

**First Unitarian Church of Chicago  
Minutes of May 17, 2018 Board Meeting**

**Trustees Present:**

Joan Pederson	President
Christine Harrell	
Joseph Harrington	
Margot Horn	

**Also Present:**

Rev. David Schwartz	Senior Co-Minister
Rev. Teri Schwartz	Senior Co-Minister

Joan called the meeting to order at 7:08 and offered opening words. Check-in followed.

**FY19 (2018–2019) Annual Budget**

MOTION: Recommend that the congregation adopt the FY19 operating budget as presented—balanced, with operating income and expense of \$583,325—with the condition that the Board of Trustees must adjust budgeted pledge income at its September 2018 meeting to conform with pledges received by that date and to adjust expenses accordingly to rebalance the budget, and to do the same at its December 2018 meeting, when pledging for 2018–2019 is expected to be complete (moved by Margot Horn, second Joseph Harrington). Passed without objection. [The complete budget appears as an appendix in a separate file named 2018-2019 1st U Budget v5-17c.xls, which nonetheless is an integral element of these minutes.]

**Policy on Councils**

MOTION: Adopt the policy on Councils as proposed, preserving in the Policy Manual provisions that are expected to be removed from the Bylaws by the congregation at the 2018 Annual Meeting (moved by Christine Harrell, second Joseph Harrington). Passed without objection. [Full text appears below as Appendix A.]

**Gift Acceptance Policy**

Discussion of last uncertain issues led to their resolution. MOTION: Adopt the amended Gift Acceptance Policy, replacing the version adopted in 2017 (moved by Margot Horn, second Christine Harrell). Passed without objection. [Full text appears below as Appendix B.]

Reviewed pending policies and bylaw revisions not yet undertaken.

Joe and Christine left due to prior commitments. Without a continuing quorum, no further business was undertaken. Those remaining reviewed the financial statements, selected Irene and Vince Vitullo to be recognized for their service to the congregation, and discussed final logistics for the 2018 Annual Meeting.

Joan offered closing words and adjourned the meeting at 9:15 p.m.

APPENDIX A—

**COUNCILS**

**Program Council**

- a. The area of concern of the Program Council shall be coordination of programs throughout the Society.
- b. The Program Council shall consist of a regular designee from each committee or organization dealing with program, including the Councils of the Society. The Senior Minister, the Minister for and/or the Director of Religious Education, and directors of associated programs shall be ex officio members.
- c. The Program Council Chair shall be a member of the Society elected by the Society to serve no more than three consecutive one-year terms.

**Religious Education Council**

- a. The area of concern of the Religious Education Council shall be religious education in the Society. The Council shall oversee the religious education program.
- b. The Religious Education Council shall consist of a regular representative of each of the committees affiliated with it and interested members and friends of the Society. The Senior Minister, the Minister for and/or the Director of Religious Education, and one Trustee appointed by the Trustees shall serve as ex officio members.
- c. The Religious Education Council Chair shall be a member of the Society elected by the Society and may serve no more than three consecutive one-year terms. The Religious Education Council shall have the power to fill a vacancy in the Religious Education Council Chair until the next Annual Meeting of the Society.

**Social Justice Council**

- a. The area of concern of the Social Justice Council shall be social justice concerns of the Society.
- b. The Social Justice Council shall consist of a regular representative of each of the committees (often called task forces) affiliated with it and interested members and friends of the Society. The Senior Minister, any other minister of the Society charged with responsibilities regarding social justice, and one Trustee appointed by the Trustees shall serve as ex officio members.
- c. The Social Justice Council Chair shall be a member of the Society elected by the Society and may serve no more than three consecutive one-year terms. The Social Justice Council shall have the power to fill a vacancy in the Social Justice Council Chair until the next Annual Meeting of the Society.

Refer to Article VII of the Bylaws for provisions governing all councils and the committees and other groups that fall under their purview.

APPENDIX B—

**GIFT ACCEPTANCE**

**Policy Statement**

First Unitarian Society of Chicago and its governing body, the Board of Trustees, strongly encourage the solicitation and acceptance of gifts that enable it to fulfill its mission and raise capital funds for the restoration of its buildings. Our mission is fostering community through love, spiritual growth, and social justice. For a congregation dedicated to these goals, major gifts are essential to our survival and continued development.

First Unitarian Society of Chicago values and protects its mission and organizational integrity. Gifts that may expose First Unitarian Society of Chicago to adverse publicity, require expenditures beyond its resources, or involve it in unexpected responsibilities because of their sources, conditions or purpose shall not be accepted.

The most useful gifts are those with the fewest possible restrictions. Unrestricted funds allow First Unitarian Society of Chicago to address its most pressing needs.

This policy is designed to facilitate the gift-giving process by providing guidance to the First Unitarian Society of Chicago's congregation and the general public. First Unitarian Society of Chicago and its Board of Trustees do not intend to stifle philanthropic creativity. Therefore, this policy may be interpreted liberally so that our congregation members may enjoy the greatest freedom possible in formulating their gifts.

**Special Gift Considerations during the First Unitarian Society of Chicago Capital Campaign and Annual Fund Drive**

First Unitarian Society of Chicago will honor the intentions of its members on all gifts received.

Separate accounts and reporting systems will be established to steward gifts for the specific intentions and purposes they were intended. All gifts received for the Capital Campaign will be used as the donor intended in support of capital building repairs and restoration.

Material/in-kind contributions toward the Capital Campaign will be valued at the fair market value of the specific goods or services provided. The fair market value of these gifts is determined jointly by the donor and First Unitarian Society of Chicago (while keeping with the rules and regulations outlined in Publication 526 of the IRS Charitable Contributions Policy) after which a letter and receipt of the contribution will be provided to the donor by First Unitarian Society of Chicago.

**Methods of Giving**

Many types of assets may be used to provide gifts to First Unitarian Society of Chicago. A variety of methods of current or deferred giving allows donors to choose the most appropriate means to best fit their personal interests and circumstances.

#### **Restricted and/or Unrestricted gifts**

The Campaign Leadership Team and the Board of Trustees of First Unitarian Society of Chicago must approve any restricted gifts bearing individuals' names or otherwise rendered discrete from unrestricted funds.

First Unitarian Society of Chicago is willing to work with church members on the terms and conditions of restricted gifts, provided they support authorized First Unitarian Society of Chicago capital projects.

Because conditions change over time, all Capital Campaign gifts should contain the following contingency clause or comparable language:

*In the opinion of the Board of Trustees of First Unitarian Society of Chicago, if all or part of the donor's gift cannot be applied in strict conformance with purposes previously stated, such funds may be used for other appropriate purposes as nearly aligned to the original intent of the donor as possible within the authorized powers of First Unitarian Society of Chicago.*

#### **Outright Gifts**

Outright gifts are those placed at the immediate disposal of First Unitarian Society of Chicago and in which the donor retains no interest. Gifts that are donated to First Unitarian Society of Chicago without any expressed limitation placed upon them will be credited to the First Unitarian Society of Chicago unrestricted fund accounts.

#### **Gift Agreement**

Whenever a gift fund is set up, a written gift agreement (letter of intent or pledge card) will be created. The agreement will set out the donor's specific criteria for how First Unitarian Society of Chicago will receive and utilize the donor's gift. This will ensure that the gift will always be used exactly as the donor intended. This also may set out provisions for alternative uses should it become impossible or impractical for First Unitarian Society of Chicago to carry out the donor's original intention.

#### **Cash Gifts**

The most common type of gift is the gift of cash. The most frequent method used to make a gift to First Unitarian Society of Chicago is a personal check. Checks should be made payable to First Unitarian Society of Chicago Capital Campaign and mailed or delivered to:

Director of Operations or  
Vice Chair of Stewardship, Evelyn Johnson  
First Unitarian Society of Chicago 5650 S. Woodlawn Ave.  
Chicago, Illinois, 60537

The date on the check is the gift date for cash gifts mailed to First Unitarian Society of Chicago.

#### **Pledges**

Pledges are promises to contribute amounts specified by donors. Campaign pledges may be one-year to three-year commitments. Pledges are expected to be fulfilled with contributions of cash or stock.

#### **Credit Cards**

First Unitarian Society of Chicago accepts credit card payments. A list of currently accepted cards is available from the Director of Operations. For gifts made by credit card, the date the charge is accepted for processing by First Unitarian Society of Chicago is the applicable date of the gift. Processing of all Campaign credit card transactions will transmit through the approved First Unitarian Church of Chicago vendor, which is the name that will appear on donor's credit card statements. The effective amount of each credit card transaction is the face value of the transaction minus the vendor's processing fee.

#### **Gifts of Securities**

Gifts of Securities can provide even greater tax benefits than a cash gift of equal value. Donors may take a charitable deduction for the full fair market value of the property, while avoiding capital gains taxes.

A gift of appreciated property is considered made on the day the transfer is completed. Please contact First Unitarian Society of Chicago Director of Operations for specific instructions.

Features and Benefits of this type of gift:

- Opportunity to make a substantial gift to First Unitarian Society of Chicago Capital Campaign and Annual Fund Drive
- Charitable income tax deduction for donor
- First Unitarian Society of Chicago can make immediate use of the donor's gift
- Donor avoids capital gains tax

#### **Publicly-Traded Securities**

These securities are regularly traded on a public exchange. The value of the gift will be the mean average of the highest and lowest selling prices quoted for the security on the day of the gift, as described below in "Methods of Delivery."

#### Methods of Delivery

A broker may deposit the certificates at the broker used by First Unitarian Society of Chicago (name available from the Director of Operations), where securities will be held in "street name" and which may facilitate gifts of securities held in certificate form. The church's broker operates a book-entry system that facilitates timely and accurate delivery of securities and automatically credits income to the account on the payable date. When the donor is ready to donate the securities, the donor has their

broker instruct the broker used by First Unitarian Society of Chicago to electronically transfer the securities to an account for First Unitarian Society of Chicago. The date of gift for a gift of securities so transferred shall be the date such securities are irrevocably transferred from the donor's account. Instructions for this method of transfer may be obtained from the Director of Operations of First Unitarian Society of Chicago.

Gifts of securities may also be made by sending the certificates and an executed stock power for each separate issue of stock or bond to First Unitarian Society of Chicago Director of Operations. Donors should obtain a stock power from their banker or broker, sign their name exactly as it appears on the certificate(s), and have their signature guaranteed by the banker or broker. The stock power and a letter of instruction should be mailed to First Unitarian Society of Chicago Director of Operations under separate cover from the certificate(s). First Unitarian Society of Chicago should be designated as the transferee on the certificate(s), stock power or related instruments of transfer. The certificates should be sent registered mail, return receipt requested, to the Director of Operations. Unendorsed certificates are non-negotiable. The postmark date on the stock power will be used as the date when the certificate and stock power are mailed under separate cover. The value of the gift will be the mean average of the highest and lowest selling prices quoted for the security on the gift date.

If securities are hand-delivered to First Unitarian Society of Chicago, the value of the gift will be the mean average of the highest and lowest selling prices quoted for the security on the gift date. Donors should endorse certificates only upon delivery to First Unitarian Society of Chicago. For securities that are hand-delivered, the gift date is the day the securities are delivered to First Unitarian Society of Chicago.

#### **Non-Cash Gifts**

In-Kind Campaign contributions are gifts of materials or services. When First Unitarian Society of Chicago receives a gift of materials or services (e.g., building materials, equipment), or a gift of individual or corporate services (e.g., advertising, printing, installation, etc.) and the value of that gift is determined to be less than \$5,000, the gift is processed as a non-cash gift and is considered restricted in nature. First Unitarian Society of Chicago does not issue a receipt showing the cash value of such gifts, but acknowledges receipt of the services.

In-kind contributions that cover expenses in the Campaign budget may be used to fulfill pledges to First Unitarian Society of Chicago. Such a contribution is acknowledged as payment toward the pledged amount.

For any gift-in-kind with an apparent value in excess of \$5,000, the gift is considered restricted, and First Unitarian Society of Chicago is required to sign the Form 8283 which must be filed by the donor with the Internal Revenue Service; it is important for First Unitarian Society of Chicago to retain a copy of the signed and executed Form 8283.

For tax purposes, gifts in-kind must be valued by the donor.

#### **Planned Giving**

Planned gifts may either be deferred or outright. Such gifts may involve the transfer of substantial assets that affect the distribution of the donor's estate. These gifts do not immediately confer ownership on First Unitarian Society of Chicago. First Unitarian Society of Chicago will not serve as the trustee of any deferred gift that requires the appointment of a fiduciary. The acceptable methods of creating deferred gifts to First Unitarian Society of Chicago are described below. All discretion regarding the terms and acceptance of such gifts shall reside with the Executive Committee of the First Unitarian Society of Chicago Board of Trustees.

#### Bequests in a Will

A bequest is a gift of any amount in any form made to First Unitarian Society of Chicago in a donor's will. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a percent of the residue of an individual's estate.

Bequests may be given as unrestricted or restricted gifts. Unrestricted bequests are used for the general purpose of First Unitarian Society of Chicago and can be applied to current needs. Count bequests only when actually received.

Donors may also establish, by will, an annuity trust or unitrust. The bequest can be arranged so as to provide continuing payments to one or more designated beneficiaries by directing that the bequest be used to establish a charitable remainder annuity trust or a charitable remainder unitrust. If such a gift is made by will, the principal will pass to First Unitarian Society of Chicago at a future date upon termination of the trust.

#### Charitable Gift Annuities

A donor creates a charitable gift annuity by transferring cash or property to First Unitarian Society of Chicago, and in exchange, receives a promise from First Unitarian Society of Chicago to pay the donor or other person a specific annuity. The value of the annuity is less than the value of the transferred property. The difference is treated as a gift to First Unitarian Society of Chicago. Because charitable gift annuities confer a contractual obligation to First Unitarian Society of Chicago and involve administrative costs, the following guidelines apply:

- Gift annuity contracts may be entered into in exchange for cash or readily marketable securities. Because it may take a considerable time to liquidate assets, such assets will normally not be accepted in exchange for a gift annuity. Because of the expense involved in the administration of gift annuities, a minimum of \$20,000 is required to establish a gift annuity. The age limit for establishing a gift annuity is age sixty (60) or older. Normally, First Unitarian Society of Chicago will use the most recently published suggested rates by the American Council on Gift Annuities. However, lower rates (but not higher rates) may be considered upon request by a prospective donor.

### Charitable Remainder Unitrust

The primary feature of a charitable remainder unitrust is that it provides for periodic payments to the donor, or other person specified by the donor, for life or a specified term of years, after which the trust assets pass to First Unitarian Society of Chicago.

During the lifetime of the donor, he or she creates a formal trust agreement under which assets such as cash or appreciated securities are irrevocably transferred to a trustee who then makes periodic payments to the donor, or a person specified by the donor, for life or a specified term of years, not to exceed twenty.

During the term of the trust, the trust assets are managed and invested by the trustee as a single fund. The donor cannot borrow or otherwise deal with the trust assets. The designated beneficiary receives payments based on a fixed percentage of the fair market value of the trust as valued annually. The donor determines the fixed percentage, which may not be less than five percent, upon creation of the unitrust. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon death.

### Charitable Remainder Annuity Trust

The annuity trust shares many common features with the unitrust, the principle difference being the manner used to calculate the payment to the current beneficiary. Whereas the unitrust provides a payout that varies with each annual valuation, the annuity trust provides for fixed payments based on the fair market value of the date the trust is established. Another difference is that additional contributions cannot be made to an annuity trust.

During his or her lifetime the donor irrevocably transfers assets to a trustee, who pays the donor, or a person specified by the donor, a fixed dollar amount annually for life or a specified term of years, not to exceed twenty. The trust can also provide payments to the donor's survivors for life. The remaining trust assets become the property of First Unitarian Society of Chicago upon termination of the trust.

### Charitable Lead Trust

The primary feature of a charitable lead trust is that it provides for the immediate support of First Unitarian Society of Chicago through payments from assets in a trust for a period of time, after which assets pass to a non-charitable beneficiary such as the donor, the donor's children, or other persons the donor specifies. Thus, a charitable lead trust is conceptually the opposite of a charitable remainder trust. In a lead trust, the donor gives First Unitarian Society of Chicago the current economic benefit of the transferred assets and retains, or gives to another non-charitable beneficiary, the right to possession and control of the assets at a future date.

During his or her lifetime, the donor creates an irrevocable trust to take effect during or following the donor's lifetime. Assets are transferred to a trustee with the stipulation that payments be made to First Unitarian Society of Chicago for the term of the trust, after which the principal of the trust passes back to the donor or to others of his or her choosing.

A lead trust may be advantageous for donors who have greater financial resources than they currently need and who desire to transfer assets to heirs in a tax-efficient manner.

### **Gifts of Life Insurance**

Life insurance can be the medium for giving funds to First Unitarian Society of Chicago. With it, the donor can make a substantial gift for a modest outlay. For instance, a donor may irrevocably assign to First Unitarian Society of Chicago an existing life insurance policy that is no longer needed for family protection, making First Unitarian Society of Chicago both the owner and the beneficiary of the policy. If the donor does not choose to pay the insurance premiums, First Unitarian Society of Chicago may elect to:

- Continue paying the premiums and receive the full value of the policy upon the donor's death.
- Convert the policy to paid-up insurance in a reduced amount with no further payments
- Surrender the policy for its present cash value.

Before contributing gifts of life insurance to First Unitarian Society of Chicago, donors should consult with the Director of Operations to ensure that their gift will be consistent with the policies and needs of First Unitarian Society of Chicago.

### **Unacceptable Gifts**

The First Unitarian Society of Chicago Board of Trustees makes the final decision about acceptance of gifts that may be deemed to fall outside of established policy guidelines. First Unitarian Society of Chicago is not required to accept any charitable gifts or contributions, particularly those which:

1. Are designated with restrictions that fall significantly outside the congregation's mission and program priorities.
2. May cost the congregation money and or provide a liability or potential penalty of any kind.
3. Have conditions that are not in the best interest of First Unitarian Society of Chicago, or those that fall outside ethical boundaries.
4. Are not able to be liquidated into cash in a reasonable amount of time.

### **Interpretation of Gift Acceptance Policies**

The Director of Operations is assisted in the interpretation and implementation of these guidelines by the President of the Congregation, Treasurer, Finance Committee, and Executive Committee. Other Trustees may be consulted at the Executive Committee's discretion. Advice may be sought from First Unitarian Society of Chicago's auditors. The Executive Committee's role is to approve gift agreements and the acceptance of gifts that deviate from these policies.

**Confidentiality**

First Unitarian Society of Chicago recognizes that it is in a position of trust with the donor, and that the donor has placed trust in the organization concerning confidentiality. Therefore, all donor information, correspondence and governing instruments are kept in a secure place, which is accessible to individuals with approval of one of the following: the Senior Minister or Co-Ministers, and the Director of Operations. It is known throughout First Unitarian Society of Chicago that this is confidential information.

**Gift Acknowledgement Policies**

First Unitarian Society of Chicago is in full compliance with IRS laws and it is the policy of the organization to provide an acknowledgement for all gifts regardless of the size.

**Policy for Thanking Donors**

In addition to processing all gifts and generating gift receipts, the Director of Operations is also responsible for thanking donors for their gifts in a timely manner. This acknowledgement includes the official gift receipt. First Unitarian Society of Chicago has established internal procedures for thanking donors for their contribution including information on who signs the letter, what type of acknowledgement letter is sent, what letters are kept in permanent files, etc.

**Final Approval, Acceptance and Execution by First Unitarian Society of Chicago**

Documents effectuating acceptance of the non-marketable securities, planned gifts, endowment funds or in-kind gifts valued at more than \$10,000 to First Unitarian Society of Chicago must be approved by the Board of Trustees of the First Unitarian Society of Chicago and executed by the President or Director of Operations. Documents should be executed in duplicate and one original sent to the donor and one retained in the Director of Operations.

**Donor Legal Representation**

In any discussions with a potential donor, First Unitarian Society of Chicago and its agents will always encourage potential donors to seek the professional advice of the donor's own legal and financial counsel as to the structure and personal or financial implications of a gift. Such counsel should be independent from First Unitarian Society of Chicago. If the potential donor lacks access to counsel, First Unitarian Society of Chicago may refer the donor to a person or persons to consult for such advice.