

**2011  
ANNUAL  
REPORT**

**UNIFORM LAW  
FOUNDATION**

UNIFORM LAW  
FOUNDATION

*2011 Annual Report*

**Table of Contents:**

Trustees and Mission Statement . . . . .2  
Message from the Chairman . . . . .3  
Donor Recognition Societies . . . . .4  
Memorial and Tribute Gifts . . . . .8  
Independent Auditors' Report . . . . .10  
Financial Statements . . . . .11

# TRUSTEES AND MISSION STATEMENT

---

## Trustees

---

Timothy Berg, *Chair*

Carl H. Lisman

Edwin E. Smith

Marti T. Starkey

Howard J. Swibel

---

## Mission Statement

---

The Uniform Law Foundation is dedicated to the guiding principle that uniformity of state law, on all subjects where uniformity is desirable and practicable, contributes to the general welfare of the citizens of the United States (1) by facilitating commerce, (2) by increasing understanding of and respect for the laws of the states and (3) by assisting the citizens of the states in their pursuit of the benefits of a free society.

In furtherance of its guiding principle, the Foundation promotes uniformity of state laws by making funds available for study, research and development, and educational efforts, carried out by, or in support of the activities of, the National Conference of Commissioners on Uniform State Laws. When making direct grants or loans to the National Conference, the Foundation supplements the funds provided to the National Conference by its constituent governmental entities and other sources.

# MESSAGE FROM THE CHAIRMAN

In 1990, the Foundation was formed with the goal of providing additional support to the Uniform Law Commission (ULC) in furtherance of uniformity of law across the states. Early on in the history of the ULF, the Trustees set a goal of raising \$5 million in unrestricted funds to provide a solid and sustainable base for support of the uniform law effort. With the continued generosity of our donors, the Uniform Law Foundation enjoyed a very successful year in 2011 and got closer to reaching that initial goal.

The Annual Campaign was a great success, thanks in part to a matching opportunity provided over the summer. All unrestricted and tribute contributions plus the net proceeds of the Annual Gala are included in the Annual Campaign. Overall the ULF had nearly an 8.5% increase in unrestricted gifts over the prior year.

With the funds raised through the Annual Campaign the ULF was able to further its mission to provide funds for study, research and development, and educational activities in support of uniformity in the law by approving multiple grants to ULC in support of these principles. In fact, over the last 20 years, the ULF has provided more than \$400,000 in grants to support uniform laws.

In 2011, ULC undertook one of its largest educational projects by forming the ULC History Committee which was tasked with examining and chronicling the history of the ULC so that the information may be used to educate legislatures, executive offices, and other public and private sector stakeholders about the ULC. One product of this project will be a video on ULC history. The Foundation was pleased to assist with a grant of \$65,000 to support this project.

The ULF continued its support of the ULC study process through the ULF Scholars Program. Scholars are typically law school professors who provide expertise in a particular area of the law, and are primarily responsible for providing background

research and identifying issues that would have to be considered if a drafting project were to be undertaken. In 2011 a ULF Scholar was approved for the following committee:

## **Eyewitness Identification Procedures**

This committee will consider and make recommendations concerning the need for and feasibility of drafting and enacting an act concerning procedures to be used when police and prosecutors conduct eyewitness identifications. Mistaken eyewitness identifications are the single most frequent cause of wrongful convictions. An act on this topic might include, for example, provisions concerning the conduct of lineups (usually conducted at a police station) or “showups” at the scene of a crime, instructions that should be given to eyewitnesses prior to a lineup or showup, jury instructions and expert testimony concerning eyewitness identifications, and other matters.

Lastly, the ULF provided a grant in support of the ULC archives which have been housed at the University of Pennsylvania Law Library since 1994. The grant will be used to process and index a substantial portion of the archives that have yet to be processed.

On behalf of all the Trustees – Carl Lisman, Ed Smith, Marti Starkey, Howard Swibel and myself – I would like to thank our donor for their continued support. Without your generosity, ULC would not have been able to pursue many of the special projects which have been undertaken over the past several years. At the end of 2011, the ULF was extremely close to reaching our initial fundraising goal of \$5 million. With your continued support we will hopefully meet and exceed this goal in 2012.



Timothy Berg, *Chair*  
ULF Trustees

# DONOR RECOGNITION SOCIETIES

---

## Lifetime Fellows

---

*Includes ULC Commissioners whose cumulative unrestricted contributions to the ULF total \$10,000 or more.*

Sally and Richard E. Ford	Howard T. Rosen
Michael Houghton	Hiroshi Sakai
Harry D. Leinenweber	Edwin E. Smith
Carl H. Lisman	Frederick P. Stamp, Jr.
Leon M. McCorkle, Jr.	Marti T. Starkey
James C. McKay, Jr.	Robert A. Stein
Fred H. Miller	Harry L. Tindall
Carlyle C. Ring, Jr.	

---

## Distinguished Donor Society

---

*Includes donors whose cumulative unrestricted contributions to the ULF total \$10,000 or more.*

### REHNQUIST CIRCLE (\$25,000 and above)

C.T. Corp - A Wolters Kluwer Business  
Fred H. Miller  
Carlyle C. Ring, Jr.  
Edwin E. Smith  
Frederick P. Stamp, Jr.  
Marti T. Starkey  
Robert A. Stein

### BRANDEIS CIRCLE (\$15,000 - \$19,999)

Sally and Richard E. Ford  
LexisNexis  
Carl H. Lisman  
Leon M. McCorkle, Jr.  
James C. McKay, Jr.  
Howard T. Rosen

### WILLISTON CIRCLE (\$10,000 - \$14,999)

Michael Houghton  
Harry D. Leinenweber  
Motion Picture Association of America  
Hiroshi Sakai  
Harry L. Tindall



A 'legacy' is something that is passed from one generation to the next. The Uniform Law Foundation's Legacy Society perpetuates the legacies of our benefactors, and helps to protect and strengthen the important work of the Uniform Law Commission for future generations.

The Legacy Society recognizes those who have made a provision for a gift to the ULF in their will, a trust, or through some other type of planned gift.

Gerald L. Bepko

Tom Bolt

The Donegan Family Foundation

Richard B. Long

Carlyle C. Ring, Jr.

Edwin E. Smith

Marti T. Starkey

Robert A. Stein

John J. Stieff

Justin L. Vigdor

# DONOR RECOGNITION SOCIETIES

## 2011 Annual Campaign Leadership Society

*Includes all donors who made a contribution to the ULF in 2011.*

---

### Benefactor

**\$2,500 and above**

---

Anonymous	Leon M. McCorkle, Jr.
CT Corp - A Wolters Kluwer Business	Motion Picture Association of America
Exxon Mobil Corporation	Rockefeller & Co., Inc.
Stanley M. Fisher	Martha T. Starkey
LexisNexis	Thomson Reuters
Carl H. Lisman	Torchmark Corporation

---

### Patron

**\$1,000 - \$2,499**

---

Deborah E. Behr	Anne L. McGihon
Timothy Berg and Pat Martin	James C. McKay, Jr.
Turney P. Berry	Donald E. Mielke
Ann E. Conaway	Marcia and Fred H. Miller
Jack Davies	Susan K. Nichols
Sally and Richard E. Ford	Propylon
Henry D. Gabriel, Jr.	Selma and Howard T. Rosen
Grimshaw & Harring, P.C.	Edwin E. Smith
Barry C. Hawkins	Joan and Frederick P. Stamp, Jr.
Harry J. Haynsworth, IV	Robert A. Stein
Michael Houghton	Howard J. Swibel
Reed L. Martineau	Harry L. Tindall
Thomas J. McCracken, Jr.	Russell G. Walker, Jr.

---

### Fellow

**\$500 - \$999**

---

William R. Breetz, Jr.	Harriet Lansing
Bruce A. Coggeshall	Pat and Gene N. Lebrun
Robert H. Cornell	Harvey S. Perlman
Michael B. Getty	Brandon C. Shaffer
Jerry J. Guillot	Sandra S. Stern
Gail Hagerty	Justin L. Vigdor
Richard C. Hite	David S. Walker
Elizabeth Kent	

# DONOR RECOGNITION SOCIETIES

---

## Friend

\$250 - \$499

---

Anonymous	Sheldon F. Kurtz
William W. Barrett	Peter F. Langrock
BeadJeweled	Steven N. Leitess
Thomas J. Buiteweg	Lumina Foundation for Education
Esther and K. King Burnett	Esson M. Miller, Jr.
Donald K. Densborn	Stephen M. Orlofsky
Lani L. Ewart	Raymond P. Pepe
Patricia B. Fry	Larry L. Ruth
Norman L. Greene	Byron D. Sher
Gene H. Hennig	John F. Stroud, Jr.
Dale G. Higer	Paula Tackett
Hutchinson Black and Cook, LLP	Robert S. Toyofuku
Stanley C. Kent	D. J. Willis
Charles G. Kepler	Lee Yeakel

---

## SUPPORTER

Up to \$249

---

Marlin J. Appelwick	Larry T. Garvin
Barbara A. Atwood	Patty Gregory
Gerald L. Bepko	Thomas T. Grimshaw
David D. Biklen	Jess O. Hale
Tom Bolt	Tiz Hamilton
Caroline N. Brown	Dean Hansell
Jay E. Buringrud	M. King Hill, Jr.
William G. Callow	William C. Hillman
Vincent P. Cardi	David J. Hogue
John L. Carroll	Kathleen J. Hopkins
Diane and Phillip Carroll	Gorman Houston, Jr.
Paul W. Chaiken	Thomas L. Jones
Dorine and John C. Deacon	Lawrence R. Klemin
Ronald W. Del Sesto	Theodore C. Kramer
Vincent C. DeLiberato, Jr.	William E. Kretschmar
Ellen F. Dyke	John H. Langbein
Sidney S. Eagles, Jr.	Ryan Leonard
Barry H. Evenchick	Floyd M. Lewis
Brian K. Flowers	Richard B. Long
Jessica French	Beverly Ludwig-Fisher

# DONOR RECOGNITION SOCIETIES

---

**SUPPORTER, cont.**

**Up to \$249**

---

Sallie McClaugherty

Bruce J. McKee

Peden B. McLeod

Dave Nething

Linda K. Neuman

Neal Ossen

Francis J. Pavetti

Arthur H. Peterson

Mark H. Ramsey

Curtis R. Reitz and Judith Renzulli

Jane and Carlyle C. Ring

Battle R. Robinson

Lane Shetterly

Laura Stein

John J. Stieff

Michael P. Sullivan

Ken H. Takayama

M. Gay Taylor - Jones

The Albert B. & Audrey G. Ratner Family  
Foundation

Michele L. Timmons

Harry M. Walsh

A.J. Wilhelmi

Stephanie J. Willbanks

Candace Zierdt

---

Note: every effort was made to accurately recognize all those who donated to the Uniform Law Foundation. Please contact Liz Cunneen (312-450-6607 or [lcunneen@uniformlaws.org](mailto:lcunneen@uniformlaws.org)) to report any discrepancies.

# 2011 MEMORIAL AND TRIBUTE GIFTS

## **In Memory of John C. Deacon**

Esther and K. King Burnett  
William G. Callow  
Diane and Phillip Carroll  
Robert H. Cornell  
Barry H. Evenchick  
Sally and Richard E. Ford  
Patricia B. Fry  
Gail Hagerty  
M. King Hill, Jr.  
Richard C. Hite  
Thomas L. Jones  
Peter F. Langrock  
Pat and Gene N. Lebrun  
Beverly Ludwig-Fisher  
Sallie McClaugherty  
Marcia and Fred H. Miller  
Neal Ossen  
Battle R. Robinson  
Joan and Frederick P. Stamp, Jr.  
Martha T. Starkey  
Michael P. Sullivan

## **In Memory of Stanley M. Fisher**

Tom Bolt  
Esther and K. King Burnett  
Robert H. Cornell  
Dorine and John C. Deacon  
Barry H. Evenchick  
Patricia B. Fry  
Larry T. Garvin  
Patty Gregory  
Gail Hagerty  
Dean Hansell  
Richard C. Hite  
Elizabeth Kent  
Peter F. Langrock  
Pat and Gene N. Lebrun  
Sallie McClaugherty  
Leon M. McCorkle, Jr.

Neal Ossen  
Francis J. Pavetti  
Martha T. Starkey  
Michael P. Sullivan  
The Albert B. & Audrey G. Ratner Family  
Foundation  
Justin L. Vigdor

## **In Memory of Thomas P. Foy, Sr.**

Gail Hagerty  
Richard C. Hite  
Pat and Gene N. Lebrun  
Marcia and Fred H. Miller  
Joan and Frederick P. Stamp, Jr.

## **In Memory of David A. Gibson**

Arthur H. Peterson

## **In Memory of Dwight A. Hamilton**

Donald E. Mielke

## **In Memory of Frank F. Jestrab**

Jay E. Buringrud  
Gail Hagerty  
David J. Hogue  
Lawrence R. Klemin  
William E. Kretschmar  
Dave Nothing  
Candace Zierdt

## **In Memory of George C. Keely**

Donald E. Mielke

## **In Memory of John L. McClaugherty**

Vincent P. Cardi  
Sally and Richard E. Ford

# 2011 MEMORIAL AND TRIBUTE GIFTS

## **In Memory of Merrill Moores**

Esther and K. King Burnett  
Patricia B. Fry  
Patty Gregory  
Gail Hagerty  
Richard C. Hite  
Pat and Gene N. Lebrun  
Sallie McClaugherty  
Joan and Frederick P. Stamp, Jr.

## **In Memory of Roger Morgan**

David D. Biklen  
Esther and K. King Burnett  
Gail Hagerty  
M. King Hill, Jr.  
Peter F. Langrock  
Pat and Gene N. Lebrun  
Marcia and Fred H. Miller  
Francis J. Pavetti  
Joan and Frederick P. Stamp, Jr.

## **In Memory of Elwaine F. Pomeroy**

Esther and K. King Burnett  
Robert H. Cornell  
Dorine Deacon  
Sally and Richard E. Ford  
Patricia B. Fry  
Gail Hagerty  
Richard C. Hite  
Michael Houghton  
Peter F. Langrock  
Pat and Gene N. Lebrun  
Marcia and Fred H. Miller  
Neal Ossen  
Arthur H. Peterson  
Battle R. Robinson  
Joan and Frederick P. Stamp, Jr.

# INDEPENDENT AUDITORS' REPORT

Board of Trustees  
The Uniform Law Foundation  
Chicago, Illinois

We have audited the accompanying statement of financial position of The Uniform Law Foundation (the Foundation) as of December 31, 2011 and 2010 and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Uniform Law Foundation as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ostrow Reisin Berk & Abrams, Ltd.  
May 7, 2012

# STATEMENT OF FINANCIAL POSITION

Years ended December 31,	2011	2010
<b>ASSETS:</b>		
Cash	\$ 120,036	135,243
Investments (Note 4)	5,367,532	5,119,594
Unconditional promises to give (Note 5)	54,300	60,000
Accrued interest receivable	40,251	38,427
Rent receivable	14,328	
Prepaid expenses	2,293	2,159
Office condominium, and improvements, net of accumulated depreciation of \$259,360 in 2011 and \$194,982 in 2010	2,251,385	2,315,763
Lease incentive, net (Note 8)	95,028	98,694
Bond issuance costs, net of accumulated amortization of \$17,745 in 2011 and \$13,577 in 2010	107,318	111,486
<b>Total assets</b>	<b>\$ 8,052,471</b>	<b>7,881,366</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 995	
Grants payable (Note 6)	90,288	29,235
Bond payable (Note 9)	2,740,000	2,740,000
Deferred rent		1,222
Security deposit	500,000	500,000
Derivative liability - interest rate swap (Note 10)	431,470	316,169
<b>Total liabilities</b>	<b>\$ 3,762,753</b>	<b>3,586,626</b>
Net assets:		
Unrestricted	3,973,528	4,021,823
Temporarily restricted (Note 7)	316,190	272,917
<b>Total net assets:</b>	<b>\$ 4,289,718</b>	<b>4,294,740</b>
<b>TOTAL LIABILITIES AND NET ASSETS:</b>	<b>\$ 8,052,471</b>	<b>7,881,366</b>

# STATEMENT OF ACTIVITIES

Years ended December 31,	2011	2010
<b>UNRESTRICTED NET ASSETS:</b>		
<b>Support and Revenue:</b>		
Contributions	\$ 67,862	61,771
Benefit dinner, net of related costs of \$48,816 in 2011 and \$55,856 in 2010	9,607	9,179
Rental income	258,187	272,417
Interest and dividend income	153,220	150,578
Realized and unrealized net gain on investments	20,220	514,644
Other income		347
Net assets released from restrictions	6,250	65,350
<b>Total support and revenue</b>	<b>\$ 515,346</b>	<b>1,074,286</b>
<b>Expenses:</b>		
Condominium expenses:		
Association fees	94,898	100,007
Other	518	
Interest expense	108,538	107,123
Bond fees	27,775	27,525
Grants (Note 6)	90,426	88,500
General and administrative expenses	45,956	44,929
Depreciation and amortization	68,546	68,547
Annual meeting expenses	11,683	45,745
Fair value adjustment on interest rate swap agreement (Note 10)	115,301	74,753
<b>Total expenses</b>	<b>\$ 563,641</b>	<b>557,129</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>\$ (48,295)</b>	<b>517,157</b>

# STATEMENT OF ACTIVITIES, CONTINUED

Years ended December 31,	2011	2010
Temporarily restricted net assets (Note 7):		
Support:		
Contributions	\$ 36,250	120,350
Interest and dividend income	11,663	7,526
Realized gain on investments	1,610	
Net assets released from restrictions	(6,250)	(65,350)
<b>Increase (decrease) in temporarily restricted assets</b>	<b>\$ 43,273</b>	<b>62,526</b>
<b>INCREASE (DECREASE) IN TOTAL NET ASSETS:</b>	<b>\$ (5,022)</b>	<b>579,683</b>

# STATEMENT OF CASH FLOWS

Years ended December 31,	2011	2010
<b>OPERATING ACTIVITIES:</b>		
Increase (decrease) in total net assets	\$ (5,022)	579,683
Adjustments to reconcile above to cash provided by operating activities:		
Realized and unrealized net gain on investments	(21,830)	(514,644)
Donated stock		(13,120)
Amortization of bond premium and discount	6,777	4,409
Depreciation	64,378	64,378
Amortization of lease incentive	3,666	3,667
Amortization of bond issuance costs	4,168	4,169
Fair value adjustment on interest rate swap agreement	115,301	74,753
(Increase) decrease in operating assets:		
Unconditional promises to give	5,700	(57,853)
Accrued interest receivable	(1,824)	(5,685)
Rent receivable	(14,328)	
Prepaid expenses	(134)	8,395
Increase (decrease) in operating liabilities:		
Accounts payable	995	
Grants payable	61,053	(5,003)
Deferred rent	(1,222)	(34,610)
<b>Cash provided by operating activities</b>	<b>\$ 217,678</b>	<b>108,539</b>
<b>INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	759,532	1,159,342
Purchases of investments	(992,417)	(1,481,477)
<b>Cash used in investing activities</b>	<b>\$ (232,885)</b>	<b>(322,135)</b>

# STATEMENT OF CASH FLOWS, CONTINUED

<b>Years ended December 31,</b>	<b>2011</b>	<b>2010</b>
<b>DECREASE IN CASH</b>	<b>\$ (15,207)</b>	<b>(213,596)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>\$ 135,243</b>	<b>348,839</b>
<b>CASH, END OF YEAR</b>	<b>\$ 120,036</b>	<b>135,243</b>
<b>Supplemental disclosure of cash flow information:</b>		
<b>Interest paid during the year</b>	<b>\$ 108,538</b>	<b>107,123</b>

# STATEMENT OF CHANGES IN NET ASSETS

	Unrestricted	Temporarily restricted	Total
Balances, December 31, 2009	\$ 3,504,666	210,391	3,715,057
Increase in net assets during the year ended December 31, 2010	517,157	62,526	579,683
<b>BALANCES, DECEMBER 31, 2010</b>	<b>\$ 4,021,823</b>	<b>272,917</b>	<b>4,294,740</b>
Increase (decrease) in net assets during the year ended December 31, 2011	(48,295)	43,273	(5,022)
<b>BALANCES, DECEMBER 31, 2011</b>	<b>\$ 3,973,528</b>	<b>316,190</b>	<b>4,289,718</b>

# NOTES TO FINANCIAL STATEMENTS

## 1. ORGANIZATION

The Uniform Law Foundation (the Foundation) is a not-for-profit charitable trust organized to raise and distribute funds in support of the purposes of the National Conference of Commissioners on Uniform State Laws (the Conference), a not-for-profit unincorporated association established to promote uniformity in state laws in all areas where uniformity is deemed desirable and practicable. The Foundation also distributes funds for the further purpose of researching, drafting and promoting uniform legislative solutions to important issues facing the states. The Foundation acquired an office condominium in downtown Chicago on August 1, 2007. The Foundation is leasing the condominium to the Conference under the terms of an operating lease (see Note 8). The Foundation is governed by the laws of the state of Illinois and is managed by a Board of Trustees.

The Foundation has received a determination letter from the Internal Revenue Service that it is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Contributions to the Foundation are deductible for income tax purposes within limitations of the law.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of accounting:**

The financial statements have been prepared on the accrual basis of accounting.

### **Financial statements:**

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. There were no permanently restricted net assets as of December 31, 2011 and 2010.

### **Fair value measurements:**

As required by the Fair Value Measurements and Disclosures of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, the Foundation defines fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The three levels of hierarchy are as follows:

- Level 1      Quoted prices for identical instruments in active markets.
- Level 2      Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3      Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

A financial instrument's level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

# NOTES TO FINANCIAL STATEMENTS

## 2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (cont.)

See Note 3 - fair value of financial instruments.

### **Office condominium and improvements and related depreciation:**

The office condominium is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the office condominium.

### **Amortization of bond issuance costs:**

Bond issuance costs are amortized using the straight-line method over the 30-year life of the bond.

### **Contributions and contributed services:**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other temporarily restricted support is reclassified to unrestricted net assets upon satisfaction of the restriction. There were no permanently restricted contributions for the years ended December 31, 2011 and 2010.

The Foundation records the fair value of contributed services if the contributed services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation. No such amounts have been recorded in these financial statements for contributed services.

### **Donated assets:**

Donated marketable securities are recorded as contributions at their fair values at the date of donation.

### **Grants to National Conference of Commissioners on Uniform State Laws:**

The Foundation generally reflects grants to the National Conference of Commissioners on Uniform State Laws (see Note 1) as expenses at the time at which the grants are authorized.

### **Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

### **Level 1:**

#### **Investments:**

The fair value of investments in marketable equity and debt securities is based on quoted market prices.

# NOTES TO FINANCIAL STATEMENTS

## Level 2:

### Bond payable:

The carrying amount reported in the statement of financial position approximates fair value as the bond is re-priced weekly at an adjustable rate which is based on market conditions.

### Interest rate swap:

The interest rate swap is measured at fair value using quoted market prices for the swap interest rate indexes over the term of the swap discounted to present value versus the fixed rate of the contract.

## 4. INVESTMENTS

Investments are reported in the statement of financial position at their fair value, with any realized and unrealized gains and losses reported in the statement of activities. All gains and investment income are available for unrestricted use.

The Foundation has investments in domestic and foreign corporate debt instruments, certificates of deposit, mutual funds and corporate stock. These investments are stated at fair value. The debt investments bear interest at rates between 4.125% and 9.850% and mature at various dates through February 2022.

Investments at December 31, 2011 and 2010 are summarized as follows:

<b>December 31, 2011</b>	Cost	Fair value	Net unrealized gain (loss)
<b>Domestic common stocks:</b>			
Consumer discretionary	\$ 223,365	468,280	244,915
Consumer staples	95,027	165,724	70,697
Energy	177,134	156,932	(20,202)
Financial	158,271	242,690	84,419
Industrial goods	348,736	481,096	132,360
Information technology	74,605	109,803	35,198
Materials	152,925	195,283	42,358
Services	209,468	226,572	17,104
Technology	54,059	162,000	107,941
Telecommunications	129,651	120,340	(9,311)
<b>Total domestic common stocks</b>	<b>\$ 1,623,241</b>	<b>2,328,720</b>	<b>705,479</b>
<b>Bonds and notes:</b>			
Domestic corporate bonds	\$ 2,198,545	2,315,808	117,263
International corporate bonds	116,691	111,746	(4,945)
Foreign government obligations	21,046	21,527	481
<b>Total bonds and notes</b>	<b>\$ 2,336,282</b>	<b>2,449,081</b>	<b>112,799</b>

# NOTES TO FINANCIAL STATEMENTS

## 4. INVESTMENTS (cont.)

Mutual funds:				
Domestic large-cap index fund	\$	231,284	340,722	109,438
Domestic REIT fund		66,000	62,626	(3,374)
International index fund		35,580	44,577	8,997
International REIT fund		44,315	36,260	(8,055)
<b>Total mutual funds</b>	<b>\$</b>	<b>377,179</b>	<b>484,185</b>	<b>107,006</b>
Certificates of deposit:				
Domestic	\$	50,000	54,652	4,652
International		50,000	50,894	894
<b>Total certificates of deposit</b>	<b>\$</b>	<b>100,000</b>	<b>105,546</b>	<b>5,546</b>
<b>TOTAL INVESTMENTS</b>	<b>\$</b>	<b>4,436,702</b>	<b>5,367,532</b>	<b>930,830</b>

December 31, 2010		Cost	Fair value	Net unrealized gain (loss)
Domestic common stocks:				
Consumer discretionary	\$	262,099	625,926	363,827
Consumer staples		95,027	188,136	93,109
Financial		87,708	112,055	24,347
Industrial goods		348,734	466,097	117,363
Information technology		74,606	100,975	26,369
Materials		235,705	292,733	57,028
Services		209,469	240,832	31,363
Technology		54,059	129,024	74,965
<b>Total domestic common stocks</b>	<b>\$</b>	<b>1,367,407</b>	<b>2,155,778</b>	<b>788,371</b>
Bonds and notes:				
Domestic corporate bonds	\$	2,219,878	2,339,539	119,661
Foreign government obligations		21,385	22,746	1,361
<b>Total bonds and notes</b>	<b>\$</b>	<b>2,241,263</b>	<b>2,362,285</b>	<b>121,022</b>
Mutual funds:				
Domestic large-cap index fund	\$	231,284	341,506	110,222
Domestic REIT fund		87,040	60,622	(26,418)
International index fund		35,581	52,398	16,817
International REIT fund		58,773	43,574	(15,199)
<b>Total mutual funds</b>	<b>\$</b>	<b>412,678</b>	<b>498,100</b>	<b>85,422</b>

# NOTES TO FINANCIAL STATEMENTS

## 4. INVESTMENTS (cont.)

Certificates of deposit:				
Domestic	\$	50,000	52,302	2,302
International		50,000	51,129	1,129
<b>Total certificates of deposit</b>	<b>\$</b>	<b>100,000</b>	<b>103,431</b>	<b>3,431</b>
<b>TOTAL INVESTMENTS</b>	<b>\$</b>	<b>4,121,348</b>	<b>5,119,594</b>	<b>998,246</b>

## 5. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2011 and 2010 are as follows:

December 31,		2011	2010
Mandel Foundation grant:			
Receivable in less than one year	\$	28,200	20,000
Receivable in one to three years		26,100	40,000
<b>Total unconditional promises to give</b>	<b>\$</b>	<b>54,300</b>	<b>60,000</b>

## 6. GRANTS

At December 31, 2011 and 2010, grants payable consisted of the following:

December 31,		2011	2010
National Conference of Commissioners on Uniform State Laws:			
History project	\$	65,000	
Archives support		22,788	
Uniform Law Foundation Scholars Program		2,500	5,000
Redesign of database and website			24,235
<b>Total</b>	<b>\$</b>	<b>90,288</b>	<b>29,235</b>

For the years ended December 31, 2011 and 2010, grants authorized consisted of the following:

Years ended December 31,		2011	2010
National Conference of Commissioners on Uniform State Laws:			
Redesign of database and website		138	66,000
Grant from the Mandel Foundation to support ULC activities and projects			20,000
Scholars Program		2,500	2,500
History project		65,000	
Archives project		22,788	
<b>Total grants expense</b>	<b>\$</b>	<b>90,426</b>	<b>88,500</b>

# NOTES TO FINANCIAL STATEMENTS

## 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 and 2010 is as follows:

Years ended December 31,	2011	2010
Annual meetings	\$ 250,799	207,526
Commercial Finance Association to support drafting projects	5,391	5,391
Mandel Foundation grant to support ULC activities and projects		60,000
<b>Total temporarily restricted net assets</b>	<b>\$ 316,190</b>	<b>272,917</b>

Net assets of \$6,250 and \$65,350 were released from donor restrictions by incurring expenses satisfying the restricted purpose of donations during the years ended December 31, 2011 and 2010, respectively, as follows:

Years ended December 31,	2011	2010
Annual meeting and benefit dinner	\$ 6,250	45,350
ULC activities and projects (Mandel Foundation grant)		20,000
<b>Total net assets released from restrictions</b>	<b>\$ 6,250</b>	<b>65,350</b>

## 8. RELATED PARTY TRANSACTIONS

General and administrative and fundraising costs are usually paid by the Conference.

The Foundation generally reflects grants to the Conference, a related not-for-profit organization, as expenses at the time the grants are authorized.

The Foundation is the beneficiary of the interest from the security deposit.

The Foundation has an agreement to lease its office condominium to the Conference under an operating lease for a thirty-year term through November 30, 2037. The lease provides for an option to renew the lease for three consecutive five-year terms. Under this lease agreement, the Conference is to pay an escalating rent according to a schedule outlined in the lease. Rental income for the years ended December 31, 2011 and 2010 was \$258,187 and \$272,417, respectively. The Foundation is responsible for condominium assessment fees and other related costs. The amount of the minimum lease rentals presented below has been calculated in amounts sufficient to recover these operating expenses from the Conference.

The future minimum rentals to be received are as follows:

# NOTES TO FINANCIAL STATEMENTS

<b>Year ending December 31:</b>	<b>Amount</b>
2012	251,229
2013	256,254
2014	261,379
2015	266,607
2016	271,939
Thereafter	7,116,739
<b>Total</b>	<b>\$ 8,424,147</b>

As provided under the terms of the lease agreement, as an additional incentive to enter into the lease, the Foundation provided a furniture allowance to the Conference of \$170,000. All such costs in excess of the \$170,000 allowance are the responsibility of the Conference. As consideration for the Foundation providing the Conference a furniture allowance, the agreement provides for the Conference to pay certain fees and expenses incurred by the Foundation in financing the purchase of the office condominium. The fees paid by the Conference to the Foundation were \$60,000 which has been netted against the furniture allowance. The net allowance of \$110,000 is being amortized as a lease incentive using the straight-line method over the 30-year lease term as a reduction to rental income. The lease incentive amortization was \$3,666 and \$3,667 for each of the years ended December 31, 2011 and 2010, respectively.

## 9. BOND PAYABLE

On July 1, 2007, the Illinois Finance Authority issued \$2,740,000 Variable Rate Community Facility Revenue Bonds (The Uniform Law Foundation Project) Series 2007. The bond proceeds were issued to finance the costs of the acquisition, renovations and equipping of an approximately 9,381 square foot commercial office condominium in downtown Chicago.

The bond, which is due at maturity on July 1, 2037, bears interest at a weekly adjustable rate, payable monthly. The weekly rate for each weekly period shall be the rate determined by the remarketing agent, Bank of America, on Wednesday of each week at the lowest rate which will, in the sole judgment of the remarketing agent, having due regard for the prevailing financial market conditions, permit the bonds to be remarketed at par, plus accrued interest, on the first day of such weekly period. The interest rate on the bonds may be converted to a flexible rate at the option of the Foundation.

Payments of principal and interest are payable solely from and secured by an assignment and pledge of payments. The Foundation may prepay all or any portion of the bonds payable at any time.

The loan agreement requires the Foundation to comply with certain financial covenants. For the year ended December 31, 2011, the Foundation was in compliance with all covenants.

Under the terms of a guarantee agreement dated July 24, 2007, the Conference guarantees the indebtedness of the Foundation to Bank of America arising out of or in connection with the Reimbursement Agreement between Bank of America and the Foundation dated July 1, 2007.

# NOTES TO FINANCIAL STATEMENTS

## 10. SWAP AGREEMENT AND LETTER OF CREDIT

The Foundation is exposed to interest rate risk through the above borrowing activity. In order to minimize the effect of changes in interest rates, the Foundation has entered into an interest rate swap agreement with Bank of America under which the Foundation agrees to pay a fixed rate of 3.67% on a notional amount which approximates the outstanding bond balance and to receive a return of 67% of the one-month LIBOR rate on the same notional amount. This agreement terminates on May 31, 2022. The fair value of the swap agreement at December 31, 2011 and 2010 was a negative cumulative fair value adjustment of \$431,470 and \$316,169, respectively, which was recorded as a liability in the statement of financial position and the related annual fair value adjustment on the interest rate swap agreement was reported in the statement of activities for the years then ended. Cash flows from the swap arrangement are classified as an operating activity on the statement of cash flows.

The Series 2007 bond issued through the Illinois Finance Authority is secured by an irrevocable letter of credit in the original stated amount of \$2,766,274 issued on July 24, 2007 by Bank of America (Bank). The trustee is Amalgamated Bank (Trustee). This letter of credit secures the payment, when due, of the principal and interest on the Series 2007 bond. The letter of credit will expire on the earliest of July 24, 2012 or other dates as provided under the terms of the letter of credit. The obligation of the Bank under the letter of credit is reduced to the extent of any drawing under the letter of credit. With respect to a drawing solely to pay interest on the bond, the Trustee's right to draw under the letter of credit is reinstated automatically.

The letter of credit is secured by a mortgage dated July 24, 2007. Under the terms of the mortgage between the Foundation and the Bank, the Foundation grants the Bank collateral interest in the office condominium including all improvements to such real estate, rents, leases, fixtures and personal property used in connection with the real estate.

See Note 11.

## 11. SUBSEQUENT EVENTS

Management of the Foundation has reviewed and evaluated subsequent events from December 31, 2011, the financial statement date, through May 7, 2012, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles except for the following.

On May 7, 2012, with an effective date over the next 60 days, the Foundation accepted the terms and conditions of a commitment presented by PNC Bank, National Association whereby PNC Bank, National Association will replace Bank of America as the counter-party for the swap agreement under revised terms. Additionally, PNC Bank, National Association will replace the present letter of credit with Bank of America for an additional three-year term.

**Uniform Law Foundation**

111 North Wabash Ave., Suite 1010  
Chicago, IL 60602  
(312) 450-6600  
[www.uniformlawfoundation.org](http://www.uniformlawfoundation.org)