, or environmental impact.

Impact investing goes one step further. It actively seeks out investment opportunities that will – in addition to earning a healthy return – support organizations that exist purely to create social good.

Supporting solar power

For example, in 2017 we purchased a \$250K bond from SolarShare. SolarShare is a co-operative that lends money to solar power projects that are already built and generating stable revenues. Each of these projects has a 20-year commitment from the Ontario government to purchase the electricity produced. Shareholders earn a competitive interest rate, which this year was 5%.

This is a classic example of impact investing: while your money is working to earn interest, it’s also fueling growth in the important renewable-energy sector.

Help for developing nations

We also invested some of your funds with Oikocredit, an international non-governmental organization (NGO) that invests in microfinance, agriculture, renewable energy and fair trade in developing countries. Examples include village banking for self-employed women in Bolivia, or processing organic fair-trade cashews in Benin.

Again, ELFEC partners are now supporting these important projects while also earning a strong return on their investment.

Coming in 2018: Partnering with MaRS Centre for Impact Investing

These are just two examples of how your funds are working to create social good in the world. Next year we will identify more impact investment opportunities with the help of the MaRS Centre for Impact Investing, which works to mobilize private capital for public good in Canada.

As always, our priority is to bring you the highest return possible, while ensuring your funds are invested in accordance with your deepest values. Thank you for placing your trust in us.

As of December 31, 2017

Foundation Financials

Statement of Financial Position (000s)

Assets	
Cash	1,936
Accounts Receivable	463
Donated Life Insurance	13
Investments	29,980
TOTAL	32,392
Liabilities	
Accounts Payable	326
Managed Fund Income Due	1,150
Managed Fund Capital	13,566
Fund Balances	
Endowment	12,319
Restricted	4,976
Unrestricted	55
TOTAL	32,392

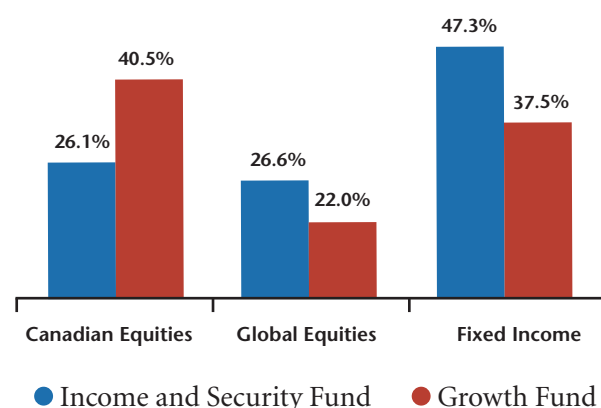
Statement of Operations (000s)

Donations	1,537
Investment Gain	1,459
Other Income	201
Total Income	3,197
Expenses	282
Grants	1,405
Reinvested Investment Income	1,510

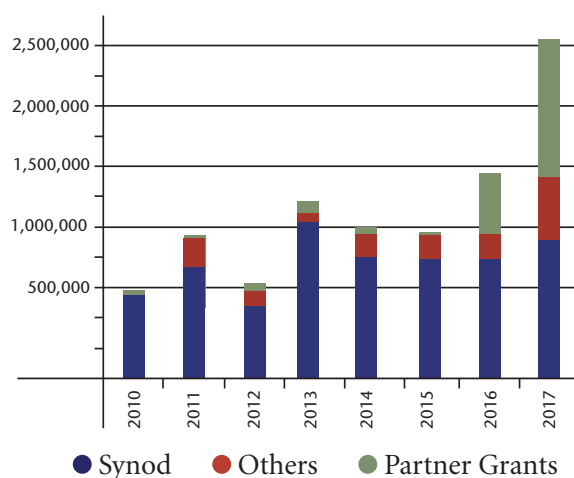
A Year in Review

In 2017, total assets entrusted to ELFEC grew to \$31.6 million. Assets are invested according to the investment policy established by our board of directors and both funds are managed by Montrusco Bolton Investments Inc.

Asset Mix by Portfolio



Charitable Distributions



In keeping with our commitment to financial accountability and transparency, full audited financial statements prepared by RLB LLP are available at www.elfec.ca.

Many thanks to our supporting partners



Canadian Lutheran
World Relief

Lutheran  Homes
KITCHENER-WATERLOO



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