



Faith, Finances, and Philanthropy



Annual Report
2022

Message from the Board Chair and Executive Director



Bill Gastmeier, ELFEC Board Chair



Lee Gould, Executive Director

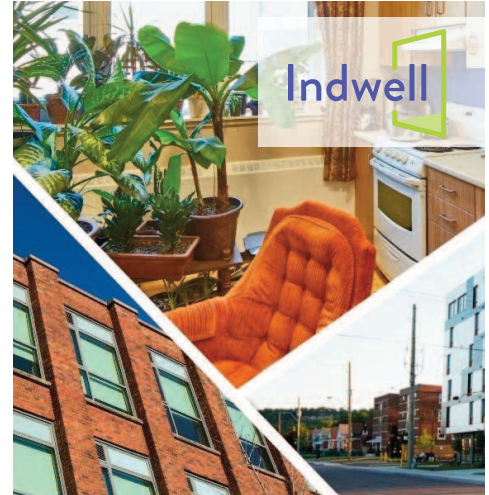
“Through 2022 markets were often on a ‘roller coaster’ and have been challenging to predict. ELFEC has spent much time addressing these headwinds, striving to mitigate risks to achieve the best results possible.”

– Lee Gould, ELFEC Executive Director

With the emergence from the global COVID-19 pandemic, 2022 started out with much promise. As we all came to learn, the potential of a better year was not to be as global events impacted so many of us and in so many ways. China’s continued pandemic lockdowns contributed to supply chain challenges and likewise, Russian aggression against Ukraine was a major contributor to World economic challenges which also saw central banks striving to meet inflationary pressures which still persist.

Through 2022 markets were often on a ‘roller coaster’ and have been challenging to predict. ELFEC has spent much time addressing these headwinds, striving to mitigate risks to achieve the best results possible. Sadly, both investment portfolios finished the year in the red posting losses of approximately five percent. Part of the reason that ELFEC was able to limit challenges and recover losses was our ability to find investments beyond equity and bond markets. In this regard, infrastructure, agriculture, and socially impactful investments played a greater role in 2022.

ELFEC’s investment efforts continue to be undertaken through a faith-based, ethical model that considers a variety of criteria such as the environment, social concern and governance (so called ESG) matters, and while it starts with the framework established in policy the paradigm exists throughout the



investment process. In 2022, EFLEC was pleased to address housing challenges through an investment partnership with Indwell Community Housing, an Ontario-based charity that has a successful track record of building affordable housing throughout Canada.



ELFEC’s commitment to positively support indigenous communities took a step forward through a leadership investment with Raven Indigenous Capital Partners of British Columbia. Raven aims to empower Indigenous entrepreneurs and revitalize the Indigenous economy through collaborative investments in Indigenous social enterprise.





In keeping with recent history, ELFEC's stakeholder support continued through direct grants but also our no cost Lutheran Planned Giving (LPG) philanthropy supports. LPG has continued to be diligent in educating and engaging those with an interest in charitable giving especially through estate planning. As we often share, even a one percent gift through a bequest can make a huge difference in the lives of so many. Continuing efforts which started during the pandemic, LPG worked with other faith community partners, including Synods, to deliver a number of virtual and in-person engagement efforts which aimed to help congregations and others to fundraise for their ministries.



The importance of ELFEC's work and a need to continue to grow and evolve was central to many conversations in the preceding months. It is projected that in the next decade as many as a third of Lutheran congregations will need to evolve themselves, some will choose to amalgamate, other to cease operations. Regardless ELFEC continues to be committed to assist where we can. Through our current investment support efforts or our donor advised fund (DAF) programs congregations can utilize ELFEC to re-imagine themselves. ELFEC is honoured to be part of these conversations and is regularly being called upon to assist with the evolutionary process which many Church Council's find themselves contemplating. ELFEC is always happy to continue to utilize our knowledge, resources, and professionalism, after all, 'many hands make light work' and we're a community.



“Lutheran Planned Giving (LPG) has continued to be diligent in educating and engaging those with an interest in helping others through charitable giving, especially through estate planning. If you have questions about supporting charitable endeavours through ELFEC, please don't hesitate to connect with ELFEC today at 888-308-9461.

Faith, Finances and Partnering with ELFEC

Hosanna Lutheran Church in Edmonton, AB is shaping itself to meet the challenges of the future. ELFEC is proud to play a key supportive role in those efforts.

“The committee charged with looking at options were impressed by ELFEC’s commitment to Responsible Investing, corporate engagement and impact investments. They also liked that the assets would continue to belong to Hosanna, something not offered by the local community foundation.”

– Pastor James Hendricksen, Hosanna Lutheran Church Edmonton, AB

A few years ago Hosanna Lutheran Church in Edmonton, AB received notice that it was about to receive a large gift from a member’s will. The leaders realized they had no one with the skills to invest the money effectively, so they invited ELFEC to make a presentation about our investment partner program.

The committee charged with looking at options were impressed by ELFEC’s commitment to responsible investing, corporate engagement and impact investments. They also liked that the assets would continue to belong to Hosanna, something not offered by the local community foundation and others. After the ELFEC representatives visited the church, the committee recommended ELFEC to the Council and the congregation and a fund was opened.

Measured by budget and staffing, Hosanna is one of the larger congregations in the Synod. In pre-COVID times, Sunday worship attendance was 160-170 people. The congregation had started streaming its services before the pandemic, thinking this would appeal to people of the Millennial generation. To their surprise, initially it was mostly seniors and shut-ins who participated in online worship. Today, about twice as many people tune in from home as worship in person. Pastor James Hendricksen says, “We’re in a new age with hybrid church.”



In 2014 the congregation made a conscious choice to add environmental sustainability to all future decisions about building upgrades. Since then they have added insulation to the roof and installed 70 solar panels, replaced all fixtures with LED lighting, converted toilets to low-flow models and replaced old furnaces with high-efficiency units. These efforts have not only shrunk the church’s resource consumption and carbon footprint, but also significantly lowered operating costs.





“The congregation has been pleased with investment returns; members of the Finance Committee have at times commented that ELFEC’s results were better than they experienced on their personal investments”.

–Treasurer Rick Hernder, Hosanna Lutheran Church Edmonton, AB

Some of the income earned by their ELFEC fund was drawn down to support these sustainability projects, either as a primary funding source or to match other donations. Treasurer Rick Hernder found it “really quick” to do the initial paperwork to set up the funds and later get access to the money. “It was way easier than dealing with the bank, and having the money transferred electronically into our account made it all very simple”, he says. The congregation has been pleased with investment returns; members of the Finance Committee have at times commented that ELFEC’s results were better than they experienced on their personal investments.

The use of technology to enable online streaming, the focus on sustainability, a program to encourage members to include a gift to Hosanna in their will, and the attempts to build community across distance in a hybrid church are all components of Hosanna’s “future church” strategy.

Now the congregation is considering a second fund with ELFEC that would generate income flowing into general revenue on a regular basis. Asked to summarize Hosanna’s experience with ELFEC, Pastor James says, “We’ve been happy, and we would recommend ELFEC to other congregations.”



Call ELFEC any time for explore managing your congregation’s investments or annual funds. With strong financial management, transparent fees, and rigorous responsible-investment guidelines that meet and exceed legal ‘prudent investment’ requirements, ELFEC is often the perfect choice for faith-based organizations who want to leverage their gifts to do good.

Investing in Reconciliation

ELFEC's Ethical Investment continue with Raven Indigenous Capital Partners, North America's only Indigenous-led and owned Impact Investment firm.



“Our investment partners expect us to be good stewards of their money but also to consider the greater good in making investment decisions.”

– Susan Heard, ELFEC Investment Committee Chair

ELFEC's commitment to reconciliation with Indigenous peoples took a step forward with a recent investment in the Raven Indigenous Impact Fund. Starting with a small initial amount, the investment is expected to grow to as much as \$375,000.

The Fund is operated by Raven Indigenous Capital Partners, North America's only Indigenous-led and owned Impact Investment firm. Investors like ELFEC buy units in the Fund, which in turn provides capital to small and medium-sized firms owned by Indigenous entrepreneurs. As those businesses grow, part of their profits are repaid to the Fund, which then distributes income to the investors.

Raven has already helped some businesses to noteworthy success, including Cheekbone Beauty Canada, a sustainable cosmetics firm. According to its website, “Cheekbone's aim is to make a difference in the lives of Indigenous youth through donations that support educational opportunities for them, and to create a space in the beauty industry where everyone, including Indigenous people, feel represented and seen.”

Susan Heard, Chair of ELFEC's Investment Committee, puts it this way: “Our investment partners expect us to be good stewards of their money but also to consider the greater good in making investment decisions.” Of Raven, she says, “I'm someone who tends to be

sceptical, but the people who manage it are really impressive, with a lot of experience and a focussed approach.” The Committee became aware of Raven several years ago and watched them establish a record of success before deciding to commit any of ELFEC's money.

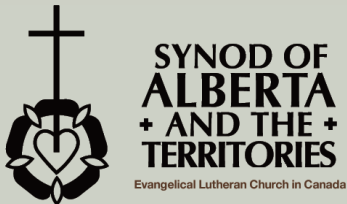
The investment in Raven is an example of ELFEC's broader commitment to Impact Investing. Money deployed in this way achieves a social purpose as well as earning income for ELFEC's investment partners. In past years, investments have been made in areas such as renewable energy, climate change mitigation, affordable housing and training for new Canadians.

The ELFEC Board of Directors was pleased with the Investment Committee's recommendation to invest in Raven. Chair Bill Gastmeier says the Board saw it as a way to invest in the Indigenous-led economy. “That's really a key thing. We are proud to support Indigenous peoples as they explore the business opportunities coming available to them.” He also sees it as a way for ELFEC's investment partners to participate in ventures they might not have the opportunity to support on their own. “We understand that our partners support impact investing and are pleased to facilitate these initiatives on their behalf. Impact Investing is an implicit part of what we do and the Board is grateful our partners place their trust in us.”



ABT Synod Expands Partnership with ELFEC

The Synod of Alberta and the Territories (ABT) is using its partnership with ELFEC to grow its ministry.



“This is an opportunity to help congregations and synods get the message across to individuals that they can make a huge difference through their giving.”

– Kathryn Smith, ELFEC’s Giving Advisor

Realizing that its membership base was declining in numbers, ABT Synod Council established a Resource Generation Task Force to find new sources of income. Rev. Dr. Kevin Powell, Chair of the task force, invited ELFEC staff to come to some planning meetings. It quickly became evident that planned giving or estate planning was a way congregational members could help the Synod realize its vision for mission.

Powell calls planned gifts “low-hanging fruit”, because many people are unaware of the opportunities to give in this way. The message is one of encouragement: people can contribute to their own congregations as well as the Bishop’s Visionary Fund.

The initiative began with a synod-wide gathering in 2022 and continued with a series of seven regional “Ponder Anew” events in the fall. Speakers included Bishop Larry Kochendorfer as well as the Synod Council Chair and Synodical Treasurer. Kathryn Smith, ELFEC’s Giving Advisor, was warmly welcomed and delivered a presentation that characterised planned gifts as “our response to a generous God”. Kevin Powell described “an overwhelmingly positive reaction to all the presentations.”

Kathryn found her audiences very appreciative; “People would come up to me at the end of the program and say ‘I hadn’t thought about that before – can we talk?’” She believes people realize that “the Church still has a mission to fulfill and I can be part of that.”

The partnership continues in other ways, too. ELFEC offered advice on establishing a synodical gift acceptance policy, and plans to create online planned giving resources for the Synod’s use.

From ELFEC’s side, Kathryn hopes that this sort of partnership can be extended across the ELCIC. “This is an opportunity to help congregations and synods get the message across to individuals that they can make a huge difference through their giving.”

Pastor Powell calls ELFEC “very effective partners. ELFEC has perspective, insight, experience and resources. We really value the partnership between the Resource Generation Task Force and ELFEC, and it’s bearing fruit.”



Gift of Securities Making Philanthropy Happen



“We were more than pleased with the process. Everything was completed within a week, and ELFEC team kept us informed at every step along the way. Plus, the fees were very reasonable, below what we expected.”

– Anonymous Donor



For a pair of long-time supporters of Camp Kuriakos in Alberta, making a gift of company shares made sense from several perspectives. They agreed to tell their story under a promise of anonymity.

The couple realized that much of the Camp’s revenue had ‘dried up’ during COVID-19 restrictions, and they wanted to “take the pressure off them until income was stabilized”. In December 2021 they “just felt it was an appropriate time to make a donation”.

By that time, their investments had appreciated in value and accumulated significant capital gains that would be taxed if they sold the shares. “We preferred to see the money to go to the camp rather than be paid out in taxes”, they said.

Having heard that someone else had used ELFEC to facilitate a similar gift, they got in touch with Pastor Art Weiss, the Camp’s Executive Director, and proposed the idea to him. Pastor Art was familiar with both the concept of donating shares and the role that ELFEC could play in making the transfer happen.

After completing the necessary forms, the donors found the transfer of shares went smoothly. “We were more than pleased with the process. Everything was completed within a week, and ELFEC team kept us informed at every step along the way. Plus, the fees were very reasonable, below what we expected.”

ELFEC received the shares from the donors’ broker, sold them and sent the proceeds to the camp. Although Pastor Art was expecting the gift, he was surprised by its size. The donors did not specify how the gift should be used, but he realized it could have a huge impact on the Camp’s ability to expand the scope of its operations. He sees it as a cornerstone in an ambitious project that will be unveiled over the coming year. “We hope it will be the gift that will kick-start our fundraising efforts and lead the way to similar generous gifts from other donors.”



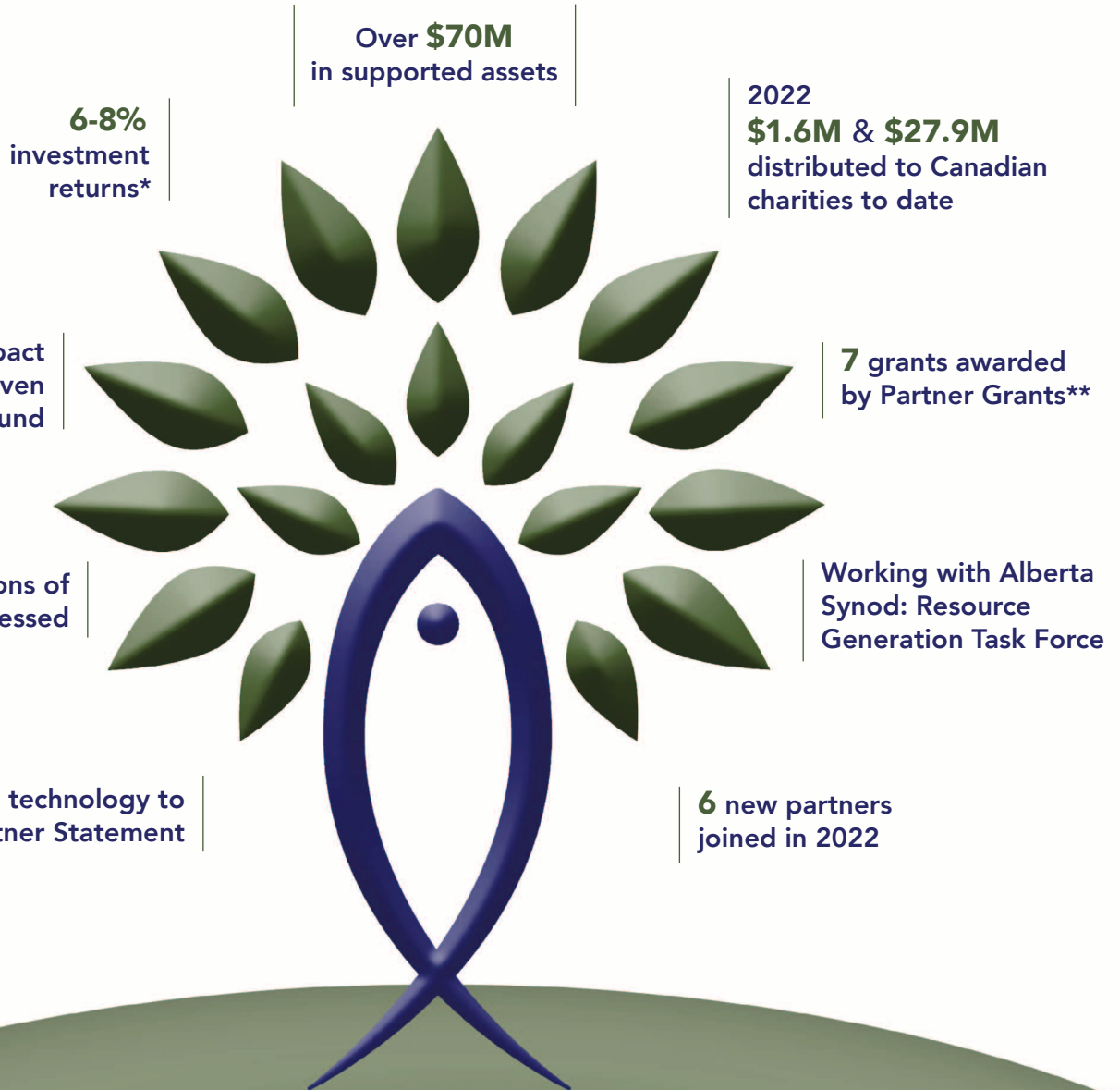
“We hope it will be the gift that will kick-start our fundraising efforts and lead the way to similar generous gifts from other donors.”

– Pastor Art Weiss, Camp Kuriakos
Executive Director



If you want to have an impact on the mission of your congregation, a church camp or any other ministry, why not consider making a donation of appreciated securities? For more information, contact ELFEC: 1-888-308-9461

2022 Highlights



* Strong Investment Management in volatile year, since inceptions 6% rate of return for Income & Security Portfolio, 8% for Growth Portfolio

** Continued Partner Grants, awarded 7 grants for (elimination of poverty, promotional use of environmental resources, food sustainability, reconciliation with Indigenous people)

As of December 31, 2022

Foundation Financial Highlights

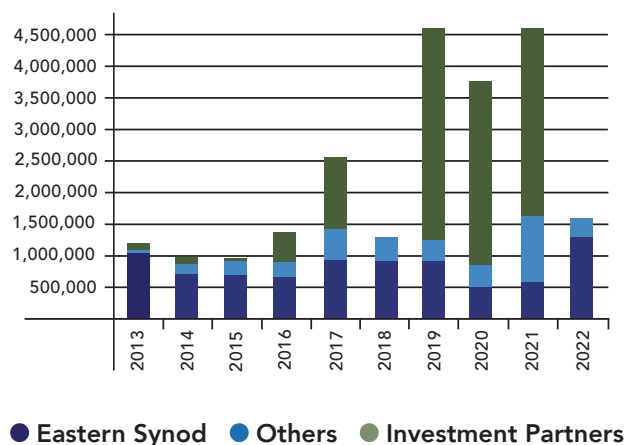
Statement of Financial Position (000s)

Assets	
Cash	6,205
Accounts Receivables	188
Donated Life Insurance	13
Investments	64,422
TOTAL	70,828
Liabilities	
Accounts Payables	382
Partner Fund Income Due	(2,303)
Partner Fund Capital	48,185
Fund Balances	
Endowment	17,978
Restricted	6,528
Unrestricted	58
TOTAL	70,828

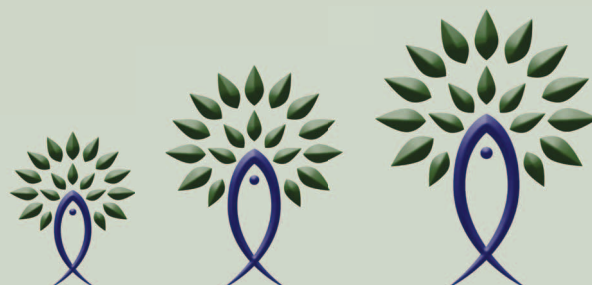
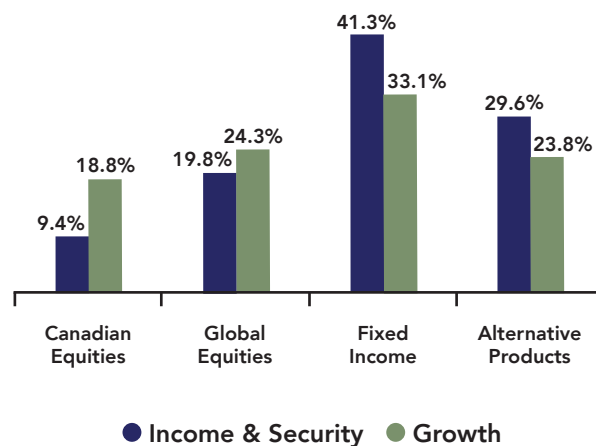
Statement of Operations (000s)

Donations	2,915
Investment Gain	(945)
Other Income	429
Total Income	2,399
Expenses	378
Grants	1,592
Reinvested Investment Income	429

Charitable Distributions



Asset Mix by Portfolio



Many thanks to our supporters and partners

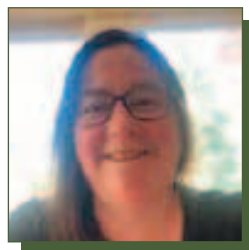
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