

## **Lutheran Church of the Incarnation Council Meeting Minutes**

August 13, 2024, 7:00 pm

Council Member Roster: Tim Paulson (2026), Karen Slabaugh (2027), Kathryn Schnaible (2026), Jenny Fortuna (2025), Vern Holmes (2025), Bob Kerr (2025), Kenny Doss (2026), Ralph Holderbein (2027), Mark Bandstra (2027), and Pr. Dan Smith

### **A. Introduction: Tim**

### **B. Opening Prayer & Devotion: Pastor Dan**

### **C. Stewardship Report: Vern (attached)**

### **D. Pastor's Report: Pastor Dan (attached)**

### **E. Approval of June Council meeting minutes: Jenny (attached)**

Motion: Jenny; Kenny 2nd; Vote 8-0-0. Jenny to send to Lindsey to post to the website.

### **F. Council Action Item:**

1) Paul Kolarik: Treasurer will invest funds from the Endowment & Columbarium checking accounts into the ELCA Ministry Growth Fund. See attached. Motion: Kathryn; Bob 2nd; VOTE: 8-0-0.

### **G. President's Report: Tim**

1) Council to decide at retreat what/when to share each week at Council meetings throughout the year.  
2) Council Retreat at Mt. Cross on Aug 17 from approx 9am-3pm. Logistics were discussed.

### **H. Committee Reports:**

1) Kathryn: Treasurer's Report

### **I. Other Business:**

1) Mark: shared his Faith Story  
2) Movie Night: August 16  
3) God's Work Our Hands on Sept 8 after church  
4) Annual Budget Forum on Nov 17 w/ Potluck after church  
5) New Grounds Chair - to be discussed in September

**Next Executive Council Meeting = Sept 3 at 7pm**

**Jenny to send out Agenda = Sept 8 (Please have all supplementary materials to me by this date)**

**Next Council Meeting = Sept 10 at 7pm**

## August 2024 stewardship report for LCI Congregational Council

Plans for the fall campaign are well underway. Our theme is "Signs of your gracious love."

Our campaign begins with cottage meetings held between September 29<sup>th</sup> and October 10<sup>th</sup> and will conclude with a Commitment Sunday on October 20<sup>th</sup>. Our cottage meetings will be small face-to-face gatherings of 6-12 LCI members, designed to be about 90 minutes long.

There will be 10 different options for cottage meetings. They are scheduled for both daytime and evening options, plus two will be held in Woodland, at least one will be held at LCI, the rest will be at members' homes in Davis.

People will have the opportunity to sign up for the cottage meeting of their choice on Sunday Sept 15<sup>th</sup> or 22<sup>nd</sup>. I am a firm believer in the adage that "Leader's Lead! So, I encourage each of you as a leader of LCI to be among the first to sign up for the meeting of your choice.

The purpose of the gatherings is to provide members an opportunity to meet with Pastor Dan and myself, to share with one another their hopes and dreams for LCI and to explore our common commitments of time, abilities, and financial support for our ministry together.

There will also be Temple Talks using the phrase "with joy and thanksgiving" from the offering prayer.

### Cottage Meeting Time and Dates:

Sun., Sept 29, 6:30 pm  
Tue., Oct 1, 1:00 pm  
Wed., Oct 2, 6:30 pm  
Thu., Oct 3, 6:30 pm  
Fri., Oct 4, 1:00 pm  
Sat., Oct 5, 10:00 am at LCI  
Sun., Oct 6, 6:30 pm possibly at LCI  
Tue., Oct 8, 1:00 pm  
Wed., Oct 9, 6:30 pm  
Thu., Oct 10, 6:30 pm

**Pastor's Report**  
**Lutheran Church of the Incarnation, Davis, CA**  
Rev. Dr. Dan Smith  
August 13, 2024

*No action items this month.*

Information Items:

1. Council Retreat set for the upcoming weekend of Aug. 16-17 (Fri-Sat) at Mt. Cross – thanks everyone for your willingness to have the retreat there; I hope and pray it will be a good experience for all of us. Please let me know if you have any questions.
2. Update on sabbatical – planned for next summer, 2025 (I am reconvening the planning group). I will keep you posted about this when I have more details.
3. Mary Stewart has stepped down as chair of Learning; Lindsey Burns will help fill in until we find a replacement. Please keep this in prayer, and please share if you know of someone (including yourself!) who might be a good replacement.
4. I am open to teach a midweek Bible study this fall; please let me know if you are interested; thanks.
5. Ecumenical program : “The Neighborhood” – w/ Davis United Methodist Church, DLC and the Belfry, planned for a Saturday in late Sep (likely Sep. 21): Bible study, singing and fellowship. Led (mostly) by Pastor Brandon Austin of DUMC, but I plan to attend and help as well, as will some other clergy.

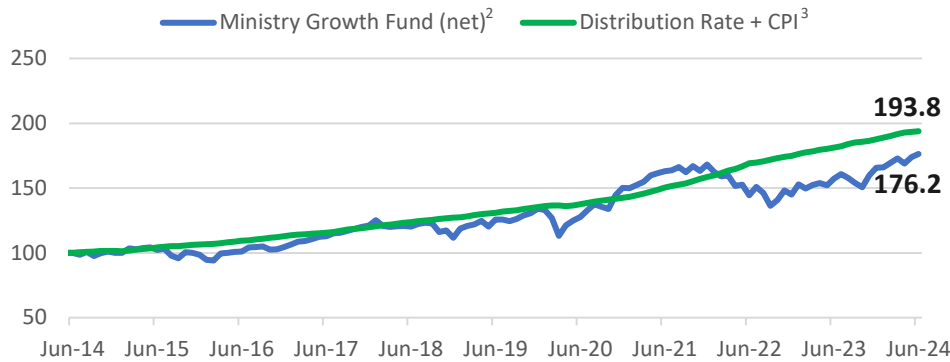
In the wider church:

6. God's Work, Our Hands – Sep. 8: worship at 10am, following by service project – at Davis Respite Center. This is the 10<sup>th</sup> anniversary of the ELCA-wide program. Here is more information about what is happening church-wide: God's Work, Our Hands – Sep. 8: worship at 10am, following by service project – at Davis Respite Center. This is the 10<sup>th</sup> anniversary of the ELCA-wide program. Here is more information about what is happening church-wide: <https://www.elca.org/dayofservice>
7. Some have asked about Rob Williamson and what he's up to. He has finished his internship at LCI (as of July 31), and he is currently interviewing for a call in the area; I will share more information when I can re: ordination and installation, etc.
8. As an FYI: our seminary (PLTS) has asked me to teach “Constructive Theology” again, which I plan to do as part of my “service to the wider church”. It will be mostly online, but I will visit the seminary occasionally to meet with students; at most one afternoon a week. I am still available for pastoral care visits by appointment, and evening administrative meetings and/or classes as needed. Please keep the seminary community in your prayers, as it raises up new pastors in the church.

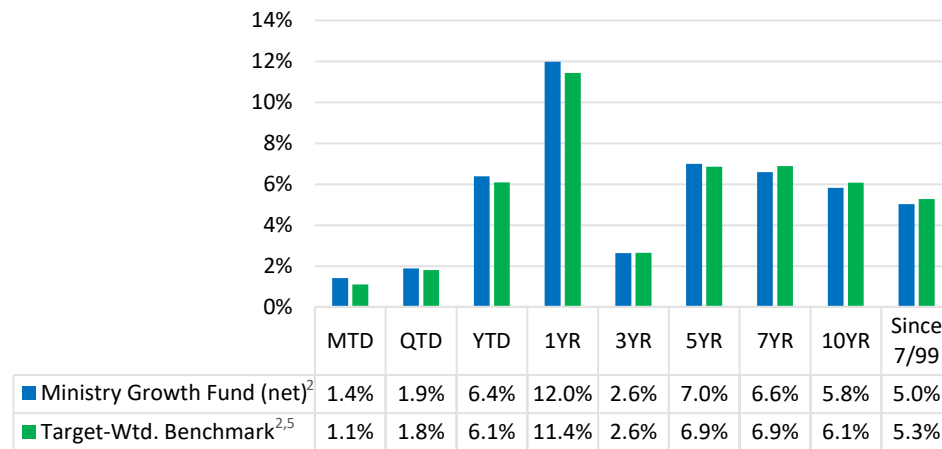
# MINISTRY GROWTH FUND<sup>1</sup>

Data as of June 30, 2024

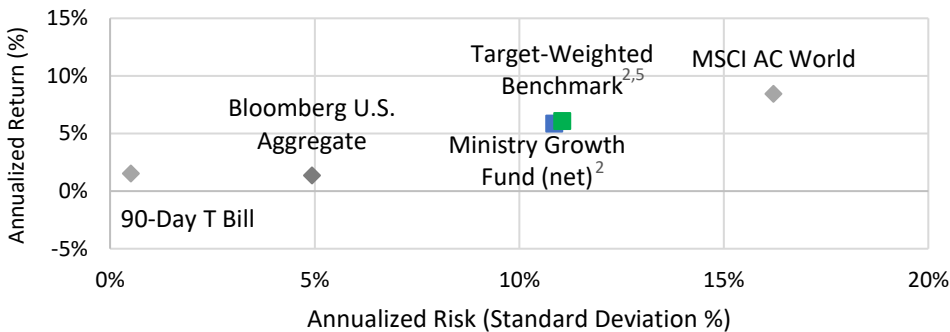
## Growth of \$100 (10 Years Performance Analysis)



## Multi-Period Performance Analysis



## 10 Years Risk / Return Performance Analysis



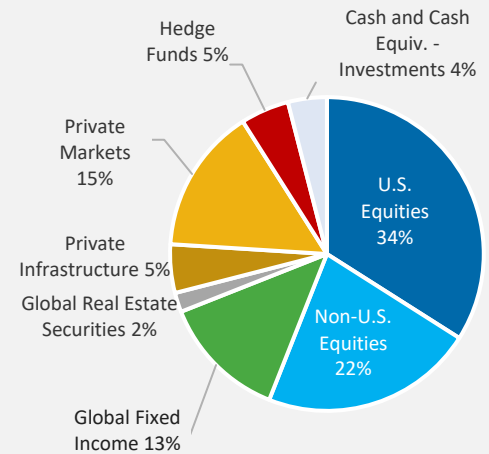
	Return	Standard Deviation	Sharpe Ratio	Maximum Drawdown	Alpha	Beta
<b>Ministry Growth Fund (net)<sup>2</sup></b>	<b>5.8</b>	<b>10.9</b>	<b>0.4</b>	<b>-18.9</b>	<b>-0.1</b>	<b>1.0</b>
Target-Weighted Benchmark <sup>2,5</sup>	6.1	11.1	0.4	-17.3	0.0	1.0

## Fund Overview

### DESCRIPTION

The ELCA Endowment Fund Pooled Trust's Ministry Growth Fund (the Fund) was established to allow for the collective, long-term investment of funds belonging to the Evangelical Lutheran Church in America (ELCA), its congregations, synods, seminaries, and other eligible affiliated entities. To the extent practicable, the Fund pursues investment objectives in line with the ELCA Social Criteria Investment Screens approved by the ELCA Church Council. Incorporated into the Fund's accounting are unitization and quarterly endowment distributions. The ELCA Foundation administers the Fund.

### TARGET ALLOCATION<sup>4</sup>



### For more information contact:

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800-638-3522 · [elcafoundation@elca.org](mailto:elcafoundation@elca.org)  
[elca.org/endowmentinvesting](http://elca.org/endowmentinvesting)

<sup>1</sup>The ELCA Endowment Fund Pooled Trust's ELCA Endowment Fund "A" was renamed the Ministry Growth Fund, effective November 1, 2021.

<sup>2</sup>Annual, cumulative, and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. Underlying returns were provided by the Fund's respective managers. Starting July 1, 2017, the investment results presented here reflect historical net performance after deducting both investment management fees and expenses, as well as the ELCA Foundation's administrative fee of 60 basis points (0.60%). The target-weighted benchmark also includes this 60 basis points administrative fee to ensure a direct comparison of investment performance. Prior to July 1, 2017, the ELCA Foundation's administrative fee was an all-inclusive 100 basis points (1.00%), covering both investment management and administrative fees and expenses. For this earlier period, the administrative fee was estimated at 70 basis points and was deducted from the target-weighted benchmark. **Past performance is not a guarantee of future results.**

<sup>3</sup>The Distribution Rate + CPI consists of the Consumer Price Index (CPI) plus the ELCA Foundation's distribution rate. The Foundation Board of trustees periodically adjusts the distribution rate, which is currently set at 4.0%.

<sup>4</sup>Target allocation approved by the ELCA Foundation Board of Trustees effective as of April 1, 2024.

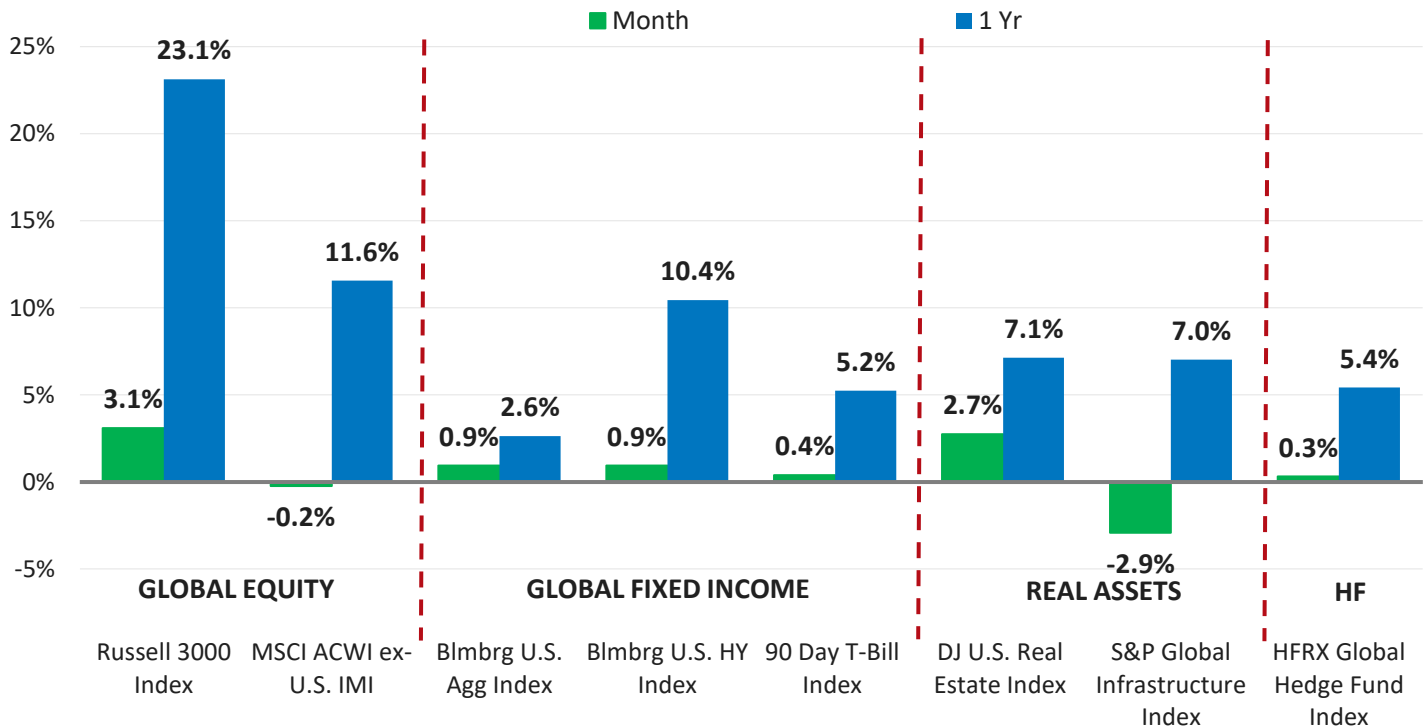
<sup>5</sup>The index composition of the Target-Weighted Benchmark is currently comprised of: Russell 3000 (33.6%), MSCI ACWI xUSA IMI (22.4%), Bloomberg U.S. Aggregate (8%), Bloomberg U.S. High Yield Ba/B 1% Issuer Cap (5%), FTSE EPRA Nareit Developed Index (2%), HFRX Global Hedge Funds (5%), S&P Global Infrastructure (5%), Cambridge U.S. Private Equity (15%), and the FTSE 90 Day T-Bill (4%) indices. The benchmark is rebalanced on a monthly basis. Please refer to the Quarterly Report for historical benchmark information, available at [elca.org/Give/ELCA-Foundation/Services-for-Congregations/Performance](http://elca.org/Give/ELCA-Foundation/Services-for-Congregations/Performance).

## CAPITAL MARKETS COMMENTARY As of 6/30/2024

June returns cooled off from the strong performance of May. While some pockets of the risk markets provided investors with positive returns, including a new record high price level on the S&P 500 Index and strong U.S. real estate returns, the bond market returns were muted, and infrastructure was a detractor.

- In the global equity markets, domestic equities continued to outperform international equities. Large-cap growth stocks had stronger performance than smaller-cap domestic equities, driven in large part by companies focused on artificial intelligence (AI).
- Performance across the bond market was muted for June, as pressure on inflation continued to moderate. The 10-year Treasury yield gradually decreased and ended the month at 4.34%. High-yield was relatively flat, with low single-digit returns.
- U.S. Real Estate Investment Trusts (REITs) had strong performance, returning 2.7% in June. U.S. apartment REITs emerged as the top-performing sector. The Case Shiller Index, which tracks the monthly change in value of single-family homes, reported record-high average home prices in June, leading to continued support for rental housing as consumers search for affordability. Global Infrastructure was a detractor and saw a decline of 2.9% for the month. Industrials, which the index is heavily weighted towards, energy, and oil contributed to this decline.
- Global hedge funds faced headwinds and performance was relatively flat for June. Hedged equity saw gains across technology sector and quantitative directional strategies. Detractors to Hedge funds included short duration fixed income, long metals positioning, and equities performance, especially in Europe.

### Market Index Returns



#### DISCLOSURES:

**Sources for Capital Markets Data and Commentary:** FactSet, Lipper, FEG. The underlying data has been obtained from sources believed to be reliable, but no guarantee made to their accuracy and any such information may be incomplete or condensed. Past performance is no guarantee of future results. This evaluation is for informational purposes only. Also note, investors cannot invest directly in an index.

**Information Disclosures:** This report is intended to provide current Fund performance information.

Only ELCA-related institutions can be eligible to participate in this investment fund that is exempt from most security registration requirements in accordance with the Philanthropy Protection Act of 1995.

**THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE CONFIDENTIAL DISCLOSURE STATEMENT, WHICH CONTAINS DETAILS ABOUT THE FUND.** The Confidential Disclosure Statement is available to representatives of eligible organizations by calling the ELCA Foundation at 800-638-3522.



ELCA Foundation

## MINISTRY GROWTH FUND – FOURTH QUARTER SUMMARY

During the first quarter, the Ministry Growth Fund returned 4.4% on a net basis, while the Target Benchmark also returned 4.4% over the same period. The biggest contributor to the Ministry Growth Fund's returns for the quarter was the U.S. equity allocation, which returned 10.2% vs. a benchmark return of 10.0%. Hedge Funds performance also contributed meaningfully to the portfolio's performance, returning 5.2% vs. a benchmark return of 2.5%. Additional detail on each component of the Fund is shown below.

### MARKET SNAPSHOT

For the quarter, and much of recent history, it has paid to be a stock market bull rather than a bear. The stock market started the year with a bang, remaining unbothered by potential external signs of instability and has continued to march higher.

The U.S. large cap stocks—i.e., S&P 500 Index—advanced to a record high and credit risk premiums tightened to near record lows. These gains humbled stock market bears who raised alarm bells in recent months due to historically elevated valuations, stubbornly elevated inflation, an unsustainable U.S. fiscal trajectory, and an unsettling geopolitical stage.

International equities lagged domestic, as regional conflicts in Eastern Europe and the Middle East, paired with lackluster economic performance across Europe and China, helped weigh on investor sentiment.

Performance in the bond market was mixed, with rate-sensitive sectors like investment-grade credit and Treasuries witnessing declines, while shorter duration, below-investment-grade credit sectors such as high yield and bank loans eked out low single-digit returns.

Real estate securities declined modestly following Fed Chairman Jerome Powell's announcement that the Fed may not cut rates to the extent that markets expected in 2024. Meanwhile diversifying strategies were in the black, with the HFRX Global Hedge Fund Index generating a quarterly return of 2.5%.

### GLOBAL EQUITY

#### U.S.

The U.S. equity component of the Ministry Growth Fund returned 10.2% for the quarter versus the Russell 3000 index's 10.0%. Communication services and information technology sectors continued to have strong returns.

The Ministry Growth Fund's U.S. equity is designed to align closely with the index; however, there are some deviations due to the ELCA Corporate Social Responsibility (CSR) screens. For the quarter, tracking error—the measure of how different the portfolio performance is from the benchmark—was minimal.

#### Non-U.S.

International markets underperformed the U.S. but still delivered strongly positive returns of 5% for the quarter and outperformed the benchmark at 4.2%. Similar to other equity markets around the world, the information technology sector led returns due to AI demand. While China rebounded in February and produced positive absolute returns in March, developed markets still outperformed emerging markets.

The relative outperformance of the non-U.S. component of the Ministry Growth Fund vs. the benchmark was driven primarily by active manager decisions to overweight and underweight specific countries, sectors, and capitalization structures.



## FIXED INCOME

Fixed income performance in the first quarter was mixed. The Federal Reserve Open Market Committee (FOMC) maintained the Fed Funds target range of 5.25 – 5.50%, and further suggested rate cuts were not likely for the quarter. The news contributed to rate-sensitive sectors like investment-grade credit and treasuries witnessing declines.

### Investment Grade

The Ministry Growth Fund's investment grade portfolio returned -0.7% for the quarter, slightly ahead of the Bloomberg U.S. Aggregate Bond Index benchmark return of -0.8%. This was closely aligned with the benchmark. Characteristics of the fund, such as duration (6.2) and credit quality (Aa2/AA), are similar to the benchmark.

### High-Yield

As rates fell during the quarter, risk appetites rose. High-yield corporate spreads continued to tighten during the quarter. While tight spreads indicate limited upside for price appreciation, the higher return of these bonds can help insulate investors from losses even if spreads widen significantly. This increase in demand resulted in positive high-yield returns higher than investment-grade corporate returns.

The Ministry Growth Fund's high-yield portfolio returned 1.3% during the quarter, equal to the benchmark returns of 1.3%. The portfolio's option-adjusted duration is generally in line with the index.

### Inflation-Indexed

The inflation-indexed bond portfolio return was 0.8% for the quarter. The portfolio is managed using a nearly full-replication approach, which results in a negligible deviation from the benchmark.

## GLOBAL REAL ESTATE SECURITIES

REIT markets continue to closely monitor Fed messaging and the expectations of future interest rate moves. The Ministry Growth Fund's global real estate securities component returned -2.0% for the quarter, trailing the custom benchmark return of -1.7%.

Underperformance for the quarter was driven by U.S. real estate securities, which are actively managed. Given the current macroeconomic environment, the expectation was that underlying management teams would be conservative in earnings expectations. However, a few key holdings came in even more conservatively than expected. Stock selection was the primary detractor, with Industrial and Apartment REITs pacing the decline. Sector allocations partially offset the selection impact, with overweights to Data Centers and Single-Family Homes contributing positively. Non-U.S. real estate securities are currently accessed passively.

## ALTERNATIVE INVESTMENTS

### Hedge Funds

The hedge fund portfolio returned 5.2% on a net basis for the first quarter versus the HFRX Global Hedge Fund Index return of 2.5%. Long/short equity was the most material driver of performance, given its higher correlation to equities. All other strategies—including relative value, credit, global macro, and multi-strategies—also contributed positively to returns, bolstered by strong active management within the funds.

### Private Infrastructure

Given their valuation process, private funds provide performance updates on a lag. As such, the most recent available performance is through the fourth quarter. The private infrastructure allocation returned 5.4% for the quarter versus the S&P Global Infrastructure Index return of 10.9% for the same period.

The key driver of underperformance for the quarter primarily reflected the strength more broadly of public equity markets over the period as opposed to any specific challenges with the Fund. However, the Fund has significantly outperformed the benchmark on a trailing one-year period, returning 11.4% vs. benchmark returns of 2.7%.

### Private Markets

Fourth quarter returns were not available at the time of this report which is why time-weighted returns on the following table show 0.0% return.

Although fourth quarter performance is not available yet, it is expected to be positive, in the low single digits, although this is subject to change. Like private infrastructure, private markets could not keep pace with the strength of the public markets in 2023, but still contributed positively to absolute returns.

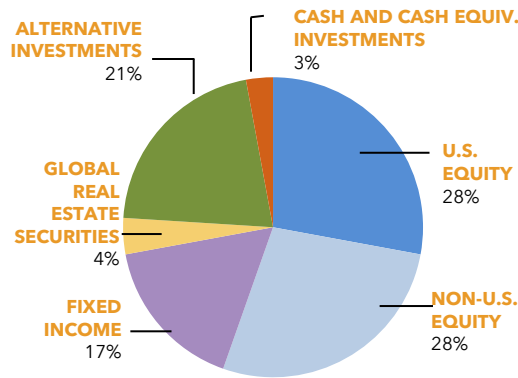
Since inception, the private markets allocation of the Ministry Growth Fund has returned a net internal rate of return (IRR)<sup>1</sup> of 12.1% and a net total value to a paid-in multiple<sup>2</sup> of 1.3x (as of 9/30/23).

<sup>1</sup> The Internal Rate of Return (IRR) is the yearly interest rate at which the money the Fund has invested would break even, considering the returns the Fund expects to receive over time. <sup>2</sup> The Paid-In Multiple compares the total value generated by an investment, including distributions and remaining value, to the amount initially invested capital. The higher the multiple, the better.

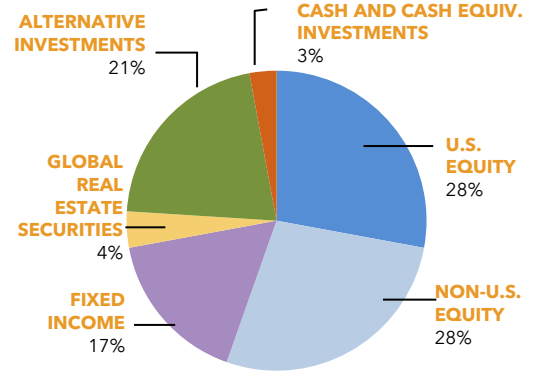


As of March 31, 2024, the Ministry Growth Fund market value totaled \$1.1 billion.\*

### CURRENT ASSET ALLOCATION



### TARGET ASSET ALLOCATION



\* Market value includes investments, deposits between monthly valuation dates, operating cash, and liabilities.

### MINISTRY GROWTH FUND INVESTMENT PORTFOLIO PERFORMANCE (%) As of March 31, 2024

	Q1 2024	2024 YTD	1 YR (%)	3 YRS (%)	5 YRS (%)	7 YRS (%)	10 YRS (%)	SINCE INCEPTION	INCEPTION DATE	
<b>MINISTRY GROWTH FUND<sup>1</sup></b>	<b>4.4</b>	<b>4.4</b>	<b>13.6</b>	<b>3.8</b>	<b>7.2</b>	<b>6.8</b>	<b>6.1</b>	<b>5.0</b>	<b>07/01/1999</b>	
Target Benchmark <sup>2</sup>	4.4	4.4	13.4	4.5	7.7	7.7	7.0	6.0		
<b>EQUITY</b>	<b>Social Purpose U.S. Equity Portfolio<sup>3</sup></b>	<b>10.2</b>	<b>10.2</b>	<b>30.4</b>	<b>10.1</b>	<b>14.8</b>	<b>13.4</b>	<b>12.0</b>	<b>7.6</b>	<b>07/01/1999</b>
	Portico US Equity Benchmark <sup>4</sup>	10.0	10.0	29.3	9.8	14.3	13.4	12.3	7.8	
	<b>Social Purpose Non-U.S. Equity Portfolio</b>	<b>5.0</b>	<b>5.0</b>	<b>13.8</b>	<b>0.3</b>	<b>6.2</b>	<b>6.0</b>	<b>4.8</b>	<b>6.3</b>	<b>04/01/2004</b>
	Portico Non-US Equity Benchmark <sup>5</sup>	4.2	4.2	13.0	1.7	6.0	5.8	4.3	5.7	
<b>FIXED INCOME</b>	<b>Social Purpose Investment Grade Bond Portfolio<sup>3</sup></b>	<b>-0.7</b>	<b>-0.7</b>	<b>2.3</b>	<b>-2.4</b>	<b>0.4</b>	<b>1.1</b>	<b>1.6</b>	<b>4.0</b>	<b>07/01/1999</b>
	Portico Fixed Income Benchmark <sup>6</sup>	-0.8	-0.8	1.7	-2.5	0.4	1.1	1.6	4.1	
	<b>Inflation Indexed Bond Portfolio</b>	<b>0.3</b>	<b>0.3</b>	<b>1.7</b>	<b>0.9</b>	<b>3.1</b>	<b>2.7</b>	<b>2.5</b>	<b>2.6</b>	<b>06/01/2011</b>
	Portico Inflation Index Benchmark <sup>7</sup>	0.3	0.3	1.6	0.8	3.0	2.6	2.4	2.5	
	<b>Social Purpose High Yield Portfolio</b>	<b>1.3</b>	<b>1.3</b>	<b>10.1</b>	<b>1.8</b>	<b>3.4</b>	<b>3.8</b>	<b>3.9</b>	<b>6.2</b>	<b>07/01/2003</b>
Portico High Yield Benchmark <sup>8</sup>	1.3	1.3	10.2	2.1	3.6	4.0	4.0	6.3		
<b>REAL ESTATE</b>	<b>Global Real Estate Securities Portfolio</b>	<b>-2.0</b>	<b>-2.0</b>	<b>6.7</b>	<b>0.7</b>	<b>2.1</b>	<b>3.7</b>	<b>4.5</b>	<b>6.8</b>	<b>03/01/2004</b>
	Portico Real Estate Benchmark <sup>9</sup>	-1.7	-1.7	8.0	0.3	0.6	2.5	3.8	6.1	
<b>ALTERNATIVE INVESTMENTS</b>	<b>Hedge Funds</b>	<b>5.2</b>	<b>5.2</b>	<b>14.5</b>	<b>5.6</b>	<b>5.6</b>	-	-	<b>4.7</b>	<b>08/01/2017</b>
	HFRX Global Hedge Fund Index	2.5	2.5	5.7	1.1	3.4	-	-	2.3	
	<b>Private Infrastructure Fund<sup>10</sup></b>	<b>5.4</b>	<b>5.4</b>	<b>11.4</b>	<b>6.4</b>	<b>7.2</b>	-	-	<b>6.7</b>	<b>10/01/2017</b>
	S&P Global Infrastructure Benchmark <sup>11</sup>	10.9	10.9	2.7	6.8	5.1	-	-	5.2	
	<b>Private Markets Fund<sup>12</sup></b>	<b>0.0</b>	<b>0.0</b>	<b>4.6</b>	<b>13.4</b>	<b>11.4</b>	-	-	<b>11.4</b>	<b>07/01/2017</b>
Cambridge Private Equity Index	0.0	0.0	7.1	12.9	14.8	-	-	14.7		

- The ELCA Endowment Fund Pooled Trust's ELCA Endowment Fund "A" was renamed the Ministry Growth Fund, effective November 1, 2021. Total Ministry Growth Fund returns are net of investment-manager and custodian fees and expenses, as well as the Foundation's administrative fee of 60 basis points (0.60%). Prior to July 2017, the total fee was 100 basis points (1.00%). Refer to the Disclosure Statement for total fees and expenses. Returns for the subasset classes are net of investment manager and custodian fees and expenses as reported by the investment managers.
- The Target Benchmark is composed of: Russell 3000 (25%), MSCI ACWI xUSA IMI (29%), Bloomberg Barclays U.S. Aggregate (8%), Bloomberg U.S. High Yield Ba/B 1% Issuer Cap (5%), Bloomberg U.S. 1-10 Yr Inflation Linked (5%), DJ U.S. Select Real Estate Securities (2.4%), DJ Glob xUSA Select Real Estate Securities (1.6%), HFRX Global Hedge Funds (5%), S&P Global Infrastructure (5%), Cambridge U.S. Private Equity (10%), and FTSE 90 Day T-Bill (4%) indices. The benchmark is rebalanced on a monthly basis. Target Benchmark allocation is static and based on the SAA as of September 2019. From July 2017 to September 2019, the Target Benchmark was composed of: Russell 3000 index (27%), MSCI ACWI xUSA IMI index (30%), Portico Fixed Income Benchmark (8.5%), Portico High Yield Benchmark (8.5%), FTSE Portico Inflation Linked index (5%), Portico Real Estate Benchmark (5%), HFRX Global Hedge Funds index (3%), S&P Global Infrastructure index (3%), and Cambridge Private Equity index (10%). Historical benchmark returns prior to July 2017 have been provided by Portico Benefit Services.
- The Ministry Growth Fund moved from separately managed accounts to the SP Investment Grade Fixed Income Pool as of November 2007 and to the SP U.S. Equity Pools as of December 2007. On July 1, 2019, the Ministry Growth Fund moved the U.S. equity allocation to the SP U.S. Stock Index Pool.
- The U.S. equity benchmark changed from the Dow Jones Total Stock Market Index to the Russell 3000 in October 2011.
- The Non-U.S. Equity pool has been benchmarked to the MSCI All-Country World xU.S. IMI since July 1, 2012; prior to that, the benchmark was the standard MSCI All-Country World xU.S. Index.
- The Investment Grade Fixed Income Benchmark changed from the old Custom FTSE Index (40% Mortgage, 30% Credit, 25% Treasury/Government, 5% Asset-Backed) to the new Custom Bond Benchmark (40% Collateralized, 35% Credit, 25% Treasury/Government) in October 2011. In November 2020 fixed-income benchmarks switched from FTSE to Bloomberg. On April 1, 2021, this benchmark switched to 100% the Bloomberg U.S. Aggregate Bond Index.
- In June 2011, Inflation Indexed Bonds were added as a component of the Ministry Growth Fund's asset allocation. The Inflation Index benchmark changed from the FTSE Inflation Linked Securities Index to the FTSE U.S. 1-10 Year Inflation Linked Securities Index as of Dec. 1, 2014. In November 2020 it changed to the Bloomberg Barclays - U.S. TIPS 1-10 Year Index.
- The high-yield benchmark changed from the FTSE High Yield Cash-Pay Capped Index to the FTSE BB/B Cash-Pay Capped Index as of Sept. 1, 2012. In November 2020 it changed to the Bloomberg Barclays - U.S. HY Ba/B 1% Issuer Cap Index.
- Late in 2008, the Real Estate Securities benchmark transitioned from 100% to 60% Wilshire U.S. Real Estate Securities Index, adding 40% Wilshire Ex-U.S. Real Estate Securities Index. In April 2013, the Custom Global Real Estate Securities benchmark transitioned to 60% Dow Jones U.S. Real Estate Securities Index and 40% Dow Jones Global Ex-U.S. Real Estate Securities Index with net dividends.
- Private Infrastructure returns are reported on a quarter lag.
- Starting in 2023, The S&P Global Infrastructure Benchmark went from the Hedged S&P Global Infrastructure Index to the unhedged S&P Global Infrastructure Index.
- Private Markets returns reported on the performance table are on a time-weighted basis and on a quarter lag, except for fourth-quarter returns that are on a two-quarter lag. The commentary section may, in addition, reference the Private Markets portfolio's internal rate of return (IRR) and/or multiples such as total value versus paid-in capital (TVPI).





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ELCA Foundation regional gift planners are located throughout the country and are ready to assist you.



## AT A GLANCE

### **ELCA Endowment Fund Pooled Trust – Ministry Growth Fund**

was established to allow for the collective long-term investment of funds belonging to the Evangelical Lutheran Church in America (ELCA), its congregations, synods, seminaries and other eligible affiliated entities. The ELCA promotes investment in the Endowment Fund Pooled Trust through the ELCA Foundation.

The Ministry Growth Fund is administered by the Endowment Fund of the ELCA dba ELCA Foundation.

## SOCIAL PURPOSE INVESTING

The Ministry Growth Fund's assets are selected, where feasible, in accordance with criteria of social responsibility that are consistent with the values and programs of the ELCA. In addition, the Ministry Growth Fund seeks positive social investments that provide a proactive way to receive a return while directing capital to underserved markets, such as community development and renewable energy.

## ABOUT THE MINISTRY GROWTH FUND

You should carefully consider the target asset allocations, investment objectives, risks, charges and expenses of any fund before investing in it. The Ministry Growth Fund is subject to risk. Past performance cannot be used to predict future performance. The Ministry Growth Fund investments are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fund assets are invested in multiple sectors of the market. Some sectors, as well as the fund, may perform below expectations and lose money over short or extended periods.

The investment managers and/or the investments the Ministry Growth Fund directly invests in are not subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 or state securities laws. Members, therefore, will not be afforded the protections of the provisions of those laws and related regulations.

August 12, 2024 Treasurer's Report comments:

As of 08/12/2024 total expenses are 210,596.11 which is 63.88% of our total budget of 329,688.88

Pastor's compensation: In 2023, we voted to give Dan an additional 7330 in income to offset his increased tax bill. We kept Dan's compensation package the same in 2024 as in 2023, with one exception: we budgeted an additional 7500 to take care of that. (Making his total compensation 132,514.36, or a 6% increase). I would like permission to write him the 7500.00 check that we budgeted. We have been discussing putting Dan back on a Portico health plan. The health plan will cost 3236 per month, or 38832 per year. We have been giving him a 17,000 salary increase plus the 7500 offset which amounts to 24500. That represents a 36 percent cost increase to us. He will have a good benefit which will reduce his personal tax bill because he will have a reduced cash compensation, and health plan is not taxable to him.

The Columbarium Fund currently has 38,612.76. The Endowment Fund currently has 30,263.72. Paul is proposing, and I agree, that we should place these monies into the Ministry Growth Fund. This fund is specifically designed to benefit ELCA-affiliated organizations including churches, camps, colleges, and so forth. It has an excellent rate of return. Even the best high-yield savings account is less than its average 5% yield. (Marcus by Goldman Sachs is only 4.4% APY by comparison.) I think we should put unused monies into such an instrument, or into a high-yield savings, because it's not good stewardship to just let it sit there, which is what we have been doing.

# Lutheran Church of Incarnation

## Profit and Loss

July 2024

	TOTAL
Income	
41000 Income	
41100 Offerings	14,737.01
41310 Rents Applegate Nursery	2,482.00
41400 Other Misc Income	61.28
<b>Total 41000 Income</b>	<b>17,280.29</b>
<b>Total Income</b>	<b>\$17,280.29</b>
GROSS PROFIT	<b>\$17,280.29</b>
Expenses	
62000 Witness	
62301 Pastor Outreach	48.12
<b>Total 62000 Witness</b>	<b>48.12</b>
67000 Administration	
67700 Office Supplies & Equipment	350.70
67703 Social Media & Advertising	288.00
67704 Bookkeeper	1,110.00
<b>Total 67000 Administration</b>	<b>1,748.70</b>
68000 Property General Maintenance	181.69
68750 General Maintenance & Supplies	115.96
68751 City Services	982.28
68752 Telephone	156.63
68754 Utilities - PG&E	605.66
68755 Utilities - Solar	350.00
68757 Cleaning Services	1,500.00
68772 Mortgage (est 2015) Interest	1,974.48
<b>Total 68000 Property General Maintenance</b>	<b>5,866.70</b>
70000 Support Staff	
70701 Administrative Asst Pay	1,225.00
70703 Youth Director Salary	1,635.00
70708 Pianist/Organ Pay	869.25
70712 Pastoral Intern Salary	2,000.00
70721 Payroll Taxes	452.20
70722 Payroll Service Fees	187.44
<b>Total 70000 Support Staff</b>	<b>6,368.89</b>
71000 Pastors Compensation Package	
71900 Defined Compensation	
71901 Net Salary	4,492.56
71902 Elective Deductions - FSA, Pension	910.28
<b>Total 71900 Defined Compensation</b>	<b>5,402.84</b>
71903 Housing Allowance	3,700.00
71904 Benefits- Retirement	910.28

# Lutheran Church of Incarnation

## Profit and Loss

July 2024

	TOTAL
71906 Benefits- Disability	54.62
71910 Benefits- Basic Group Life	36.41
<b>Total 71000 Pastors Compensation Package</b>	<b>10,104.15</b>
<b>Total Expenses</b>	<b>\$24,136.56</b>
NET OPERATING INCOME	<b>\$ -6,856.27</b>
NET INCOME	<b>\$ -6,856.27</b>

# Lutheran Church of Incarnation

## Balance Sheet As of July 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1 First Northern Bank	0.00
4 MM - First Northern Bank	69,441.13
8 First Northern Bank - operating	92,891.77
PayPal Account	0.00
<b>Total Bank Accounts</b>	<b>\$162,332.90</b>
<b>Total Current Assets</b>	<b>\$162,332.90</b>
Fixed Assets	
10000 Land	418,822.93
11000 Church Building	319,896.49
12000 Fellowship Hall	1,749,202.30
15000 Personal Property	60,154.11
<b>Total Fixed Assets</b>	<b>\$2,548,075.83</b>
<b>TOTAL ASSETS</b>	<b>\$2,710,408.73</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	4,452.84
<b>Total Accounts Payable</b>	<b>\$4,452.84</b>
Other Current Liabilities	
20115 Special Benevolences	4,220.00
20602 Lutheran Magazine	0.00
20605A Fair Trade Coffee Project	0.00
24000 Payroll Liabilities	0.00
24502A Crossways	0.00
26650 Offering Envelopes	0.00
26652A Food & Faith	0.00
<b>Total Other Current Liabilities</b>	<b>\$4,220.00</b>
<b>Total Current Liabilities</b>	<b>\$8,672.84</b>
Long-Term Liabilities	
20754 Mortgage	0.00
20755 AOB Bad Debt	0.00
20769 Organ Fund	0.00
20774 Mortgage - regular	461,237.37
20775 Mortgage - Facility Renovation	162.47
27200 Other Liabilities	0.00
<b>Total Long-Term Liabilities</b>	<b>\$461,399.84</b>
<b>Total Liabilities</b>	<b>\$470,072.68</b>

# Lutheran Church of Incarnation

## Balance Sheet As of July 31, 2024

	TOTAL
Equity	
20117 Memorial Fund	0.00
20212 Sanctuary A/V project 2022	0.00
20213 Worship/Music Reserve	3,203.44
20214 Flower Fund	-219.89
20301 Pastor's Discretionary Fund	3,141.48
20401 Emergency Fund	0.00
20402 Caregivers Fund	0.00
20500 Youth / Day Camp / Mt. Cross	4,276.03
20508 Day Camp Reserve Fund	0.00
20509 Nursery Supplies & Equipment	0.00
20551 Mission Trip Fund	4,213.01
20552 Youth	0.00
20614 Hospitality	1,361.36
20615 50th Anniversary	0.00
20759 Major Maintenance Reserve	80,861.10
20760 Columbarium Fund	38,612.76
20761 Columbarium Niche Purch-Exp	0.00
20771 Facilities Renovation	0.00
20776 Sanctuary Renovation	379.65
20777 Property Infrastructure Reserve	195.00
24150 Operating Reserve	0.00
24151 Endowment Fund	30,263.72
30000 Opening Bal Equity	110.00
32000 Unrestricted Net Assets	2,113,524.31
Net Income	-39,585.92
<b>Total Equity</b>	<b>\$2,240,336.05</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$2,710,408.73</b>