

Minutes of the December 3rd, 2019, meeting of the Directors and Advisers of the Illinois State Historical Society

University of Illinois at Springfield
Student Union

Attending:

Officers: Dan Monroe, President; Chuck Stanley, Treasurer

Directors: Reg Ankrom, John McClarey, Elaine Egdorf (by phone), Marilyn Leyland, Rachael Lea Ward (by phone), Charlotte Renehan (by phone), David Joens, Bill Kemp, John Hallwas (by proxy), Cinda Klickna (by phone)

Advisers: Debra Dudek, Terri Cameron, Stu Fliege, Brian Mullgardt (by phone), Cathy Popovitch, Michael Wiant

Staff: William Furry, Executive Director; Mary Lou Johnsrud, Office Manager; Hannah Kline, Assistant Director for Development

Past Presidents: Randy Saxon, David Scott

Guests: Chuck Schrage

Before the meeting Mr. Furry introduced Chuck Schrage, Associate Vice Chancellor for Advancement at the University of Illinois Springfield. Mr. Schrage said he was pleased to meet the Board and that the University greatly values its partnership with the Society, which has been ongoing for 10 years through the “Lunch and Learn” program. He thanked the Society for its support, and noted that the series had its largest attendance ever in 2019, with more than 650 people registering for the 6 noon-time events. “Several of our speakers came from your organization,” he said, “and that has made a difference.”

President Monroe called the meeting to order at 3:51 following the conclusion of the 2019 Illinois History Symposium. He asked the board to review the minutes of the September 14, 2019 meeting of the ISHS Directors, and then for a motion to accept them.

MOTION: Mr. Truax made the motion, seconded by Ms. Dudek. There were no amendments, corrections, or further discussion and the motion passed without dissent.

President’s report.

President Monroe said he had no formal report to make, but that he was pleased to welcome Hannah Kline, the ISHS’s new Assistant Director for Development, to the staff, and was greatly encouraged by her enthusiasm, intelligence, and passion for fund-raising for the Society.

He said that he was sorry to have missed the symposium but he had been teaching class all day at Millikin University. He said he would have additional comments to make as each report was presented, and asked ISHS Treasurer Chuck Stanley to start with his.

Treasurer's Report.

Mr. Stanley reported that the ISHS staff is doing its best to keep within the guidelines of the 2019 budget, but year-end expenditures have outrun the Society's income for the year. The annual appeal has helped bridge the shortfall, and donor giving has been steady and respectable.

He said that he had reviewed the proposed ISHS 2020 budget and found it "realistic and flexible," given the programs offered and the scope of the Society's mission. He said that Mr. Furry would offer more detail during his proposal of the budget.

Executive Director's Report.

Mr. Furry said he was pleased so many members of the board and advisory board were able to attend the symposium, and grateful to all who made it to a board meeting on a Tuesday afternoon in the middle of the week. He said he was grateful to those board members who participated in the meeting via conference call: Elaine Egdorf, Rachael Lea Ward, Brian Mullgardt, Cinda Klickna, and Charlotte Renahan.

He noted that more than 130 people had registered for the "Lunch and Learn" program, which featured UIS professor Larry Shiner and ISHS director John McClarey. "It is important that we continue to commemorate Statehood Day with some kind of educational program," he said.

He said that the November-December issue of *Illinois Heritage* came out in late October (a first), and that the January-February is coming together nicely, thanks to work of Bill Kemp, who is editing a special issue on "Music in Illinois." He asked Mr. Kemp to say something about the issue.

Mr. Kemp said that a music issue has been in the works for several months and most of the articles are complete. They include articles about jazz vibraphonist Red Norvo, ragtime composer Artie Matthews, Civil War-era songwriters George F. Root and Henry Clay Work, rockabilly legend Chuck Berry, the music archives at Southern Illinois University Carbondale, and the organ benefactions in Illinois of Andrew Carnegie. He said a music issue for *Illinois Heritage* can hardly be comprehensive, but it is a good start and could lead to annual issues on themes related to music and the arts.

Mr. Furry then asked the Board to turn its attention to the proposed ISHS budget for 2020, prefacing his presentation with the comment that the budget is simply a blueprint for helping the Society manage its resources prudently.

He presented the budget category by category, noting changes from 2019 and 2018 where applicable, and noted that some expenditures and receipts for 2019 have not been received, and posted figures are based on the most recent financial reports.

The budget is included here as presented.

2020 ISHS Budget	Income	Expenses	2019 Income	Expense	Net	2018 Budget
MEMBER SUPPORT						
DUES	70,000	0	61189	500	60689	70000
DONATIONS (RESTR)	10000	0	50000	0	50000	20000
DONATIONS (UNR)	20000	0	61129	2500	58629	20000
TOTAL MBR INCOME	100,000	5000	172318	3000	169318	110000
PROGRAMS						
MARKERS	30,000	25,000	23605	23441	164	12250
ANNUAL MEETING/GALA	35,000	10000	0	2500	-2500	5000
ISHS DEVELOPMENT	0	10000	0	0	0	0
ANNUAL TOUR	3000	1800	2344	4539	-2195	6000
SYMPOSIUM	1000	500	0	1000	-1000	2000
SPECIAL PROGRAM	1000	250	0	0	0	3000
GRANTS	10000	1000	10000	1000	9000	10000
TOTAL PROGRAM	80,000	48,550	35949	32480	3469	38250
PUBLICATIONS						
PUBLICATIONS JSTOR etc	9100	0	18881	0	18881	
JOURNAL	0	10000	0	10000	-10000	9500
ILLINOIS HERITAGE	30000	30,000	10080	30000	-19920	30000
TOTAL PUBLICATIONS	39100	40000	28961	40000	-40000	39500
SALES						
HESLER SALES	5000	2000	6177	2625	3552	45500
TREE SALES	0	0	0	0	0	1800
RETAIL SALES	1000	250	2882	267	2615	500
TOTAL SALES	6000	2250	9059	2892	6167	47800
SCHOLARSHIP/AWARDS						
HIST FAIR AWARD	0	500	500	500	0	0
ORNDORF AWARD	2000	2000	2000	1050	950	2000
FOSTER AWARD	2000	2000	2000	1050	950	2000
ANNUAL AWARDS	3000	1000	3500	2500	1000	3500
SESQUICENTENNIAL CHURCH	4000	1500	0	200	-200	3500
CENTENNIAL BUSINESSES	0	0	4799	3597	1202	4000
HOSTICK SCHOLARSHIP	15000	15000	15000	15000	0	7500
TOTAL SCHOLARSHIP/AWARD	26000	22000	27799	23897	3902	22500
ADMINISTRATION						
PERSONNEL	0	185000	0	139,000	0	184450
PERSONNEL SUPPORT	0	22675	0	15,475	0	19800
MEMBERSHIP SUPPORT	0	20000	0	20,000	0	19491
RENT/BUILDING SHEPHERD	0	15116	0	14000	0	13766
BOARD EXPENSES/travel	0	1000	0	1000	0	2000
OTHER ADMINISTRATIVE	0	25000	0	27452	0	22000
TOTAL ADMINISTRATION	0	268791	0	216,927	0	261507
INVESTMENT INCOME	50,000	0	48000	15,000	0	125000
TOTAL ACTIVITY INCOME	301,100	386,475	322086	334,196		

Mr. Furry asked the Board if there were any questions. He noted that the budget had been presented to the ISHS Executive Committee on Monday, December 2, which had approved the proposed budget unanimously.

MOTION: Mr. Stanley made a motion to accept the ISHS 2020 budget as presented, with a friendly amendment to give Mary Lou Johnsrud and William Furry a 3 percent cost-of-living raise for 2020. Ms. Cameron seconded the motion. Discussion followed. Mr. Truax noted that the recorded 2019 income for the Society reflected a \$50,000 donation that was also recorded under “Restricted Donations,” that being a gift in support of *Illinois Heritage*. Mr. Furry said that was his bookkeeping error, and he would correct it for the minutes and for the budget report. Mr. Truax said that with that correction, he would accept the budget as presented. Mr. Stanley amended his motion to include Mr. Truax’s correction, and President Monroe called the vote. The Board approved the budget as amended.

Mr. Furry said that this concluded his report, and President Monroe called on Ms. Kline to present her report.

Report of the Assistant Director for Development

Ms. Kline thanked the Board for the opportunity to talk about fund-raising for the Society. She said that the 2019 ISHS Annual Appeal was well underway and, although she didn’t have firm numbers yet, she estimated that the Society had received more than \$10,000 in gifts through the end of November. She said that other appeals to members and non-members who have not yet contributed are in the works and would be in the mail before Christmas.

She said that the Society has purchased fund-raising software, DonorPerfect, for her to build a donor data base, and she is working to get it up and running.

Ms. Kline says she is focused on finding sponsors for the 2020 Society fund-raising gala, which will be held in conjunction with next year’s “Best of Illinois History” awards event on Friday, April 24, at the Inn at 835 in Springfield. This event will be the largest of its kind in recent Society history and the goal is to establish a pool of donors who can help build the endowment and sustain its programs and publications.

Ms. Kline talked about the planning and staging of the 2020 “Best of Illinois History” gala, which combines the ISHS Annual Meeting, Annual Awards program, and an elaborate party.

To that end Ms. Kline said she is visiting individually with members of the Board and Advisory Board to get a sense of where directors are coming from and to assess their ability to help the Society fulfill its greater mission. It is necessarily a slow process—the state is large—but she hopes to have had a conversation with all board members in her first six months. Every board member should assume some responsibility for making the gala a success, she said, whether it be finding sponsors, donating bottles of wine for the “wine pull,” selling tickets, or inviting their “history colleagues” to attend. The target amount to raise for the event is minimum of \$35,000.

President Monroe said that he was very pleased with Ms. Kline's energy and enthusiasm, and was sealing his endorsement with a pledge of \$1,500 for the gala, and he encouraged everyone on the board to give as their purse allows and to identify sponsors.

Ms. Kline said that packets would go out after the first of the year with materials to help board members solicit sponsors and advertisers for the gala program.

Mr. Furry said that he had asked Dr. Michael Burlingame and Kathryn Harris, both well-known and respected scholars and advocates for Illinois history, to be honorary co-chairs of the gala, and both said they would be honored and pleased to serve. Their duties would be to sign appeal letters, help with publicity events, and to attend the gala on April 24. President Monroe said this is a very good start to what promises to be a very special event.

Committee reports

Symposium report

Mr. Furry said the 2019 symposium on the 100th anniversary of women's suffrage was by several accounts a success, although the Society did not raise any revenue from the free event. More than 150 people registered for the symposium, which included a "Lunch and Learn" event hosted by the UIS Alumni SAGE Society and the ISHS. Society expenses for the event included about \$900 for all promotions, hotel rooms for traveling speakers, and travel reimbursements. He said that Mr. Hunter is working on plans for the 2020 symposium, which will be on Public History in Illinois, and will be held on the UIS campus. The date is set for April 25. More will be announced as the event is finalized.

Membership

Ms. Johnsrud, reporting for the Membership Committee, said that several email notices and one hard-copy renewal letter have been mailed to the membership from U of I Press, and that others will follow through February. Renewals are coming in steadily. In addition to the renewals, the staff has sent out membership invitations to lapsed members and to public libraries around the state, and we're pleased to report as many as 10 new libraries have subscribed to our publications. Still, she said, membership numbers have been declining over the years, due in part, to attrition, the aging of our membership, and, perhaps to the rising cost of living.

Mr. Furry said that it is incumbent on the board to help identify potential new members and to practice the "elevator speech" that helps raise awareness about the programs of the Society and the benefits of membership. "Your advocacy for the Society in your hometown and county can and will make a great difference in how our organization achieves growth and success," he said. "We can't be everywhere, but we can be wherever you are."

Ms. Kline said that for the sake or clarification we need to amend the membership levels to rename the category "donor," so that it does not create confusion to actual "donors" to the Society. The suggestion from the membership committee is that the name be changed to "Friend." Discussion followed, focusing on the purpose of the change and how it will be

implemented. Ms. Johnsrud said that a change of membership category names can be executed by the board with a motion and acceptance by the board.

MOTION: Mr. Truax offered an amendment to change to name of the “Donor” category to “Friend,” and that the list be changed to: Sustaining, \$100, Friend \$250; Patron, \$500; and Lincoln Silver, \$1000. The effective date for this change would be immediately, with the staff insuring all changes are affected throughout publications and social media. Ms. Cameron seconded the motion, and the board approved the change unanimously and without amendment.

Assets Management

Ms. Klickna (reporting by phone) said that her committee had met in October and that minutes from that meeting are recorded below.

Committee Report

The Asset Committee members include: Cinda Klickna, Bill Furry (ex officio), Dan Monroe (ex-officio), David Scott, Will Shannon, Mark Sorensen, Chuck Stanley, and Randy Welch.

The aggregate portfolio balance as of October 18 (excluding the Vietnam Memorial Fund) was \$2.2M.

Our returns net of fees are:

1 year = 4.04%

3 years = 6.58%

5 years = 5%

10 years = 6.23%

The Committee continues to monitor our investments with USB staff, led by Kurt Gwillim.

This year we have made a few changes to the investment portfolio, separated the Strange and the Heritage accounts into separate reporting sections in our portfolio reports.

New Development Director Hannah Kline joined us at the October meeting and outlined some of the work she had done during her first week on the job.

Submitted by Chair,

Cinda Klickna.

She asked if there were any questions, and being none, President Monroe thanked her for the report. Mr. Furry noted that he had sent the board via email a two-page statement from former Assets Management Chair Randy Welch, with helpful instructions on how to interpret investment reports from U.S. Bank. His statement is printed below:

To the Board via Bill-

The minutes of the last Board meeting included an observation about the performance of the Society’s investment portfolio in 2018. I am really excited that someone is actually paying attention to this activity, and that questions are being asked in an effort to understand what’s going on. In that regard, there are a couple of points that I would like to briefly address.

First, the terminology around investment “gains.” “Gains” occur when our investments increase in value. “Realized” gains are value increases that are “locked in,” i.e. the investment has been sold and the proceeds have been received in cash. If you buy a stock for \$1,000 and sell

it for \$3,000, you have a realized gain of \$2,000. “Unrealized” gains measure the increase in value for financial instruments that have not yet been sold. So if we buy a stock and the value increases \$1,000 by the end of the year, the audit report will show an unrealized gain of \$1,000. For a taxable entity, “realized” gains are taxed but “unrealized” gains are not. This does not apply to the ISHS.

When a financial instrument is sold, the entire amount of unrealized gain up until the point of sale is converted into a realized gain. Realized gains are just a reclassification of unrealized gains that have already been recorded. There is no new, additional gain that arises just because we sold the stock. You increase “Realized Gains” when an item is sold, so in the double-entry bookkeeping system an offset is required and this means that there must be a simultaneous, equivalent decrease in “Unrealized Gains.” When you sell the item, you just automatically zero out all of the unrealized gain recorded up to that point, and post an offsetting realized gain in the same amount. So any realized gain shown on the income statement has also resulted in a negative unrealized gain of the same amount.

An example might make this a little clearer. Say we started 2018 with zero investments. During 2018, we bought a stock for \$100,000. At the end of the year (December 31), the stock was worth \$140,000. So the audit report for 2018 would show zero realized gains (because we had not sold the investment as of the end of the year), and \$40,000 in unrealized gains.

Then assume that we sold the stock for \$140,000 on January 1, 2019. There has been no additional gain in 2019; the stock price has not changed. But in order to show a positive realized gain of \$40,000, which is correct, we would have to show an offsetting unrealized loss of \$40,000. So the audit report for 2019 would show a realized gain of \$40,000 and an unrealized loss of \$40,000. The net effect in 2019 would be zero ($\$40,000 - \$40,000$), which is correct. The total gain shown for the stock over the two-year period is \$40,000 ($\$40,000$ in 2018, $\$0$ in 2019). But if you just focused on the unrealized amount for 2019, it would look as though we lost \$40,000.

The realized/unrealized classification of gains is useful if you are a taxable entity, because you would be paying tax on realized gains but not unrealized ones. Other than that, it’s really simpler to combine the realized/unrealized gains into a single number for analysis purposes, because that will reflect how much your investments actually increased in value for the period. Looking at one component on its own, say the unrealized gains by themselves, doesn’t really tell you much.

So while in 2018 the Society’s portfolio had \$230,107 in unrealized losses, it also had \$54,072 in realized gains. This left us with a net change in investment value of a negative \$176,035.

Second, any comparisons with the commonly-used market indices have to include a third component- dividends and interest received. In 2018, these totaled \$36,517. Adding in these receipts makes the net investment loss for the year \$139,518, or approximately 6%. All of this loss took place in the fourth quarter of 2018, mostly in December. In early 2019, the markets rebounded and the entire 2018 loss was recouped in the first quarter. This trend has fortunately

continued and as of the end of the third quarter, our net investment income for the year was 13.36%. I'm fairly confident that this has increased since then.

Ideally, we would like to see the portfolio earn at least 5%-6% each and every year, but that's not how the financial markets work. There are significant ups and downs from year to year, even with a conservative investment mix. But for our investments, the latest reports (all of which include the impact of the 2018 loss) show a 3-year average return of 6.58%, a 5-year average return of 5.00%, and a 10-year average return of 6.23%. With a small portfolio such as ours, without taking on an inordinate amount of risk, I think that's a consistently acceptable outcome.

Again, as a member of the Asset Management Committee I am happy to see the numbers getting scrutiny. This is an important responsibility of the Board, because the Society depends on the investment portfolio to subsidize the operating budget.

Please let me know if anything above isn't clear. Thanks.

Randy Welch

Annual Awards Committee report

President Monroe, chair of the Annual Awards, said that he and the staff have identified most of the judges for the 2020 annual awards, the core group that will read books, assess exhibits, and identify individuals to receive "The Best of Illinois History" Awards on April 24 in Springfield. He said the committee could still use a few volunteers to help with the judging, and that anyone who is interested should give their name to Ms. Johnsrud, who can make assignments.

Development Committee.

Mr. Truax, chair of the Development Committee, said he and the committee are pleased to have Ms. Kline off and running with the gala and her other ideas for Society fund-raising. He said the committee plans to have monthly conversations about reaching goals and building relationships with other organizations that have our mutual interests in mind. He said to watch for the exciting details in the coming weeks.

Publications Committee.

Mr. Scott said that the committee is working to select the best article published in the 2019 volume of the ISHS *Journal* to receive the annual Harry E. Pratt award, which is funded by the University of Illinois Press. The award will be presented at the annual "Best of Illinois History" awards, which is part of the 2020 ISHS annual meeting and gala on April 24.

He said the search is still underway for a new editor for the *Journal*, as the position will be open after January 1. The current editor, Dr. Mark Hubbard, is moving to California to pursue other career opportunities. Mr. Furry said he has spoken with several academics who are willing to serve as editor for individual or special issues, but no one has stepped forward to take on the editorship full time. He said that the position requires a three- to five-year commitment, and that universities are reluctant to authorize release time without a subvention of some kind.

President Monroe thanked the board for its attendance and attention at the meeting and asked if there was any old business to be brought before the group. There being none, he asked if there

was any new business to be considered. There being no new business, he asked for a motion to adjourn.

Mr. Stanley made the motion, which was seconded by Ms. Dudek.

The meeting adjourned at approximately 5 p.m.

Respectfully submitted,

William Furry
Executive Director