



# Investing for Impact



Annual Report  
**2018**



## 2018 Highlights



**6 NEW** Partners this year  
**50+** PARTNER INVESTMENT ACCOUNTS



**1st** CONGREGATION in  
BRITISH COLUMBIA joined



**\$1.2** MILLION distributed  
to Canadian Charities in 2018  
**\$12.1** MILLION TO DATE



Partner Grants awarded nearly  
**\$6** THOUSAND in social  
impact grants to 3 partners



Creation of **ELFEC**  
Investment Committee



**4** impact investments held  
valued just under **\$800K**



Expanding LPG with  
New Hire: Giving Advisor



Participation in all  
**5** Synod Assemblies



**\$251** THOUSAND  
Donation of Securities  
Processed



**\$35.8** MILLION ASSETS  
UNDER MANAGEMENT

# ELFEC and Your Responsible Investments Continue to Thrive

As we continue to grow your investments and their impact, we took more successful steps this year to spur future growth and gain more influence for our partners.

This dedication to our mission means more of your dollars work to support good in the world, more churches and charities receive grants for their work and we see stronger long-term financial returns.

Through 2018 we saw more growth with new investment partners and capital added by existing partners to help increase our overall assets under management to \$35.8M.

Financially, even though equity markets suffered a broad year-end decline, we continue to see growth. Recent rebounds show our long-term view continues to bear fruit. We are very pleased to report that 2018 was another year of growth for ELFEC.

Here are a few highlights:

## Assets under management top \$35.8M

This year we welcomed six new investment partners, including our first congregation in British Columbia, Mount Olive Lutheran Church in Surrey, BC, which is the second congregation from outside the Eastern Synod to seek our services. Additionally, our existing partners entrusted us with another \$3.3M, increasing our total assets under management to \$35.8M.

We created an Investment Committee to assist our Board and added a Giving Advisor to our staff, to help people make planned gifts. We also recorded 22 new planned gifts, which means more wonderful people acted to ensure the work of the church will continue after they're gone.

This demonstrates that Lutherans are thoughtful, generous people who want to help their church now and in the future. Also, we're meeting a real need for dependable, trustworthy financial management. And finally, our existing partners are expressing their confidence by entrusting us with more of their financial assets.

## Responsible investment

In 2018 we continued to ensure your dollars are invested in ways that do good in the world while earning a reasonable income. Our faith-based impact investments continue to grow.

Of particular note are new investments in the Toronto Atmospheric Fund (TAF), which is ensuring energy and water conservation measures are added to a GTA co-op housing unit; in Windmill Microlending, which helps foreign-trained immigrants attain Canadian career accreditation; plus, our continuing investments in solar bonds, and an Oikocredit GIC that supports sustainable development projects around the world.

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 years ahead.



*Jeff Pym(right) - Executive Director, and  
Bill Kuehnbaum - Chair, Board of Directors.*



## Martin Luther University College takes great strides with ELFEC partnership



*Graduating student with Alumna in the first class graduating from MLUC.*



*New Martin Luther University College Campus.*

ELFEC's close partnership with Martin Luther University College (formerly Waterloo Lutheran Seminary) spans a range of roles, most notable this year for support of the school's ongoing investment growth and a major capital fundraising campaign for its recent 14-month reconstruction project in Waterloo completed in mid-2018.

"We're deeply grateful for the longstanding and highly-valued partnership with ELFEC," explains Rev. Dr. Mark Harris, the school's principal-dean. "We're especially grateful knowing that ELFEC has very strong leadership, that our investments are being managed well, plus that they are being carried out in a socially sensitive manner."

A pioneer in spiritual care, the newly renamed school is known as one of Canada's largest professional graduate programs in Spiritual Care and Psychotherapy. And its Christian Studies and Global Citizenship undergraduate program is engaging the next generation of faith-based leaders.

The school once handled investments and endowments itself, but switched over its holdings to ELFEC five years ago, largely because of the foundation's focus on financial issues and socially responsible investing - and that relationship continues to grow to enable the school's progress on many fronts.

ELFEC was a major partner during the school's capital campaign, helping to handle a number of personal gifts, processing donated securities and ensuring those transactions had a positive tax impact for donors.

"There were a number of substantial gifts that came to us for the capital campaign in the form of securities," explains Dr. Harris. "ELFEC looked after the process of liquidating those securities and then forwarding the cash to us."

The overall \$9-million project to upgrade the school allowed students, faculty and staff to move back into the Waterloo facility in late June, 2018.



*Orientation Day for Students September 2018.*

All of the school's investments and endowments are with ELFEC, covering about 120 different funds and endowments, combined in a managed fund. "We feel very strongly about having our investments in such a portfolio. There's a longstanding partnership there for which we're very grateful."

About 170 students enroll in Martin Luther University College programs at any one time. Another 300 students, registered at Wilfrid Laurier University, take Luther courses as electives. Approximately 20 Luther students (of the 170) are undergraduates, while the remainder study in master's or PhD programs.

Increasingly, more North American post-secondary institutions are trying to ensure their endowments and investments are placed in socially responsible manner, Dr. Harris said. "We're a small school with relatively small endowments, yet we're really at the forefront of being active and effective on that issue."

ELFEC manages about \$10 million in investments and endowments for Martin Luther University College, across a wide range of

initiatives, including many that support student bursaries, scholarships and awards.

"The majority of funds are for one type of student support, or special projects that would have a major impact on a particular project."

Among those is the Dannecker Fund, established to help pay the cost of educating seminary students and candidates; plus faculty chairs such as the Delton Glebe Chair of Pastoral Counselling, the Albert J. Datars Chair In Spiritual Care and Counselling, and the William Huras Chair in Church History.

The Delton Glebe Counselling Centre is a community service provided through the school, committed to strengthening emotional and spiritual well-being. It provides services to individuals, couples, families, children and groups.

"I personally deeply respect the calibre of the people working on the ELFEC board and in their management. They certainly have our confidence in terms of being able to handle our investments and any related issues."



## “Healthy Teeth” partner grant helps Syrian refugee family in Owen Sound



*Lama getting needed dental work completed.*



*Muhammed visiting local dentist.*

**“The grant really helped bridge a period when they were adjusting to our culture overall and helped us provide the support they needed.”**

– Sylvia Statham, Executive Director  
Lutheran Outreach Ministries

After Owen Sound’s Lutheran Church of Our Saviour sponsored a Syrian family last year, they quickly discovered they needed help for the family’s parents and their five children to improve their dental care.

So they launched a “Healthy Teeth” program to help each member of the family and especially the children to take regular care of their teeth in ways that many Canadian families often take for granted.

ELFEC covered a third of the \$6,000 program cost, by providing \$2,000 under a program where matching grants are provided to investment partners for social good within the community, helping to have an impact.

“It was a real bridge to cover the gap in costs to help this family,” explains Sylvia Statham, executive director for Lutheran Social Services and Lutheran Outreach Ministries in Owen Sound.

“When we took on sponsoring a Syrian family, as a church, we quickly realized that there is a lot involved to help them adjust. Dental care has been a big issue, since brushing teeth hadn’t been a high priority.”

The efforts in Owen Sound not only helped the family’s children learn how to brush their teeth and maintain their dental hygiene, but moved them forward to adapting to the community. Toothbrushes and toothpaste were part of their dental hygiene kits, plus regular visits to the dentists helped change the family’s attitudes, she explains.

Under the matching grant program, ELFEC offers investment partner congregations and institutions support to address social needs and/or environmental impact in their church community, as well as support for projects and new mission initiatives for their greater community.

In Owen Sound, the family’s five children embraced the Healthy Teeth program and were proud of their new habits of brushing each morning and night, plus regular visits to their dentist to check on progress.

Even though the year-long sponsorship is complete, the congregation is still working with the family to help maintain the program’s momentum. The family’s father also is now employed by a local company and has a dental plan for benefits coverage for them all.

## Fergus Faith Lutheran's "Have a Heart" program

Allan Goldenberg wondered one Sunday, as he scanned their congregation at Faith Lutheran Church in Fergus, ON, just what could happen if someone suffered a cardiac emergency. Several previous 911 calls had summoned emergency responders to the church and he thought an Automated External Defibrillator (AED) might help, if something happened again.

Many Canadians die each year from cardiac arrests, but timely use of an AED can increase the odds of survival by 70%. In recent years, AED units have been installed in many public places, including airports, arenas and schools – even coffee shops.

Allan spoke with the director of training at his local fire department, who said he hadn't thought about the need for AEDs in churches, but it certainly could help. So Allan began to gather more information about costs and features of several different machines.

When Allan took the information to a monthly men's breakfast group from the church, the response was enthusiastic and supportive. "They were 100% behind the project", he says. "Some members got out their cheque-books and made donations on the spot." When the men presented the idea to their congregation, some other members also offered contributions.

"Our congregation is aging," explained their application under ELFEC's matching partners' grant program. "We have several members who have health issues, particularly heart challenges. Our concern is to provide instant action should a member or visitor experience cardiac arrest."

The money would help obtain the AED, but also help train volunteer congregation members or other community members who use the church facilities on a regular basis.

They originally planned to collect money over a long period, but they then heard about ELFEC's partner's program that offered matching grants.



*The men's group and Pr. Gloria Ryder stand in front of the AED at Faith, Fergus Elora.*

"We got a very fast response to our application from ELFEC and that enabled us to purchase the unit". They also arranged for a training session for ten congregational members and two people from outside groups that regularly use their church.

Asked how the men's group felt about spearheading the project, Goldenberg says, "For \$3,500 we could save someone's life – how could we not do it?"

*For more background on the overall matching grant program, please visit <https://elfec.ca/upcoming-grants>*



## Partnership with ELFEC, what it means

Partners choose ELFEC's expertise and guidance: Mt. Calvary Lutheran Church in Upper Northfield, NS and Trinity Lutheran in Sudbury, ON



*Mt. Calvary Church, Upper Northfield NS.*

**“We felt that it’s a reasonable step to take simply because we realized that there was a lot of money from the national church, Synod and others that was already in the pooled money. We felt that by adding the amount that we could to that, it would give us greater opportunity to realize a higher return on that investment.”**

– Ernest Carver, chair of the church worship committee, Mt. Calvary Lutheran Church

When leaders at **Mt. Calvary Lutheran Church** in Nova Scotia reviewed their investments a few years ago, they began to take steps to become a new partner with ELFEC in 2018, placing their confidence in the foundation to help them earn a better return.

Mt. Calvary, located in Upper Northfield, about an hour’s drive southwest of Halifax, is a smaller congregation with 84 members. With its cornerstone laid in 1902, Mt. Calvary continues to garner strong support from its members, both spiritually and financially, but believed there was also financial wisdom in joining with others.

“We found out about ELFEC first from our pastor, Rev. Adam Snook, because we were wondering about ways that we might be able to further enhance the returns we were getting on our investments.”

“We felt that there was strength in numbers, more than what we could probably realize on our own,” explains Ernest Carver, chair of the church worship committee and a member of the church council when it decided to join ELFEC. He and Treasurer Stephen Joudrey attended a day-long seminar in St. John’s in early 2017.

“We came away from that feeling very positive, still it was almost a year later until we were able to act on it following our annual meeting,” said Ernest.

They currently have a five-year plan hoping that over that period their investment returns will be stronger than simply placing money in a guaranteed investment certificate.

“It’s not a huge congregation, but there were several things that happened in recent years that brought a substantial amount of money into Mt. Calvary,” explains Ernest. Some investments flowed from a former nearby church, sale of another church that was part of the parish generated some money and also the parsonage previously owned by the parish became available for sale. “Through those means, we were able to realize some money and that’s the funding presently with ELFEC.”

“We were aware of two different funds, one more conservative and “we opted to the more conservative fund and didn’t want to expose ourselves.”

A broad market downturn in December was a surprise to everyone, “yet we have no intentions of taking it out, it’s a long-term investment,” says Stephen. “We have to realize there are always ups and downs in the market. There always has been and there always will be.”





Even then, the percentage of loss through ELFEC was much less than the overall TSX, Ernest adds.

Mt. Calvary is a central part of the community, along with the local community hall, which brings everyone together. “We don’t have a school in our community any longer, there are some small businesses, but it’s the Church and community hall where people come together.”

**For Trinity Evangelical Lutheran Church in Sudbury,** their thinking was very similar when it first shifted investments to ELFEC in 2011.

“This has been a really strong move, even for a congregation of our size,” explains Brian Koivu, Trinity’s liaison to ELFEC and a former chair of the congregational council.

“We’re not a big congregation, yet we continue to have a small pool of surplus cash that we weren’t using and had various people within the church from time to time running around trying to get the best GIC rates. They eventually were tired of doing that.”

“There’s a certain amount of comfort and relief to be away from such a responsibility of making those investment decisions. It’s one thing making decisions about your own money - you kind of live or die with whatever you decide. But when you’re making decisions on behalf of others, it’s different.”

The congregation placed \$100,000 with ELFEC in 2011, and when they did have a down year, a member provided a \$5,000 cheque to invest more. In 2017, they had an eight-per-cent return and decided to reinvest some more.

“We’ve had a small amount that’s been redirected back to us to help us meet budget requirements. It certainly has met our hopes and expectations in a number of ways.”

**He cites several factors that continue to support their initial decision to partner with ELFEC:**

- Expertise available through the investment managers: “Sometimes when you’re too close to things, you worry about getting a few more dollars out of a GIC.”



*Antti Saari with hand-prints of the members of Trinity as part of the 40th anniversary celebration.*

- Financial returns: “We certainly have done very well in meeting our financial objectives as well as some of the ancillary benefits of being associated with larger funds – the economies on fees and the ability to have an impact.”
- Planned giving advice offers members a way to turn to ELFEC for guidance on how best to transfer wealth when they’re gone.

By being associated with ELFEC, “there have been a few of us who have done planned giving arrangements through the Foundation,” he explains. “In my own personal giving, I’m becoming more and more interested as I get older in giving towards moving forward.”

An increased focus on responsible investing, impact investing and faith-based investing also all reinforce what the congregation aims to do with their money, he says. “It’s becoming much better understood that socially responsible investing isn’t just about putting money into windmills, and there are companies that take deliberate approaches in this direction and those that have not.”

“People like to see not only a good return and that they’re protected as much as possible, but that they are investing in good things.”

“Everybody is looking for a good return and good risk management, but if there is something that takes it to another level, then it’s certainly worthwhile.”

## ELFEC's faith-based and impact investing on the rise

**“We made real progress in 2018, developing and finding places to put our money where we think it will have an impact - we’ve moved from wanting to do impact investing to actually making it happen.”**

– Bill Kuehnbaum, ELFEC Chair

focused on responsible investing, which means applying one’s values to investment choices. Rather than simply looking for returns, we require our asset manager to consider environmental, social and governance (ESG) factors when selecting and managing investments.

To execute this responsible investing strategy, we:

- Screen potential investments for ESG impact during the selection process;
- Authorize our asset manager to take part in the governance of companies we invest in, by voting proxies.;
- Engage with companies through SHARE’s corporate engagement programs, and;
- Invest directly in organizations that produce social or environmental benefits along with financial returns.

### Real progress in 2018

Along with our focus on responsible investing, ELFEC’s continuing to grow its impact and faith-based investments made in companies, organizations, and funds aimed to generate a measurable, beneficial social or environmental impact.

Initially in 2017, after commissioning a study by an independent consulting group, the ELFEC board approved total investments up to \$1 million in four organizations. All four would generate a financial return that compares favourably to our fixed income investments in financial markets.

Through 2018, ELFEC moved deeper into faith-based investments with a focus on socially responsible investing (RI) and inroads into impact investments, to place partners’ money into projects that make a real difference in our society.

Since its earliest days in 2008, ELFEC has

The first was a Guaranteed Investment Certificate (GIC) offered by Kindred Credit Union (formerly Mennonite Savings and Credit Union). The money in ELFEC’s GIC is used by Kindred to purchase shares in Oikocredit, an international organization created by the World Council of Churches almost 50 years ago. Oikocredit invests in microfinance, agriculture, renewable energy, fair trade organizations and co-operatives, with a focus on sustainable development in the global South.

Our impact investment in SolarShare bonds offers a double benefit, by reducing our portfolio’s carbon footprint as well providing a solid financial return. As a faith-based foundation, ELFEC seeks to uphold the integrity of creation, not its destruction.

SolarShare is Canada’s leading renewable energy co-op, with projects annually generating more than 7 million kilowatt-hours of clean electricity, to reduce annual greenhouse gas emissions by 585 tonnes. ELFEC purchased a five-year solar bond from SolarShare, with an annual interest rate significantly higher than the average of our conventional bond portfolio.

A third impact investment, in Windmill Micro-lending, supports a registered charity that has served newcomers to Canada since 2005. Windmill offers low-interest microloans to help skilled immigrants and refugees restart their careers in Canada. ELFEC is among community bond investors supporting Windmill and lifting families out of poverty by tripling household income.

Another initial investment was approved to the Toronto Atmospheric Fund, to retrofit facilities in older buildings with low-water-consumption units and energy efficient electrical systems, but it did not proceed as quickly since they were not yet in a position to accept investments. “We had a real learning curve there, but its helping us move forward,” explains Bill.

These four investments comprise ELFEC’s first ventures into the world of impact investing. We will monitor our experience and, if things turn out the way we expect, we will add more impact investments to our portfolio.

## As of December 31, 2018

# Foundation Financials

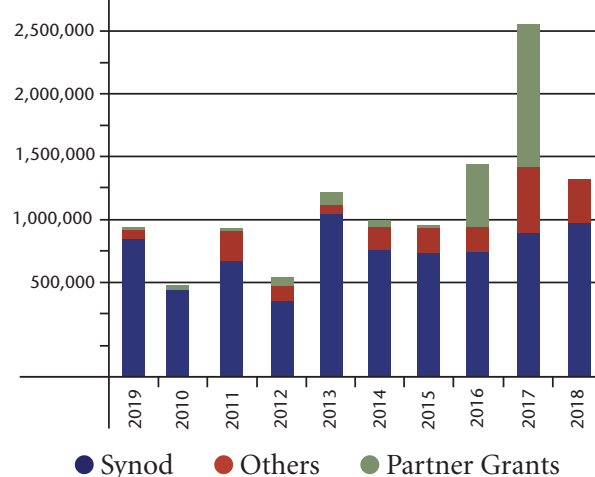
### Statement of Financial Position (000s)

Assets	
Cash	4,081
Accounts Receivable	71
Donated Life Insurance	13
Investments	31,739
<b>TOTAL</b>	<b>35,904</b>
Liabilities	
Accounts Payable	318
Managed Fund Income Due	(286)
Managed Fund Capital	18,671
Fund Balances	
Endowment	12,108
Restricted	5,030
Unrestricted	63
<b>TOTAL</b>	<b>35,904</b>

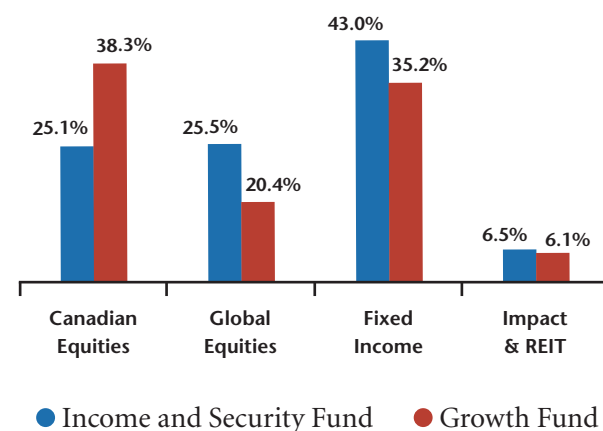
### Statement of Operations (000s)

Donations	1,248
Investment Gain	(66)
Other Income	214
<b>Total Income</b>	<b>1,396</b>
Expenses	306
Grants	1,238
<b>Reinvested Investment Income</b>	<b>(148)</b>

### Charitable Distributions



### Asset Mix by Portfolio



In keeping with our commitment to financial accountability and transparency, full audited financial statements prepared by RLB LLP are available at [www.elfec.ca](http://www.elfec.ca).

Many thanks to our supporting partner



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**Board of Directors 2018**



Bill Kuehnbaum  
*M.Math, Chair*



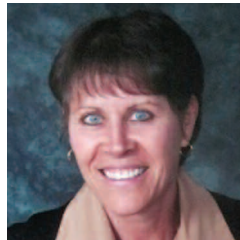
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